

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-09553

CBS CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

04-2949533
(I.R.S. Employer
Identification Number)

51 W. 52nd Street
New York, NY 10019
(212) 975-4321

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, \$0.001 par value	New York Stock Exchange
Class B Common Stock, \$0.001 par value	New York Stock Exchange
7.625% Senior Debentures due 2016	American Stock Exchange
7.25% Senior Notes due 2051	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

None

(Title Of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer (as defined in Rule 405 of the Securities Act of 1933). Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (see definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Securities Exchange Act of 1934).

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of June 30, 2005, which was the last business day of the registrant's (formerly known as Viacom Inc.) ("Former Viacom") most recently completed second fiscal quarter, the aggregate market value of the shares of Former Viacom class A common stock, \$0.01 par value, held by non-affiliates was approximately \$1,218,768,283 (based upon the closing price of \$32.22 per share as reported by the New York Stock Exchange on that date) and the aggregate market value of the shares of Former Viacom class B common stock, \$0.01 par value, held by non-affiliates was approximately \$43,610,913,332 (based upon the closing price of \$32.02 per share as reported by the New York Stock Exchange on that date).

As of March 1, 2006, 64,962,813 shares of CBS Corporation Class A Common Stock, \$0.001 par value ("Class A Common Stock"), and 707,348,555 shares of CBS Corporation Class B Common Stock, \$0.001 par value ("Class B Common Stock"), were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of CBS Corporation's Notice of 2006 Annual Meeting of Stockholders and Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Proxy Statement") (Part III).

PART I

Item 1. Business.

The separation of former Viacom Inc. ("Former Viacom") into two publicly traded entities, CBS Corporation (together with its consolidated subsidiaries unless the context otherwise requires, the "Company" or "CBS Corp.") and new Viacom Inc. ("New Viacom") was completed on December 31, 2005 (the "Separation"). The Separation was accomplished pursuant to a merger in which a subsidiary of Former Viacom was merged with and into Former Viacom, with Former Viacom continuing as the surviving entity. On December 31, 2005, Former Viacom was renamed "CBS Corporation" and each outstanding share of Former Viacom class A common stock was converted into the right to receive .5 of a share of CBS Corp. class A common stock, \$0.001 par value ("Class A Common Stock"), and .5 of a share of New Viacom class A common stock and each outstanding share of Former Viacom class B common stock was converted into the right to receive .5 of a share of CBS Corp. class B common stock, \$0.001 par value ("Class B Common Stock"), and .5 of a share of New Viacom class B common stock. As a result of the one share for .5 share conversion ("Share Conversion"), all Former Viacom share and per share data have been adjusted for all periods presented, unless otherwise indicated. The Company has accounted for the Separation as a spin-off and, accordingly, the results of New Viacom have been reflected as discontinued operations for all periods presented. The Company's Registration Statement on Form S-4, which was filed with the Securities and Exchange Commission on November 23, 2005 and subsequently declared effective, further describes the Separation.

CBS Corp. is a mass media company with operations in the following segments:

- **TELEVISION:** The Television segment consists of the *CBS®* and *UPN®* television networks; the Company's 39 owned broadcast television stations; its television production and syndication business, including *CBS Paramount Television™* and *King World® Productions*; and its cable networks *Showtime®* and *CSTV®*, among other program services. In January 2006, the Company announced a 50/50 joint venture with Warner Bros. Entertainment to form a new broadcast network, The CW, expected to be launched in Fall 2006. UPN plans to cease broadcasting its network schedule at the conclusion of the 2005/2006 broadcast season in September 2006.
- **RADIO:** The Radio segment owns and operates 179 radio stations in 40 United States ("U.S.") markets through *CBS Radio®*.
- **OUTDOOR:** The Outdoor segment displays advertising on media, including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks, masts and stadium signage principally through *CBS Outdoor®*.
- **PARKS/PUBLISHING:** The Parks/Publishing category includes *Simon & Schuster*, which publishes and distributes consumer books under imprints such as *Simon & Schuster®*, *Pocket Books®*, *Scribner®* and *Free Press™*; and *Paramount Parks®*, which is principally engaged in the ownership and operation of five theme parks and a themed attraction in the U.S. and Canada. In January 2006, the Company announced its intention to divest Paramount Parks and to complete the divestiture in the second half of 2006.

For the year ended December 31, 2005, contributions to the Company's consolidated revenues from its segments were as follows: Television 64%, Radio 15%, Outdoor 13% and Parks/Publishing 8%. The Company generated approximately 12% of its total revenues from international regions in 2005. For the year ended December 31, 2005, approximately 67% and 22% of total international revenues of \$1.73 billion were generated in Europe and Canada, respectively.

In January 2006, the Company completed the acquisition of CSTV Networks, Inc., a leading cable network and online digital sports media company devoted to college athletics, for approximately \$325 million comprised of 10.2 million shares of the Company's Class B Common Stock and \$49 million in

cash. In 2005, the Company acquired KOVR-TV, a Sacramento television station, for approximately \$285 million and KIFR-FM, a San Francisco radio station, for approximately \$95 million. In July 2005, Famous Players, a Canadian-based theater chain, was sold for approximately \$400 million. In December 2004, the Company acquired the remaining outstanding interest that it did not already own in SportsLine.com, Inc., a leading online sports media company. In December 2004, the Company acquired a 10% interest in Spanish Broadcasting System, Inc. ("SBS") and warrants for approximately another 5% interest in SBS, in exchange for one of the Company's radio stations serving the San Francisco market. In 2004, the tax-free split-off of Former Viacom's approximately 81.5% interest in Blockbuster Inc. ("Blockbuster") (NYSE: BBI) through an exchange offer was completed. Blockbuster and Famous Players are presented as discontinued operations for all periods presented herein.

As new technologies for delivering content and services evolve, the Company is pursuing opportunities to distribute content to consumers through various platforms including the Internet, mobile devices, video-on-demand and interactive television. During the first quarter of 2006, the Company announced various arrangements to extend the reach of its news and program content across a number of products and platforms with leading Internet, cable and mobile wireless companies, among others.

The Company competes with many different entities and media in various markets worldwide. In addition to competition in each of its businesses, the Company competes for opportunities in the entertainment business with other diversified international entertainment companies such as The Walt Disney Company, NBC Universal, Inc., News Corporation and Clear Channel Communications.

As of March 1, 2006, National Amusements, Inc. ("NAI"), a closely held corporation that owns and operates approximately 1,540 movie screens in U.S., the United Kingdom ("U.K."), South America and Russia and manages 21 movie screens in the U.S. and the U.K., beneficially owned Class A Common Stock of the Company representing approximately 71% of the voting power of all classes of the Company's Common Stock, and approximately 12% of the Company's Class A Common Stock and Class B Common Stock on a combined basis. Owners of the Company's Class A Common Stock are entitled to one vote per share. The Company's Class B Common Stock does not have voting rights. NAI is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Sumner M. Redstone, the controlling shareholder of NAI, is the Executive Chairman of the Board of Directors and Founder of the Company.

The Company was organized in Delaware in 1986. The Company's principal offices are located at 51 W. 52nd Street, New York, New York 10019 (telephone 212/975-4321).

Competitive Strengths

CBS Corp. believes it possesses a number of strengths that will enable it to compete successfully:

Wide reach and distribution in multiple media throughout the U.S. and key international markets. CBS Corp. is a leading mass media company, with businesses that for many years have consistently held leadership positions as well as newer businesses that operate on the leading-edge of the media industry. CBS Corp., through its many and varied operations, combines broad reach with well-positioned national and local businesses, all of which provide it with an extensive distribution network by which it serves audiences and advertisers in all 50 states, including the largest domestic metropolitan areas, and key international markets.

Popular programming and content that appeals to a broad range of audiences. CBS Corp. delivers television, radio and publishing content that appeals to audiences across virtually every segment of the population. In network television, CBS Network™ and UPN offer programming watched by millions of viewers, including shows like *CSI: Crime Scene Investigation*, *CSI: Miami*, *CSI: New York*, *The Amazing Race*, *Without a Trace*, *Two and a Half Men*, *Everybody Hates Chris*, *America's Next Top Model*, *60 Minutes*, the *Late Show with David Letterman*, *The Young and the Restless* and a significant selection of important

sports events, from AFC National Football League games to the Masters golf tournament and the month-long March Madness™ college basketball tournament. CBS Corp. is an industry leader in the production and distribution of syndicated television programming, with long-running and recent successes like *Wheel of Fortune*, *Jeopardy!*, *The Oprah Winfrey Show*, *Dr. Phil*, *Entertainment Tonight* and *Judge Judy*. Showtime Networks Inc.'s ("Showtime Networks") original programming has earned 34 Emmy® Awards and 4 Golden Globe® Awards since 2000. CBS Corp. owns, operates and programs radio stations in nearly every format, including rock, all-news, talk, oldies, adult contemporary, country, sports/talk and urban, many of which now utilize the Internet as an additional way of reaching their audiences with enhanced content. In 2005, Simon & Schuster published 98 titles that were *New York Times* bestsellers, including 14 titles that were #1 bestsellers.

Extensive and growing content library exploited on multiple platforms. CBS Corp. has a large television library including a growing collection of high-definition content. This valuable asset includes many popular television programs, including *CSI: Crime Scene Investigation*, *CSI: Miami*, *CSI: New York*, *Survivor*, *The Amazing Race*, *Cheers*, *I Love Lucy*, *The Andy Griffith Show* and *Frasier*. In addition, through CBS Paramount Television and King World, CBS Corp. holds the library rights to current first-run syndicated television programs including *Entertainment Tonight*, *Judge Judy* and *Inside Edition*. Showtime Networks owns or controls various television and other rights to many of its original programs, including movies, specials, series and documentaries. Those titles include *The L Word*, *Queer as Folk*, *Sleeper Cell*, *Fat Actress*, *Dave Chappelle: For What It's Worth*, and *Liza With a "Z"* starring Liza Minnelli. CBS Radio owns local content in many formats from its radio stations and is pursuing new media opportunities including Internet streaming and podcasting. Simon & Schuster publishes approximately 1,800 titles a year and holds the publishing rights to more than 17,000 titles, including perennial classics such as *The Joy of Cooking*, *7 Habits of Highly Effective People*, *Dr. Spock's Baby and Child Care* and the majority of works by Ernest Hemingway and F. Scott Fitzgerald, among others.

Ability to serve the needs of advertisers. Many advertisers reach their consumers via CBS Corp.'s programming. Whether an advertiser wishes to launch a new brand across multiple platforms or heighten awareness of an existing product in a particular region of the country, the scope of CBS Corp.'s distribution network gives advertisers access to consumers in all 50 states and key international markets. CBS Corp. is also well-positioned to serve advertisers locally with a combination of television, radio and outdoor properties in the majority of the top 20 domestic markets.

Business Strategy

The principal elements of CBS Corp.'s business strategy are well-established and include:

Focus on high quality, broad-appeal programming and content. CBS Corp. has longstanding experience identifying, producing and distributing popular, high-quality programming that appeals to many audiences. Broad groups of viewers and listeners enjoy the Super Bowl, the Grammy's® and *Survivor* on CBS Network, and make 1010 WINS-AM New York "All-News Radio" the most listened-to radio station in the U.S., while targeted demographics watch UPN and listen to radio stations like KROQ-FM in Los Angeles. CBS Corp.'s television, radio, syndication and publishing businesses are dedicated to developing their content to reach both broad and targeted audiences and attract advertisers.

Exploit content on emerging platforms. CBS Corp. plans to continue to develop content that can be applied to existing, emerging and undeveloped platforms. CBS Corp.'s content-based businesses in television, radio and publishing have established in-house digital media efforts focusing on the Internet, broadband technologies, wireless communications, on-demand programming and interactivity. These new platforms are expected to provide new ways for the various businesses of CBS Corp. to distribute the wealth of content produced by its many operations, and are expected to create new revenue streams from advertising, subscriptions and licensing.

Attract and retain creative talent. CBS Corp. continues to focus on developing compelling content by attracting, aligning with and retaining high quality creative talent in each of its business operations, recognizing that it is the talent of writers, producers, actors, authors and others that ultimately gives CBS Corp. its strength, its ability to serve its many audiences and customers, and its capability to grow market share in a competitive arena. CBS Corp.'s management team maintains strong relationships with many of the most successful content creators in media and places a high priority on establishing a diverse and creative work environment.

Focus on local presence in large and attractive markets. The vast majority of U.S. revenue in the local radio, television and outdoor industries is generated in the nation's top 50 markets. CBS Corp. intends to maintain its focus and build its presence in large markets attractive to advertisers, and regularly evaluate its portfolio of television, radio and outdoor assets in each of those markets to ensure that its mix of properties is delivering attractive margins and cash flow.

Deliver an attractive return on investment to stockholders and maintain ongoing cash flow growth. By focusing on its strengths and other strategies, CBS Corp. intends to deliver attractive returns to its stockholders by continuing to grow its cash flow and returning a significant portion of that cash flow to its stockholders in the form of dividends.

CBS CORP. BUSINESS SEGMENTS

Television (64%, 65% and 64% of the Company's consolidated revenues in 2005, 2004 and 2003, respectively)

The Television segment consists of the CBS and UPN television networks, the Company's 39 owned broadcast television stations, the Company's television production and syndication businesses, CBS Paramount Television and King World Productions, and its premium subscription television program services through Showtime Networks. In January 2006, the Company announced a 50/50 joint venture with Warner Bros. Entertainment to form a new broadcast network, The CW, expected to be launched in Fall 2006. UPN plans to cease broadcasting its network schedule at the conclusion of the 2005/2006 broadcast season in September 2006.

Television Networks. The CBS Network through CBS Entertainment™, CBS News™ and CBS Sports® distributes a comprehensive schedule of news and public affairs broadcasts, sports and entertainment programming, and feature films to more than 200 domestic affiliates reaching throughout the U.S., including 21 of the Company's owned and operated television stations, and to affiliated stations in certain U.S. territories. The CBS Network primarily derives revenues from the sales of advertising time for its network broadcasts.

CBS Entertainment is responsible for acquiring or developing and scheduling the entertainment programming presented on the CBS Network, which includes primetime comedy and drama series, reality-based programming, made-for-television movies and miniseries, theatrical films, specials, children's programs, daytime dramas, game shows and late-night programs. CBS News operates a worldwide news organization, providing the CBS Network and the CBS Radio Network™ with regularly scheduled news and public affairs broadcasts, including *60 Minutes* and *The Early Show*, as well as special reports. CBS News Productions, the off-network production company created by CBS News, produces programming for domestic and international outlets, including the CBS and UPN television networks, cable television, home video, audio-book and in-flight markets, as well as schools and libraries. CBS News also provides CBS Newspath, a television news syndication service that offers daily news coverage, sports highlights and news features to CBS Network affiliates and other subscribers worldwide. CBS Sports broadcasts include *The NFL Today*, certain NCAA championships, including the Final Four, golf, including the Masters Tournament and the PGA Championship, the U.S. Open Tennis Championships, regular-season college football and basketball line-ups on network television, in addition to the NFL's American Football

Conference regular season schedule, the Postseason Divisional Playoff games and the AFC championship game. In November 2004, CBS Sports entered into a six-year rights extension with the NFL to broadcast the AFC beginning in 2006 and including two Super Bowls. Extending its franchises, CBS Sports has the marketing rights for the 2003-2013 NCAA Championships, including coordination of licensing, merchandising, related multimedia and television, and other related business opportunities. CBS Consumer Products licenses home video and merchandising rights.

At December 31, 2005, UPN provided to its 180 affiliates 13 hours of programming per week. UPN's programming is provided to its affiliates in U.S. television markets which comprise approximately 96% of all U.S. television households, including secondary affiliates. UPN's programming includes *America's Top Model* and *Everybody Hates Chris*. Fifteen of the Company's owned television stations are affiliates of UPN, eleven of which are expected to become affiliates of The CW network, once launched.

Through the CBS Digital Media Group, established in 2005, the Internet sites associated with CBS Entertainment (*CBS.com*), CBS News (*CBSNews.com*), CBS Sports (*CBSSportsLine.com*) and UPN (*UPN.com*) are combined to provide key platforms for promotion, as well as a way to expose the brands of these divisions to the broadband Internet audience while creating new revenue streams primarily through advertising, online consumer products such as fantasy sports leagues and video-on-demand. The four sites leverage the content of the CBS and UPN television networks on the Internet and on other emerging media platforms, including wireless, video-on-demand and interactive television. In 2005, these sites and the CBS Sportsline Network sites, collectively received approximately 8.4 billion pageviews and attracted an average audience of approximately 17 million U.S. monthly unique visitors according to Nielsen/NetRatings.

CSTV Networks, Inc., a leading cable network and online digital media business devoted to college athletics, was acquired by the Company in January 2006. CSTV includes a full-time program service featuring events from approximately 30 men's and women's college sports, with approximately 12 million subscribers as of December 31, 2005, as well as CSTV Online, Inc., with approximately 240 affiliated college athletic Web sites. In addition, CSTV.com, which supports the related cable program service and online properties, reached approximately 7.4 million U.S. monthly unique visitors in November 2005, according to Nielsen NetRatings. The Company's Internet sites for the Television segment, including CSTV.com, generally derive revenue from a combination of advertising and sponsorships, subscription services and e-commerce.

The Company's news and program content is also available through various media owned by the Company as well as third parties. In January 2006, the Company announced that certain of its primetime and classic television programs will be available in the Google Video Store, an open video marketplace on the Internet enabling consumers to buy and rent a wide range of video content. Also, in January 2006, four of the Company's top-rated primetime series became available on Comcast's On Demand video-on-demand service. In February 2006, the Company's reality series *Survivor* became available for download on CBS.com for a fee. The Company's arrangements to distribute its content also include agreements for the distribution of certain video news segments and program clips for Verizon Wireless V CAST mobile phones and other mobile phone subscribers; broadband video and text news programming from CBSNews.com to the AOL News channel; and streaming of certain games of the 2006 NCAA® Division I Men's Basketball Championship as they are broadcast by CBS Sports on NCAA® March Madness™ On Demand, an online video player.

Television Stations. The Company owns 39 broadcast television stations through its CBS Television Stations group, all of which operate under licenses granted by the Federal Communications Commission ("FCC") pursuant to the Communications Act of 1934, as amended (the "Communications Act"). The licenses are renewable every eight years. The Company's television stations are located in the 7 largest, and 15 of the top 20, television markets in the U.S. The Company owns multiple television stations within the same designated market area ("DMA") in 10 major markets. These multiple station markets are: Los Angeles (market #2), Philadelphia (market #4), Boston (market #5), San Francisco-Oakland-San Jose (market #6), Dallas-Fort Worth (market #7), Detroit (market #11), Miami-Ft. Lauderdale (market #17), Sacramento-Stockton-Modesto (market #19), Pittsburgh (market #22) and West Palm Beach (market #38). This network of television stations enables the Company to reach a wide audience within and across geographically diverse markets in the U.S. The stations produce news and broadcast public affairs, sports and other programming to serve their local markets and offer CBS, UPN or WB Network programming and syndicated programming. Eleven of the fifteen UPN affiliates are expected to become affiliates of The CW. Substantially all of the Company's television stations currently operate Web sites, which promote the stations' programming, and provide news, information and entertainment, as well as other services.

The Company's owned and operated television stations reach approximately 43% of all U.S. television households and approximately 38% of U.S. television households as measured by the FCC's television national audience reach limitation under which a VHF television station is deemed to reach 100% of the television households in its market and a UHF television station is deemed to reach 50% of the television households in its market. The FCC's ownership rules limit the Company's national audience reach to 39% of all U.S. television households. (See "CBS Corp. Business Segments—Regulation—Broadcasting—Ownership Regulation").

Television Stations

The table below sets forth the broadcast television stations owned by the Company as of March 1, 2006.

Station and Metropolitan Area Served(1)	Market Rank(2)	Type/Channel	Network Affiliation
WCBS-TV New York, NY	1	VHF/2	CBS
KCAL-TV Los Angeles, CA	2	VHF/9	Independent
KCBS-TV Los Angeles, CA	2	VHF/2	CBS
WBBM-TV Chicago, IL	3	VHF/2	CBS
KYW-TV Philadelphia, PA	4	VHF/3	CBS
WPSG-TV Philadelphia, PA	4	UHF/57	UPN
WBZ-TV Boston, MA	5	VHF/4	CBS
WSBK-TV Boston, MA	5	UHF/38	UPN
KPIX-TV San Francisco-Oakland-San Jose, CA	6	VHF/5	CBS
KBHK-TV San Francisco-Oakland-San Jose, CA	6	UHF/44	UPN
KTVT-TV Dallas-Fort Worth, TX	7	VHF/11	CBS

KTXA-TV Dallas-Fort Worth, TX	7	UHF/21	UPN
WUPA-TV Atlanta, GA	9	UHF/69	UPN
WKBD-TV Detroit, MI	11	UHF/50	UPN
WWJ-TV Detroit, MI	11	UHF/62	CBS
WTOG-TV Tampa-St. Petersburg-Sarasota, FL	12	UHF/44	UPN
KSTW-TV Seattle-Tacoma, WA	13	VHF/11	UPN
WCCO-TV Minneapolis-St. Paul, MN	15	VHF/4	CBS
<i>Satellites:</i>			
KCCO-TV(3) Alexandria, MN			CBS
KCCW-TV(4) Walker, MN			CBS
WFOR-TV Miami-Ft. Lauderdale, FL	17	VHF/4	CBS
WBFS-TV Miami-Ft. Lauderdale, FL	17	UHF/33	UPN
KCNC-TV Denver, CO	18	VHF/4	CBS
KOVR-TV Sacramento-Stockton-Modesto, CA	19	VHF/13	CBS
KMAX-TV Sacramento-Stockton-Modesto, CA	19	UHF/31	UPN
KDKA-TV Pittsburgh, PA	22	VHF/2	CBS
WNPA-TV Pittsburgh, PA	22	UHF/19	UPN
WJZ-TV Baltimore, MD	24	VHF/13	CBS
KUTV-TV Salt Lake City, UT	36	VHF/2	CBS
<i>Satellite:</i>			
KUSG-TV(5) St. George, UT			CBS
WTVX-TV West Palm Beach-Ft. Pierce, FL	38	UHF/34	UPN
WWHB-CA(6) West Palm Beach-Ft. Pierce, FL	38	UHF/48	Azteca (Spanish Language)
WTCN-CA(7) West Palm Beach-Ft. Pierce, FL	38	UHF/43	WB
WGNT-TV Norfolk-Portsmouth-Newport News, VA	42	UHF/27	UPN
WUPL-TV(8) New Orleans, LA	43	UHF/54	UPN

WLWC-TV(9) Providence, RI-New Bedford, MA	51	UHF/28	UPN/WB
KEYE-TV Austin, TX	53	UHF/42	CBS
WFRV-TV Green Bay-Appleton, WI	69	VHF/5	CBS
<i>Satellite:</i>			
WJMN-TV(10) Escanaba, MI	180		CBS

- (1) Metropolitan Area Served is Nielsen Media Research's DMA.
- (2) Market Rankings based on Nielsen Station Index—DMA Market and Demographic Rank, September 2005.
- (3) KCCO-TV is operated as a satellite station of WCCO-TV.
- (4) KCCW-TV is operated as a satellite station of WCCO-TV.
- (5) KUSG-TV is operated as a satellite station of KUTV-TV.
- (6) WWHB-CA is a Class A television station. Class A television stations do not implicate the FCC's ownership rules.
- (7) WTCN-CA is a Class A television station. Class A television stations do not implicate the FCC's ownership rules.
- (8) The Company has entered into an agreement to sell WUPL-TV which is subject to litigation as to enforceability due to Hurricane Katrina.
- (9) WLWC-TV's primary affiliation is with UPN. The station has a secondary affiliation with the WB network.
- (10) WJMN-TV is operated as a satellite station of WFRV-TV.

Television Production and Syndication. The Company, through CBS Paramount Television (including Spelling Television®) and King World Productions, produces, acquires and/or distributes programming worldwide, including series, specials, news, public affairs and made-for-television movies. Such programming is produced primarily for broadcast on network television, exhibition on basic cable and premium subscription services or for first-run syndication. First-run syndication is programming exhibited on television stations without prior exhibition on a network or cable service. The Company also distributes off-network syndicated programming which is programming exhibited on television stations or cable networks following its exhibition on a network, basic cable network or premium subscription service.

Programming that was produced or co-produced by the Company's production group and is broadcast on network television includes, among others, *CSI: Crime Scene Investigation* (CBS), *Medium* (NBC) and *Without a Trace* (CBS). Generally, a network will license a specified number of episodes for broadcast on the network in the U.S. during a license period. Remaining distribution rights, including foreign and/or off-network syndication rights, are typically retained by the Company. The network license fee for a series episode is normally lower than the costs of producing each series episode; however, the Company's objective is to recoup its costs and earn a profit through domestic syndication of episodes after their network runs and/or by licensing international exhibitions of the episodes. International sales are generally made within one year of U.S. network runs. Generally, a series must have a network run of at least three or four years to be successfully sold in domestic syndication. In off-network syndication, the Company distributes series such as *Everybody Loves Raymond* and *CSI* as well as a library of older television programs. The Company also produces and/or distributes first-run syndicated series such as *Jeopardy!*, *Entertainment Tonight*, *The Oprah Winfrey Show*, *Dr. Phil* and *Judge Judy*. The Company also distributes syndicated programming internationally.

License fees for completed television programming in syndication and cable are recorded as revenue in the period that programming is available for exhibition which, among other reasons, may cause substantial fluctuation in the Television segment's operating results. Unrecognized revenues attributable to such license agreements were approximately \$788.1 million and \$728.9 million at December 31, 2005 and December 31, 2004, respectively.

Showtime Networks. Showtime Networks owns and operates three commercial-free, premium subscription television program services in the U.S.: *Showtime* offering recently released theatrical feature

films, original series, original motion pictures, documentaries, boxing, concerts and other special events; *The Movie Channel*[™], offering recently released theatrical feature films and related programming; and *Flix*[®], offering theatrical feature films primarily from the 70s, 80s and 90s, as well as selected other titles. At December 31, 2005, *Showtime*, *The Movie Channel* and *Flix*, in the aggregate, had approximately 45.8 million subscriptions in the U.S., certain U.S. territories and Bermuda. Showtime Networks is also a manager and 37% owner of *Sundance Channel*[®], a venture among Showtime Networks, an affiliate of Robert Redford and NBC Universal, Inc. *Sundance Channel* is a commercial-free premium subscription television program service in the U.S., dedicated to independent film, featuring original programming, American independent films, documentaries, foreign and classic art films, shorts and animation, with an emphasis on recently released titles. Showtime Networks also owns 90% of and manages SNI/SI Networks L.L.C., a venture with Smithsonian Institution. This venture, an on-demand program service branded with the Smithsonian name, featuring programs of a cultural, historical, scientific and educational nature, is expected to launch during the 2006-2007 time frame.

Showtime Networks also owns and operates several different channels of *Showtime* and *The Movie Channel* in the U.S. which offer additional and varied programming choices. For example, Showtime Networks transmits high definition television feeds of *Showtime* and *The Movie Channel* and also makes versions of *Showtime*, *The Movie Channel* and *Flix* available "on demand", enabling subscribers to watch selected individual programs at their convenience. Showtime Networks also provides special events, such as high-profile boxing matches, to licensees on a pay-per-view basis through *Showtime PPV*[®]. Showtime Networks also operates the Web site *SHO.com* which promotes *Showtime*, *The Movie Channel*, and *Flix* programming, and provides information and entertainment and other services.

Showtime Networks derives revenue principally from the license of its program services to cable television operators, direct-to-home ("DTH") satellite operators, telephone companies and other distributors. The costs of acquiring premium television rights to programming and producing original series are the principal expenses of Showtime Networks. Showtime Networks enters into commitments to acquire rights, with an emphasis on acquiring exclusive rights for *Showtime* and *The Movie Channel*, from major or independent motion picture producers and other distributors typically covering the U.S. and Bermuda for varying durations. For example, Showtime Networks has the exclusive U.S. premium subscription television rights for certain exhibition windows relating to Paramount Pictures' feature films initially theatrically released in the U.S. through December 2007. Showtime Networks also arranges for the development, production and acquisition of original programs, series, documentaries and motion pictures. Showtime Networks' original series include *Huff*, *The L Word*, *Sleeper Cell* and *Weeds*, among others. Showtime Networks has entered into and may from time to time enter into co-financing, co-production and/or co-distribution arrangements with other parties to reduce the net cost to Showtime Networks for its original programming. In addition, Showtime Networks derives distribution revenue from the rights it retains in certain of its original programming. For example, in January 2006, Showtime Networks entered into an arrangement to distribute certain of its programming through the iTunes Music Store.

Television Competition

Network Television. The television broadcast environment is highly competitive. The principal methods of competition in broadcast television are the development and acquisition of popular programming and the development of audience interest through programming and promotion, in order to sell advertising at profitable rates. Broadcast networks like CBS and UPN compete for audience, advertising revenues and programming with other broadcast networks such as ABC, FOX, NBC and WB, independent television stations, cable program services as well as other media, including DVDs, print and the Internet. In addition, the CBS and UPN television networks compete with the other broadcast networks to secure affiliations with independently owned television stations in markets across the country, which are necessary to ensure the effective distribution of network programming to a nationwide audience. According to

Nielsen Media Research, for the broadcast television primetime daypart for the period September 19, 2005 to March 5, 2006, the CBS Network secured the #1 position for total viewers and for key adult viewers ages 25-54 (with respect to 25-54, tied with ABC).

Television Stations. Television stations compete for programming, on-air talent, audiences and advertising revenues with other stations and cable networks in their respective coverage areas and, in some cases, with respect to programming, with other station groups, and, in the case of advertising revenues, with other local and national media. The owned and operated television stations' competitive position is largely influenced by the quality of the syndicated programs and local news programs in time periods not programmed by the network; the strength of the CBS and UPN television networks and, in particular, with respect to those that are CBS affiliated television stations, the viewership of the CBS Network in the time period immediately prior to the late evening news; and in some cases, by the quality of the broadcast signal.

In connection with the conversion to digital television broadcasting, current and future technological and regulatory developments may affect competition within the television marketplace (see "CBS Corp. Business Segments-Regulation-Broadcasting").

Television Production and Syndication. As a producer and distributor of programming, the Company competes with studios, television production groups, and independent producers and syndicators such as Disney, Sony, NBC Universal, Warner Bros. and Fox to sell programming both domestically and overseas. The Company also competes to obtain creative talent and story properties which are essential to the success of all of the Company's entertainment businesses.

Showtime Networks. Showtime Networks primarily competes with other providers of premium subscription television program services in the U.S.: Home Box Office, Inc. and Starz Entertainment Group, L.L.C. Competition among premium subscription television program services in the U.S. is primarily dependent on: (i) the acquisition and packaging of an adequate number of recently released theatrical motion pictures and the production, acquisition and packaging of original series, original motion pictures and other original programs; and (ii) the offering of prices, marketing and advertising support and other incentives to cable operators, DTH satellite operators and other distributors for carriage so as to favorably position and package Showtime Networks' premium subscription television program services to subscribers. Home Box Office, Inc. is the dominant company in the U.S. premium subscription television category, offering two premium subscription television program services, HBO and Cinemax. Showtime Networks competes with Home Box Office, Inc. but has a significantly smaller share of the premium subscription television category. Starz Entertainment Group, L.L.C. owns Starz!, another premium subscription television program service, which features recently released theatrical motion pictures and competes with Showtime Networks' and Home Box Office, Inc.'s premium program services. Showtime Networks also competes for programming, distribution and/or audiences with broadcast television, basic cable program services and other media, including DVDs, portable devices and the Internet.

The terms and favorable renewal of agreements with distributors for the distribution of the Company's premium subscription television program services are important to the Company. Consolidation among multichannel video programming distributors makes it more difficult to reach favorable terms and could have an adverse effect on revenues.

Radio (15%, 14% and 15% of the Company's consolidated revenues in 2005, 2004 and 2003, respectively)

The Company's radio broadcasting business operates through CBS Radio, which owns and operates 179 radio stations serving 40 U.S. markets. Prior to the Separation, CBS Radio was known as Infinity Radio. CBS Radio is one of the largest operators of radio stations in the U.S. Approximately 91% of the Company's radio stations are located in the 50 largest U.S. radio markets and approximately 58% in the 25 largest U.S. radio markets. The Company's strategy generally is to operate radio stations in the largest markets, acquire radio stations in the most attractive growth markets and take advantage of the Company's ability to sell advertising across multiple markets and formats. The Company believes that it is favorably impacted by offering radio, television and outdoor advertising platforms in large markets. The "Radio Stations, Television Stations and Outdoor Advertising Displays" table below includes information with respect to the Company's radio stations in the top 25 U.S. radio markets.

Radio seeks to maintain substantial diversity among its radio stations. The geographically wide-ranging stations serve diverse target demographics through a broad range of programming formats, such as rock, oldies, all-news, talk, adult contemporary, sports/talk and country, and CBS Radio has established leading franchises in news, sports, and personality programming. This diversity provides advertisers with the convenience of selecting stations to reach a targeted demographic group or of selecting groups of stations to reach broad groups of consumers within and across markets. This diversity also reduces the Company's dependence on any single station, local economy, format or advertiser. Radio's general programming strategies include employing popular on-air talent, syndicating shows of some of these talent nationally and acquiring the rights to broadcast sports franchises and news content for its radio stations. These strategies, in addition to developing loyal audiences for its radio stations, create the opportunity to obtain additional revenues from syndicating such programming elements to other radio stations.

CBS Radio has changed morning show programming at 27 of its radio stations. Certain of those stations have been rebranded as "Free FM,TM" a talk radio format that features new on-air talent. In addition, CBS Radio features the "Jack" format on 12 of its stations. "Jack" is a highly music-intensive format with an expansive playlist. In March 2006, a one-hour radio show, *Jim Cramer's Real Money*, began live broadcasts on eight CBS Radio stations.

The majority of Radio's revenues are generated from the sale of local, regional and national advertising. The major categories of radio advertisers include: automotive, retail, healthcare, telecommunications, fast food, beverage, movies, entertainment and services. CBS Radio is able to use the reach, diversity and branding of its radio stations to create unique division-wide marketing and promotional initiatives for major national advertisers of products and services. The success and reputation of CBS Radio and its stations allow the Company to attract the participation of major artists in these national campaigns. Advertising expenditures by local advertisers fluctuate, which has an effect on Radio's revenues.

The Company also owns the CBS Radio Network, which is managed by Westwood One, Inc. At December 31, 2005, the Company owned approximately 18% of the common stock of Westwood One, Inc., which it manages pursuant to a management agreement. Westwood One is a leading producer and distributor of syndicated and network radio programming in the U.S. and distributes syndicated and network radio programming, including traffic and weather information, to many of the Company's radio stations as well as to the Company's competitors. Westwood One does not own or operate radio stations. In December 2004, CBS Radio acquired a 10% interest in Spanish Broadcasting System, Inc., a company publicly traded on the NASDAQ, expanding the Company's commitment to Hispanic consumers.

CBS Radio is extending its station brands online, through efforts that include streaming, podcasting and developing radio station Web sites. For example, approximately 70 CBS Radio stations throughout the

U.S. are streamed online, including such top brands as 1010 WINS in New York and KROQ-FM in Los Angeles.

Radio Competition. The Company's radio stations directly compete within their respective markets for audience, advertising revenues and programming with other radio stations including those owned by other group owners such as ABC Radio, Clear Channel Communications, Cox Radio, Emmis Communications, Entercom and Radio One. The Company's radio stations also compete with other media, such as broadcast, cable and DTH satellite television, radio, newspapers, magazines, the Internet and direct mail.

The radio industry is also subject to competition from two satellite-delivered audio programming services, Sirius Satellite Radio and XM Satellite Radio, each providing over 100 channels of pay digital audio services. Sirius and XM sell advertising time on some of their channels and compete with the radio industry for programming.

The Company's radio stations face increasing competition from audio programming delivered via the Internet and from consumer products such as portable digital audio players. These new technologies create new ways for individuals to listen to music and other content of their choosing while avoiding traditional commercial advertisements. An increasingly broad adoption by consumers of portable digital audio players could affect the ability of the Company's radio stations to attract listeners and advertisers.

The radio broadcast industry has begun the process of converting from analog to digital broadcasts. Currently, approximately 700 radio stations are broadcasting in the U.S. using digital technology. The Company has joined other broadcast radio groups to form the HD Digital Alliance Association (the "Digital Alliance") which is committed to accelerate the conversion of over 2,000 additional AM and FM stations to digital radio technology over the next several years, including the conversion of approximately 131 of the Company's radio stations, 63 of which had been converted at December 31, 2005. Members of the Digital Alliance have also agreed to provide two digital audio broadcasts on each of their radio stations. One will be a digital rebroadcast of the station's analog signal and the other will be used to offer a broad range of unique commercial-free programming. The Digital Alliance plans to market digital radio technology to receiver manufacturers, electronics retailers and automobile manufacturers, and will publicize the availability of digital radio with promotional messages to be aired on its members' stations. Implementing its agreement with the Digital Alliance, CBS Radio recently announced a line-up of multicast programming for over 60 of its radio stations in 17 markets. The Company believes that digital transmissions will provide listeners with improved sound quality and should facilitate the convergence of radio with other digital media. It is too early to predict the full effect that the conversion to digital will have on the Company's radio businesses or on competition generally.

Aggregate spot advertising sales revenues for the Company's radio stations for 2005 in each of the top five U.S. markets by metro area population were ranked either #1 or #2, according to the 2005 Market Total Spot Performance Summary of Miller, Kaplan, Arase & Co., LLP (for the New York, Los Angeles, Chicago, San Francisco and Dallas-Fort Worth markets).

Radio Stations, Television Stations and Outdoor Advertising Displays

The following table sets forth information with regard to the Company's radio stations, television stations and outdoor advertising displays as of March 1, 2006 in the top 25 U.S. radio markets:

Market and Market Rank(1)	Radio			Television			Outdoor
	Stations	AM/FM	Format	Stations	Type/Channel	Network Affiliation	Display Type
New York, NY #1—Radio #1—Television	WCBS-FM WCBS WFAN WINS WNEW WFNY	FM AM AM AM FM FM	Classic Hits ("Jack") News Sports News Rhythmic AC Talk ("Free FM")	WCBS-TV	VHF/2	CBS	Bus, Bus Shelters, Rail, Billboards, Bulletins, Walls, Trestles, "Spectacular Signage," Mall Posters
Los Angeles, CA #2—Radio #2—Television	KCBS-FM KFWB KLSX KNX KROQ-FM KRTH-FM KTWV	FM AM FM AM FM FM FM	Classic Hits ("Jack") News Talk ("Free FM") News Alternative Rock Oldies Smooth Jazz	KCAL-TV KCBS-TV	VHF/9 VHF/2	Independent CBS	Bus, Bus Shelters, Kiosks, Bulletins, Walls, Posters, Mall Posters
Chicago, IL #3—Radio #3—Television	WBBM-FM WBBM WCKG WJMK WSCR WUSN WXRT-FM	FM AM FM FM AM FM FM	Rhythmic Contemporary Hit Radio News Talk ("Free FM") Classic Hits ("Jack") Sports Country Adult Album Alternative	WBBM-TV	VHF/2	CBS	Bus, Bus Shelters, Rail, Bulletins, Posters, Mall Posters, Walls, Digital Billboards
San Francisco, CA #4—Radio #6—Television	KCBS KFRC-FM KITS KLLC KYCY KIFR	AM FM FM FM AM FM	News Oldies Alternative Rock Modern Adult Contemporary Talk (Podcasting) Talk ("Free FM")	KPIX-TV KBHK-TV	VHF/5 UHF/44	CBS UPN	Bus, Bus Shelters, Rail, Cable Cars, Bulletins, Walls, Posters, Mall Posters
Dallas-Fort Worth, TX #5—Radio #7—Television	KLUV-FM KOAI KJKK KRLD KVIL KLLI	FM FM FM AM FM FM	Oldies Smooth Jazz Classic Hits ("Jack") News/Talk Adult Contemporary Talk ("Free FM")	KTVT-TV KTXA-TV	VHF/11 UHF/21	CBS UPN	Walls, Bulletins, Mall Posters
Philadelphia, PA #6—Radio #4—Television	KYW WIP WOGL WPHT WYSP	AM AM FM AM FM	News Sports Oldies Talk Talk ("Free FM")/ Active Rock	KYW-TV WPSG-TV	VHF/3 UHF/57	CBS UPN	Bus Shelters, Rail, Bulletins, Mall Posters
Houston, TX #7—Radio #10—Television	KHJZ-FM KIKK KILT-FM KILT	FM AM FM AM	Smooth Jazz Talk Country Sports				Bulletins, Mall Posters
Washington, D.C. #8—Radio #8—Television	WARW WLZL WJFK-FM WPGC-FM WPGC	FM FM FM FM AM	Classic Rock Spanish-Tropical Talk ("Free FM") Rhythmic Crossover Gospel				Bus, Rail, Mall Posters, Walls

Detroit, MI #9—Radio #11—Television	WKRK-FM WOMC WVMV WVJ WXYT WYCD	FM FM FM AM AM FM	Talk ("Free FM") Oldies Smooth Jazz News Sports Country	WKBD-TV WWJ-TV	UHF/50 UHF/62	UPN CBS	Bus, Bulletins, Posters, Mall Posters
Atlanta, GA #10—Radio #9—Television	WAOK WVEE WZGC	AM FM FM	Black News/Talk Urban Contemporary Adult Album Alternative	WUPA-TV	UHF/69	UPN	Bus, Bus Shelters, Rail, Bulletins, Posters, Mall Posters
Boston, MA #11—Radio #5—Television	WBCN WBMX WBZ WODS WZLX	FM FM AM FM FM	Classic Rock Hot Adult Contemporary News Oldies Classic Rock	WBZ-TV WSBK-TV	VHF/4 UHF/38	CBS UPN	Bulletins
Miami-Ft. Lauderdale, FL #12—Radio #17—Television	—	—	—	WFOR-TV WBFS-TV	VHF/4 UHF/33	CBS UPN	Bulletins, Bus, Rail, Mall Posters, Kiosks, Bus Shelters
Puerto Rico #13—Radio	—	—	—				Bulletins, Posters
Seattle-Tacoma, WA #14—Radio #13—Television	KBKS-FM KMPS-FM KPTK KJAQ-FM KZOK-FM	FM FM AM FM FM	Contemporary Hit Radio Country Progressive Talk Classic Hits ("Jack") Classic Rock	KSTW-TV	VHF/11	UPN	Bus, Bulletins, Posters, Mall Posters
Phoenix, AZ #15—Radio #14—Television	KOOL-FM KZON KMLE	FM FM FM	Oldies Talk ("Free FM") Country				Bus Shelters, Bulletins, Posters, Mall Posters, Benches, Walls
Minneapolis, MN #16—Radio #15—Television	WCCO WLTE KZJK	AM FM FM	News/Talk/Sports Adult Contemporary Classic Hits ("Jack")	WCCO-TV KCCO-TV KCCW-TV	VHF/4 Satellite Satellite	CBS CBS CBS	Bus, Rail, Bulletins, Mall Posters
San Diego, CA #17—Radio #26—Television	KSCF KYXY	FM FM	Talk Adult Contemporary				Bus Shelters, Bulletins, Posters, Mall Posters
Nassau-Suffolk, NY(2) #18—Radio	—	—	—				Bus, Bulletins
Tampa-St. Petersburg, FL #19—Radio #12—Television	WLLD WQYK-FM WQYK WYUU WRBQ-FM WSJT	FM FM AM FM FM FM	Rhythmic Contemporary Hit Radio Country Classic Country Spanish Oldies Smooth Jazz	WTOG-TV	UHF/44	UPN	Bulletins, Mall Posters
St. Louis, MO #20—Radio #21—Television	KEZK-FM KMOX KYKY	FM AM FM	Adult Contemporary News/Talk Hot Adult Contemporary				Bulletins, Posters, Mall Posters

Baltimore, MD #21—Radio #24—Television	WJFK WLIF WQSR WWMX WHFS	AM FM FM FM FM	Sports Soft Adult Contemporary Classic Hits ("Jack") Hot Adult Contemporary Talk ("Free FM")/ Alternative Rock	WJZ-TV	VHF/13	CBS	Mall Posters, Bus Shelters
Denver, CO #22—Radio #18—Television	KWLI KIMN KXKL-FM	FM FM FM	Country Hot Adult Contemporary Oldies	KCNC-TV	VHF/4	CBS	Bus Shelters, Bulletins, Posters, Mall Posters
Pittsburgh, PA #23—Radio #22—Television	KDKA WRKZ WDSY-FM WZPT	AM FM FM FM	News/Talk Rock Country Hot Adult Contemporary	KDKA-TV WNPA-TV	VHF/2 UHF/19	CBS UPN	Bulletins, Mall Posters
Portland, OR #24—Radio #23—Television	KVMX KINK KLTH KUFO-FM KUPL-FM KCMD	FM FM FM FM FM AM	80s Hits Adult Album Alternative 60's/70's Hits Rock Country Comedy				Bulletins, Mall Posters, Posters
Cleveland, OH #25—Radio #16—Television	WNCX WDOK WQAL WXRK	FM FM FM FM	Classic Rock Soft Adult Contemporary Hot Adult Contemporary Alternative Rock				Bus, Bulletins, Mall Posters, Rail

(1) Radio market rank based on Fall 2005 Radio Market Ranking as provided by Arbitron Inc. Television market rank based on Nielsen Station Index—DMA Market and Demographic Rank, September 2005.

(2) Sub-market of New York City. The Company's New York City radio and television stations serve Nassau-Suffolk.

Outdoor (13% of the Company's consolidated revenues in each of 2005, 2004 and 2003)

The Company sells, through its Outdoor businesses, advertising space on various media, including billboards, transit shelters, buses, rail systems (in-car, station platform and terminal), mall kiosks, masts and stadium signage. It has outdoor advertising operations in more than 100 markets in North America, including all 50 of the largest metropolitan markets in the U.S., 19 of the 20 largest metropolitan markets in Canada and 44 of the 45 largest metropolitan markets in Mexico. Additionally, Outdoor has the exclusive rights to manage advertising space on approximately 87% of the total bus fleet in the U.K. and has a variety of outdoor advertising displays in the Netherlands, France, Italy, the Republic of Ireland, Spain and China. The Company operates its Outdoor businesses through CBS Outdoor in the U.S., Vendor in Mexico and, with a license for the "Viacom" trademark for up to six years, Viacom Outdoor Canada in Canada and Viacom Outdoor outside the U.S., Mexico and Canada. The "Radio Stations, Television Stations and Outdoor Advertising Displays" table above includes information with regard to the Company's outdoor advertising properties in the top 25 U.S. radio markets.

The substantial majority of Outdoor's revenues are generated from the sale of local, regional and national advertising. Advertising rates are based on supply and demand for the particular locations, which are influenced by a particular display's exposure known as "impressions" delivered in relation to the demographics of the particular market and its location within that market. Currently, these impressions are not measured by independent third parties. The Company cannot predict the impact, if any, on the Outdoor business should impressions become measured independently. The major categories of out-of-home advertisers include: entertainment, media, automotive, beverage, financial, real estate, retail, healthcare, telecommunications, restaurants, health and beauty aids, hotels and professional services. Out-of-home media industry advertising expenditures by retailers and the entertainment industry fluctuate, which has an effect on Outdoor's revenues.

Outdoor generally operates in the billboard, transit and street furniture advertising markets. Outdoor primarily operates two types of billboard advertising displays, commonly referred to as "bulletins" and "posters." Bulletin space and poster space are generally sold for periods ranging from 4 weeks to 12 months. Billboards are generally mounted on structures owned or leased by Outdoor. Lease agreements are negotiated with both public and private landowners for varying terms ranging from month-to-month to year-to-year and can be for terms of 10 years or longer, and many provide for renewal options. There is no significant concentration of displays under any one lease or subject to negotiation with any one landlord. New technologies for outdoor advertising displays, such as changeable message displays and digital billboards using light-emitting diode technology, continue to evolve. The Company keeps apprised of the evolution of such technology and display companies and endeavors to remain competitive in this regard.

Transit advertising includes advertising on or in transit systems, including the interiors and exteriors of buses, trains, trams and at rail stations. Transit advertising contracts are negotiated with public transit authorities and private transit operators and generally provide for payment to the transit authority of a percentage of the revenues, a fixed payment, or the greater of a percentage of the revenues or a fixed payment. Where revenues are lower than anticipated, the minimum amount required to be paid to a transit authority may exceed, or be a high percentage of, the advertising revenues received by Outdoor under that advertising contract. In fourth quarter 2005, Outdoor renewed its contract for 10 years with the New York City Metropolitan Transportation Authority to handle display advertising in rail cars, at the entrances to stations, in stations and on station platforms in New York City subways and Staten Island Railway; extended for two years plus a one-year option to extend its agreement with MARTA, the Atlanta bus and rail system, and renewed for three years plus two one-year options its contract with SamTrans (San Mateo, California bus system) for interior and exterior bus advertising.

Street furniture displays, the most common of which are bus shelters, reach both vehicular and pedestrian audiences. Bus shelters are usually constructed, installed and maintained by Outdoor. Most of Outdoor's bus shelter contracts include revenue-sharing arrangements with a municipality or transit authority and often include minimum required payments. Street furniture contracts usually involve a competitive bidding process and contracts typically are for a term of between 10 to 20 years. Contracts are awarded on the basis of projected revenues to the municipality, including minimum payments, and Outdoor's willingness to construct public facilities, such as bus shelters, public toilets and information kiosks. In both its transit and street furniture negotiations, Outdoor seeks to reduce minimum payment obligations on new agreements and on renewal of existing agreements. This position may make it more difficult to enter into new agreements or to renew certain existing agreements.

Outdoor's business strategy involves expanding its presence in major selected markets, to grow its revenues and cash flow by being a leading provider of out of home advertising services in the markets it serves, controlling costs and developing and entering into new markets. In addition, the Company purchases outdoor advertising assets within its existing markets or in contiguous markets. During 2004 and 2005, Outdoor acquired new properties and entered into new markets and ventures, including the acquisition of advertising rights and billboards at the Oakland-Alameda County Coliseum Complex in California and with the Port Authority in Oakland, California, and the rights to advertise on buses in Beijing, China, through its acquisition of a 70% interest in Magic Media Advertising Limited (renamed Viacom Outdoor (Beijing) Limited). The Company believes that there will be continuing opportunities for implementing its acquisition and development strategies given the outdoor advertising industry's fragmentation. This is particularly true in the international markets where there are opportunities for Outdoor to increase profitability both from acquiring additional assets in or near its existing operations and from future acquisitions in new markets.

Outdoor Competition. The outdoor advertising industry is fragmented, consisting of several large companies involved in outdoor advertising such as Clear Channel Outdoor Holdings Inc., JC Decaux S.A., and Lamar Advertising Company as well as hundreds of smaller and local companies operating a limited number of display faces in a single or a few local markets. The Company also competes with other media, including broadcast and cable television, radio, print media, the Internet and direct mail marketers, within

their respective markets. In addition, it competes with a wide variety of out-of-home media, including advertising in shopping centers, airports, movie theaters, supermarkets and taxis. Advertisers compare relative costs of available media and cost-per-thousand impressions, particularly when delivering a message to customers with distinct demographic characteristics. In competing with other media, the outdoor advertising industry relies on its relative cost efficiency and its ability to reach a broad segment in a specific market or to target a particular geographic area or population with a particular demographic within that market. The Company keeps apprised of the evolution of new technologies in the industry. If new technologies such as digital billboards prove desirable to Outdoor's customers and deliver appropriate returns on investment, the Company's costs could increase.

The Company believes that its strong emphasis in sales and customer service and its position as a leading provider of advertising services in each of its primary markets as well as its international inventory enables it to compete effectively with the other outdoor advertising companies, as well as other media, within those markets.

Parks/Publishing (8% of the Company's consolidated revenues in each of 2005, 2004 and 2003)

The Parks/Publishing category's principal businesses are Paramount Parks, which is principally engaged in the ownership and operation of five regional theme parks and a themed attraction in the U.S. and Canada; and Simon & Schuster, which publishes and distributes consumer books in the U.S. and internationally.

Publishing. Simon & Schuster publishes and distributes adult and children's consumer books in printed, audio and digital formats in the U.S. and internationally. Simon & Schuster's major adult imprints include *Simon & Schuster*, *Pocket Books*, *Scribner* and *Free Press*. Simon & Schuster's major children's imprints include *Simon Spotlight*[®], *Aladdin Paperbacks*[™] and *Simon & Schuster Books For Young Readers*[™]. Simon & Schuster also develops special imprints and publishes titles based on CBS Network's and Showtime Networks' products as well as that of third parties and distributes products for other publishers. Simon & Schuster distributes its products directly and through third parties. Simon & Schuster also delivers content and promotes its products on Internet sites linked to individual titles. International publishing includes the international distribution of English-language titles through Simon & Schuster UK, Simon & Schuster Canada and Simon & Schuster Australia and other distributors, as well as the publication of local titles by Simon & Schuster UK.

In 2005, Simon & Schuster published 98 titles that were New York Times bestsellers, including 14 New York Times #1 bestsellers. Best-selling titles in 2005 include *1776* by David McCullough, *Love Smart* by Dr. Philip C. McGraw and *Teacher Man* by Frank McCourt. *Simon & Schuster Online*[™], through *SimonSays.com*, publishes original content, builds reader communities and promotes and sells Simon & Schuster's books over the Internet.

The consumer publishing marketplace is subject to increased periods of demand in the summer months and during the end-of-year holiday season. Major new title releases represent a significant portion of Simon & Schuster's sales throughout the year. Simon & Schuster's top 10 accounts drive a significant portion of its annual revenue. Consumer books are generally sold on a fully returnable basis, resulting in the return of unsold books. In the domestic and international markets, the Company is subject to global trends and local economic conditions.

Parks. Paramount Parks owns and operates five regional theme parks and a themed attraction in the U.S. and Canada: Paramount's *Carowinds*[®], in Charlotte, North Carolina, *Paramount's Great America*[™], in Santa Clara, California, Paramount's *Kings Dominion*[®], located near Richmond, Virginia, Paramount's *Kings Island*[®], located near Cincinnati, Ohio, Paramount *Canada's Wonderland*[®], located near Toronto, Ontario, and the themed attraction, *Star Trek: The Experience*[®], at the Las Vegas Hilton, a futuristic, interactive environment based on the popular television and movie series. Each of the theme parks features attractions, products and live shows based on various intellectual properties owned or licensed by the Company. In addition, Paramount Parks manages and operates Bonfante Gardens, a family-oriented garden theme park in Gilroy, California. In 2005, Paramount Parks announced the formation of a joint venture with Great Wolf Lodge Resorts to develop a 30-acre resort at Paramount's *Kings Island* in Salem, Ohio.

A substantial amount of Paramount Parks' income is generated during its seasonal operating period. Factors such as local economic conditions, competitors and their actions, and weather conditions during the operating season may impact the business' performance. In January 2006, the Company announced its intention to divest Paramount Parks and to complete the divestiture in the second half of 2006.

Parks/Publishing Competition.

Publishing. The consumer publishing business is highly competitive and has been affected over the years by consolidation trends. Significant mergers have occurred among the leading consumer publishers. Warehouse clubs and book superstores remain significant factors in the industry contributing to the general trend toward consolidation in the retail channel. There have also been a number of mergers completed in the distribution channel. The Company must compete with other larger publishers such as Random House, Penguin Group and Harper Collins for the rights to works by authors. Competition is particularly strong for well-known authors and public personalities.

Parks. The Company competes with other highly-capitalized, multi-park entertainment corporations. In order to compete effectively, the Company must differentiate its products through its access to entertainment intellectual property and brands and by investing capital to attract repeat customers. The Company believes that its owned and licensed intellectual properties enhance existing attractions and facilitate the development of new attractions, which encourage visitors to the Paramount Parks theme parks. The Company's theme parks also compete with other forms of leisure entertainment and with smaller operations in its regions and with other forms of entertainment.

REGULATION

The Company's businesses are either subject to or affected by regulations of federal, state and local governmental authorities. The rules, regulations, policies and procedures affecting these businesses are subject to change. The descriptions which follow are summaries and should be read in conjunction with the texts of the statutes, rules and regulations described herein. The descriptions do not purport to describe all present and proposed statutes, rules and regulations affecting the Company's businesses.

Intellectual Property

Laws affecting intellectual property are of significant importance to the Company (see "Intellectual Property" on page I-25).

Copyright Law and Content. In the U.S., the copyright term for authored works is the life of the author plus 70 years. For works made-for-hire, the copyright term is the shorter of 95 years from the first publication or 120 years from creation.

Peer-to-Peer Piracy. Unauthorized distribution of copyrighted material over the Internet such as through so-called peer-to-peer services is a threat to copyright owners' ability to protect and exploit their property. The Company is engaged in enforcement and other activities to protect its intellectual property and has participated in various litigations, education and public relations programs and legislative activity on a worldwide basis. In June 2005, the U.S. Supreme Court ruled that one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties. This ruling will be a significant tool in the Company's enforcement efforts.

Broadcasting

General. Television and radio broadcasting are subject to the jurisdiction of the FCC under the Communications Act. The Communications Act empowers the FCC, among other actions, to issue, renew, revoke and modify broadcasting licenses; determine stations' frequencies, locations and operating power; regulate some of the equipment used by stations; adopt other regulations to carry out the provisions of the

Communications Act and other laws, including requirements affecting the content of broadcasts; and to impose penalties for violation of its regulations, including monetary forfeitures, short-term renewal of licenses and, in egregious cases, license revocation or denial of license renewals.

Under the Communications Act, the FCC also regulates certain aspects of the operation of cable and DTH satellite systems and other electronic media that compete with broadcast stations.

Indecency Regulation. The FCC's rules prohibit the broadcast of obscene material at any time and indecent or profane material between the hours of 6 am and 10 pm. Broadcasters risk violating the prohibition against broadcasting indecent or profane material because of the vagueness of the FCC's definition of indecent material, coupled with the spontaneity of live programming. The FCC in the last few years has stepped up its enforcement activities as they apply to indecency, and has threatened to initiate license revocation proceedings against broadcast licensees for "serious" indecency violations. Legislation has also been introduced in Congress that would increase the penalties for broadcasting indecent programming and potentially increase the exposure of broadcasters to license revocation, renewal or qualifications proceedings in the event that they broadcast indecent material. In 2004, the FCC notified the Company of apparent liability for a \$550,000 forfeiture relating to the broadcast of the Super Bowl half-time show by the Company's CBS broadcast television station affiliates and the CBS Network. The FCC had also previously initiated enforcement proceedings in response to allegations that several of the Company's radio stations had broadcast indecent material. In November 2004, the Company entered into a Consent Decree with the FCC pursuant to which all of these proceedings, other than the Super Bowl proceeding, were dismissed with prejudice and the Company agreed to make a voluntary contribution to the U.S. Treasury in the amount of \$3.5 million when the Consent Decree becomes a "final order." The Company is defending the Consent Decree, which is being challenged by a third party. The Consent Decree also obligated the Company to provide training with respect to FCC indecency regulation to programming-related personnel at its broadcast television and radio operations and to implement other measures, such as audio and video delay mechanisms and editorial controls, to reduce the risk of broadcasting indecent material. Modifications to the Company's programming to reduce the risk of indecency violations could have an adverse effect on the competitive position of the Company's radio and television stations and the CBS Network. Since the Company and the FCC entered into the Consent Decree, additional complaints have been filed with the FCC alleging indecency violations at some of the Company's radio and television stations. On March 15, 2006, the FCC released three decisions relating to indecency complaints against the CBS Network and certain of the Company's television stations. The FCC ruled on the Super Bowl proceeding and ordered the Company to pay a forfeiture of \$550,000. The FCC also notified the Company 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 stations owned by the Company. Other complaints involving the broadcast of alleged indecent or profane material by stations owned by the Company remain pending. The Company intends to appeal or request reconsideration of the Super Bowl decision and to contest the proposed forfeitures. Some policymakers also support the extension of the indecency rules that are applicable to over-the-air broadcasters to cover cable and satellite programming and/or attempts to step up enforcement of or otherwise expand existing laws and rules. If such an extension, step up in enforcement or other expansion took place and were found to be constitutional, some of the Company's cable content could be subject to additional regulation and might not be able to attract the same subscription and viewership levels.

License Renewals. Radio and television broadcast licenses are granted for a term of eight years. The Communications Act requires the FCC to renew a broadcast license if the FCC finds that the station has served the public interest, convenience and necessity and with respect to the station, there have been no serious violations by the licensee of either the Communications Act or the FCC's rules and regulations and there have been no other violations by the licensee of the Communications Act or the FCC's rules and regulations that, taken together, constitute a pattern of abuse. The Company has pending and will file

renewal applications for a number of its radio and television station licenses in 2006 and 2007, six of which have been opposed by third parties, and other renewal applications may be so opposed in the future.

License Assignments. The Communications Act requires prior FCC approval for the assignment of a license or transfer of control of an FCC licensee. Third parties may oppose the Company's applications to transfer or acquire additional broadcast licenses.

Ownership Regulation. The Communications Act and FCC rules and regulations limit the ability of individuals and entities to have an official position or ownership interest, known as an "attributable" interest, above specific levels in broadcast stations as well as in other specified mass media entities. In seeking FCC approval for the acquisition of a broadcast radio or television station license, the acquiring person or entity must demonstrate that the acquisition complies with the FCC's ownership rules or that a waiver of the rules is in the public interest.

In 2003, the FCC completed a comprehensive review of all of its broadcast ownership rules (the "Omnibus Ownership Review"), including the local radio ownership rule, the local television ownership rule, the television national audience reach limitation, the dual network rule, the newspaper-broadcast cross-ownership rule and the radio-television cross-ownership rule, and adopted revised rules. Under the new rules, the Company would be permitted to expand its television and radio station holdings in a number of markets. Several parties, however, appealed the FCC's decision to the U.S. Court of Appeals for the Third Circuit. In January 2004, Congress passed legislation establishing a national television audience reach limitation of 39%. This legislation superseded the FCC's decision in the Omnibus Ownership Review to raise the limitation to 45%. In June 2004, the U.S. Court of Appeals for the Third Circuit remanded most of the other revised rules to the FCC for additional justification or modification, including new cross-media limits the FCC had established and certain revisions to the local radio and television ownership rules. Pending the U.S. Court of Appeals for the Third Circuit's subsequent review of the FCC's future decision on remand, a stay of the new broadcast ownership rules, except for the new local radio ownership rules, will remain in effect. The U.S. Supreme Court declined to accept review of the case.

The FCC's ownership rules, as currently in effect, and the new rules that remain subject to the court's stay, are briefly summarized below.

Local Radio Ownership. The FCC's new local radio ownership rule is not subject to the U.S. Court of Appeals for the Third Circuit's stay and applies in all markets where the Company owns radio stations. Under that rule, one party may own up to eight radio stations in the largest markets, no more than five of which may be either AM or FM. With a few exceptions, the rule permits the common ownership of 8 radio stations in the top 50 markets, where CBS Radio has significant holdings. In the Omnibus Ownership Review, the FCC changed its method of defining local radio markets and counting the number of stations in a particular market, but not the numeric limits. As a result of the change in the method used for defining and counting the number of stations in a local radio market, the Company's radio portfolio exceeds the FCC's numeric limit in two markets. While the new rule does not require the divestiture of any existing radio ownership combinations, the Company is not permitted to transfer its radio portfolios in those two markets intact, except to qualified small businesses.

Local Television Ownership. Under the FCC's local television ownership rule as currently in effect, one party may own up to two television stations in the same DMA, so long as at least one of the two stations is not among the top four-ranked stations in the market based on audience share as of the date an application for approval of an acquisition is filed with the FCC, and at least eight independently owned and operating full-power television stations remain in the market following the acquisition. Further, without regard to the number of remaining independently owned television stations, the rule as in effect permits the ownership of two television stations within the same DMA so long as certain signal contours of the stations involved do not overlap. The new rule would eliminate the exception for non-overlapping stations and the requirement for a minimum of eight independently

owned and operated stations in a DMA. Under the new rule, one party could own up to 3 television stations in DMAs with 18 or more television stations and up to 2 television stations in DMAs with fewer than 18 television stations. The FCC, however, retained the prohibition of ownership of two top four-ranked stations, with limited exceptions. Under the rule as in effect, and the new rule, satellite stations that simply rebroadcast the programming of a "parent" station are exempt from the local television ownership rule if located in the same DMA as the "parent" station.

Television National Audience Reach Limitation. Under the national television ownership rule, as modified by Congress in 2004, one party may not own television stations which reach more than 39% of all U.S. television households. For purposes of calculating the total number of television households reached by a station, the FCC attributes a UHF television station with only 50% of the television households in its market. The Company currently owns and operates television stations that have an aggregate television national audience reach for purposes of the national ownership limitation of approximately 38%, after applying the UHF discount.

Radio-Television Cross-Ownership Rule. The radio-television cross-ownership rule as currently in effect limits the common ownership of radio and television stations in the same market. The numeric limit varies according to the number of independent media voices in the market. The Company owns a combination of radio and television stations in the Los Angeles market in excess of the limit currently in effect. The Company has an application pending before the FCC that if granted would bring the Company into compliance with the rule.

New Cross-Media Limits. The FCC repealed the radio-television cross-ownership rule in the Omnibus Ownership Review and replaced it, as well as the newspaper-broadcast cross-ownership rule, with new cross-media limits. Under the new cross-media limits, there would be no cross-media limits in DMAs with nine or more television stations. In DMAs with four to eight television stations, radio and television cross-ownership would be permitted without any limitation, so long as there is no common ownership of a daily newspaper. The new rule would prohibit radio and television station cross-ownership only in markets with three or fewer television stations. The Company's radio and television portfolio complies with the new cross-media limits assuming that they go into effect without modifications.

Dual Network Rule. The dual network rule prohibits any of the four major networks, ABC, CBS, FOX and NBC, from combining. The FCC made no change to this rule in the Omnibus Ownership Review.

Attribution of Ownership. Under the FCC's attribution rules, a direct or indirect purchaser of various types of securities of an entity which holds FCC licenses, such as the Company, could violate the foregoing FCC ownership regulations or policies if that purchaser owned or acquired an "attributable" interest in other media properties. Under the FCC's rules, an "attributable" interest for purposes of the FCC's broadcast ownership rules generally includes: equity and debt interests which combined exceed 33% of a licensee's total assets, if the interest holder supplies more than 15% of the licensee's total weekly programming, or has an attributable same-market media interest, whether television, radio, cable or newspaper; a 5% or greater direct or indirect voting stock interest, including certain interests held in trust, unless the holder is a qualified passive investor in which case the threshold is a 20% or greater voting stock interest; any equity interest in a limited liability company or a partnership, including a limited partnership, unless properly "insulated" from management activities; and any position as an officer or director of a licensee or of its direct or indirect parent. The FCC is currently reviewing its single majority voting shareholder attribution exemption which renders as non-attributable voting interests up to 49% in a licensee controlled by a single majority voting shareholder. Because the Company and New Viacom have the same single majority voting shareholder, the business of each company is attributable to the other for certain FCC purposes, which may have the effect of limiting the activities or strategic business alternatives available to the

Company. (See Item 1A. Risk Factors—The Businesses of the Company and New Viacom Will Be Attributable to the Other Company for Certain Regulatory Purposes).

Alien Ownership. The Company periodically surveys its public shareholders to ascertain compliance with provisions in the Communications Act that limit the ability of foreign entities or individuals to own or hold interests in broadcast licenses. In general, the Communications Act prohibits foreign individuals or entities from owning more than 20% of the voting power or equity of the Company.

Digital Television Service. The FCC has taken a number of steps to implement digital television broadcasting service in the U.S. The FCC has attempted to provide digital television coverage areas that are comparable to stations' existing service areas and has provided all licensed television stations with a second channel on which to broadcast a digital television signal. Licensees are permitted to use their digital channels for a wide variety of services such as high definition video programming, multiple channels of standard definition video programming, audio, data, and other types of communications, subject to the requirement that each broadcaster provide at least one free over-the-air video program signal at least comparable in resolution to the station's analog programming transmissions.

As part of the nationwide transition from analog to digital broadcasting, all full power commercial television stations are required to transmit a digital signal 100% of the time they are transmitting an analog signal. All of the Company's full power television stations have commenced digital broadcasting, except for the Company's UPN-affiliated station in the Pittsburgh market. The FCC recently completed a proceeding in which a digital channel was assigned to the Company's Pittsburgh television station.

Legislation setting February 17, 2009 as the date U.S. full power television broadcasters must cease transmitting analog television signals was signed into law. The law sets aside \$1.5 billion in subsidies to help consumers obtain converter boxes that will allow analog television sets to receive digital broadcasts. The Company has incurred considerable costs in the conversion to digital television and is unable to predict the effect of the cessation of analog broadcasting and the extent or timing of consumer demand for digital television services and the resulting impact on the Company's viewership.

Cable and Satellite Carriage of Television Broadcast Stations. The 1992 Cable Act and implementing FCC regulations govern the retransmission of commercial television stations by cable television operators. Every three years, each station must elect, with respect to cable systems within its DMA, either "must carry" status, pursuant to which the cable system's carriage of the station is mandatory, or "retransmission consent," pursuant to which the station gives up its right to mandatory carriage in order to negotiate consideration in return for consenting to carriage. Generally, the Company has elected the retransmission consent option for the period beginning January 1, 2006.

Similarly, federal legislation and FCC rules govern the retransmission of broadcast television stations by DTH satellite operators. DTH satellite operators are required to carry the signals of all local television broadcast stations requesting carriage in local markets in which the DTH satellite operator carries at least one signal pursuant to the statutory local-to-local compulsory copyright license. Every three years, each television station in such markets must elect "must carry" or "retransmission consent" status, in a manner similar to that described above with respect to cable systems. Almost all of the Company's owned and operated television stations are being transmitted into their local markets by the two major DTH satellite operators pursuant to retransmission consent agreements.

The foregoing relates to cable and satellite carriage of analog television broadcast stations. Although a single programming stream transmitted by each digital television station will be required to be carried on both distribution platforms after the end of the digital television transition period, the FCC, in February 2005, affirmed that it will not require cable operators either to carry both a station's analog and digital signals during the transition period or, after the conversion to digital, to carry more than a station's primary video programming channel. However, the Company has agreements with a number of multiple

system operators that require carriage of the digital and analog signals of the Company-owned television stations during the transition (including multiple streams of digital programming).

A la Carte. Several policymakers maintain that cable operators should be required to offer programming to subscribers on a network by network or à la carte basis or provide "family friendly" program tiers. Unbundling packages of program services may increase competition among programmers and marketing expenses, which could adversely affect the Company's cable networks' results of operations.

Children's Television Programming. Federal legislation and FCC rules limit the amount and content of commercial matter that may be shown on television stations during programming designed for children 12 years of age and younger, and require stations to broadcast three hours per week of educational and informational programming ("E/I programming") designed for children 16 years of age and younger. In response to rule changes proposed jointly by video programmers, including the Company, and public interest groups, the FCC recently stayed its new rules that, as of January 1, 2006, would have imposed the E/I programming requirement on each digital multicast program stream transmitted by television stations, limited the number of times a qualifying E/I program could be preempted for any reason, classified program promotions during children's programming as commercial matter unless the promoted programs are educational, and limited the display during children's programming of the Internet addresses of Web sites that contain or link to commercial material or that use program characters to sell products. These FCC rules could have had an adverse impact on the Company's owned and operated television stations as well as on the CBS Network, in particular because the children's programming supplied to CBS affiliates nationwide is subject to preemption due to scheduling conflicts involving sports and other popular event-based programming. If the joint proposal were adopted by the FCC, the concerns would be moot. While the FCC considers the suggested rule changes, the Company and the other companies involved in the joint proposal to the FCC have agreed to comply with their recommended less stringent Web site and promotions rules and with the E/I multicasting rule, but their proposal eliminates any numerical limit on preemptions of E/I programming.

Program Access. Under the Communications Act, vertically integrated cable programmers (more fully described below) are generally prohibited from offering different prices, terms or conditions to competing multichannel video programming distributors unless the differential is justified by certain permissible factors set forth in the FCC's regulations. The FCC's "program access" rules also limit the ability of a vertically integrated cable programmer to enter into exclusive distribution arrangements with cable operators. A cable programmer is considered to be vertically integrated under the FCC's program access attribution rules if it owns or is owned by a cable operator in whole or in part. Cable operators for this purpose may include telephone companies that provide video programming directly to subscribers. The Company's wholly owned program services are not currently subject to the program access rules. The Company's flexibility to negotiate the most favorable terms available for carriage of these services and its ability to offer cable operators exclusive programming could be adversely affected if it were to become subject to the program access rules. Certain actions of the Company with respect to program access rules are addressed under the terms of a separation agreement, which is filed as an exhibit to this report (the "Separation Agreement") between the Company and New Viacom. See Item 1A. Risk Factors—"The Separation Agreement Prohibits the Company from Engaging in Certain Types of Businesses."

Digital Radio. For a number of years, the FCC has been developing rules that would permit existing AM and FM radio broadcast stations to broadcast digitally in order both to improve sound quality and to provide spectrum for enhanced data services to complement the existing programming service and provide new business opportunities for radio broadcasters, including multicasting opportunities. In 2002, the FCC authorized FM radio stations (on a full-time basis) and AM radio stations (on a daytime only basis) to broadcast digital signals using excess spectrum in the same channel used for analog transmissions. The FCC is still developing final rules for the conversion of radio stations to digital, and has not mandated use of the technology or established any timetable for conversion to digital. Despite the lack of such a mandate, the Company has recently committed to converting 131 of its radio stations to digital.

broadcasting technology over the next several years, 63 of which had been converted at December 31, 2005. CBS Radio and other broadcasters have formed the Digital Alliance and have made commitments that will result in over 2,000 AM and FM stations converting to digital technology nationwide, including in the top 100 radio markets.

Payola. The Attorney General of the State of New York is in the process of conducting an investigation of record companies, radio stations and independent record promoters relating to the promotion and selection of music on radio stations, principally to determine whether radio stations have received undisclosed payments which were tied to their decisions on what songs to play, a practice commonly referred to as "payola." The Attorney General has entered into a settlement agreement with Sony/BMG Music Entertainment and Warner Music Group Corp. CBS Radio has cooperated fully with the Attorney General and has provided information as requested and permitted the deposition of several of its employees. Because the receipt of "payola" violates the Communications Act, the FCC has announced that it is reviewing information provided to it by the Attorney General, and may initiate its own investigation.

Outdoor

The outdoor advertising industry is subject to extensive governmental regulation at the federal, state and local levels in the U.S. and to national, regional and local restrictions in foreign countries. These regulations can affect the operation of advertising displays and include restrictions on the construction, repair, upgrading, height, size and location of outdoor advertising structures and, in some instances, the content of advertising copy that can be displayed on these structures. In addition, in recent years, outdoor advertising has become the subject of targeted state and municipal taxes and fees. These laws may affect competitive conditions in various markets in various ways. Such laws may reduce the Company's expansion opportunities, or may increase or reduce competitive pressure from others. No assurance can be given that existing or future laws or regulations and the enforcement thereof will not materially and adversely affect the Outdoor business.

Under U.S. law, principally the Highway Beautification Act of 1965 (the "HBA"), outdoor advertising is controlled on primary and interstate highways built with federal financial assistance. As a condition to federal highway assistance, the HBA requires states to restrict billboards on such highways to commercial and industrial areas, and imposes certain additional size, spacing and other requirements associated with the installation and operation of billboards. Outdoor is not aware of any states which have passed laws and adopted regulations which are less restrictive than the federal requirements, including the obligation on the part of the billboard owner to remove, at the owner's expense and without compensation, any non-grandfathered signs on such highways that do not comply with such requirements. Outdoor does not believe that the number of its billboards that may be subject to removal under these regulations is material. No state in which Outdoor operates has banned billboards, but some have adopted standards more restrictive than the federal requirements. Municipal and county governments generally also have sign controls as part of their zoning laws and building codes. Some state and local governments prohibit construction of new billboards and some allow new construction only to replace existing structures, although most allow construction of billboards subject to restrictions on zoning, size, spacing, height and type of construction. In some cases, the construction of new billboards or the relocation or modification of existing billboards is prohibited. A number of cities including Philadelphia, New York City, Los Angeles and Miami have implemented or initiated legislative billboard controls, including imposing taxes, fees and/or registration requirements in an effort to decrease or restrict the number of outdoor signs and/or to raise revenue. The Company contests such laws and regulations that it believes unlawfully restrict its constitutional or other legal rights and may adversely impact the growth of its outdoor advertising business.

U.S. law neither requires nor prohibits removal of existing lawful billboards, but it does require payment of compensation if a state or political subdivision compels the removal of a lawful billboard along a primary or interstate highway that was built with federal financial assistance. State governments have

purchased and removed legal billboards for beautification objectives in the past using federal funding for transportation enhancement programs, and may do so in the future. State government authorities from time to time use the power of eminent domain to remove billboards. Thus far, Outdoor has been able to obtain satisfactory compensation for its billboards purchased or removed as a result of this type of governmental action, although there is no assurance that this will continue to be the case in the future. Local governments do not generally purchase billboards for beautification, but some have attempted to force removal of legal but nonconforming billboards (billboards which conformed with applicable zoning regulations when built but which do not conform to current zoning regulations) after a period of years under a concept called amortization. Under this concept the governmental body asserts that just compensation is earned by continued operation of the billboard over time. Although there is some question as to the legality of amortization under federal and many state laws, amortization has been upheld in some instances. Outdoor generally has been successful in negotiating settlements with municipalities for billboards required to be removed. Restrictive regulations also limit Outdoor's ability to rebuild or replace nonconforming billboards.

As the owner or operator of various real properties and facilities in outdoor advertising operations, the Company must comply with various U.S. federal, state and local and foreign environmental, health, safety and land use laws and regulations. The Company and its properties are subject to such laws and regulations relating to the use, storage, disposal, emission and release of hazardous and non-hazardous substances and employee health and safety, as well as zoning and other land use restrictions which may affect, among other things, the hours of operation and illumination as well as methods and conditions of maintenance of facilities and advertising installation. Historically, the Company has not incurred significant expenditures to comply with these laws. However, future laws or a finding of a violation of or liability under existing laws could require the Company to make significant expenditures and otherwise limit or restrict its ability to use or operate some of its displays.

Out-of-court settlements between the major U.S. tobacco companies, the U.S. government, and all 50 states include a ban on the outdoor advertising of tobacco products. State and local governments continue to initiate proposals designed to limit outdoor advertising of alcohol. Other products and services may be targeted in the future. Legislation regulating alcohol-related advertising due to content-related restrictions could cause a reduction in Outdoor's direct revenue from such advertisements and a simultaneous increase in the available space on the existing inventory of billboards in the outdoor advertising industry.

INTELLECTUAL PROPERTY

The Company creates, owns and distributes intellectual property worldwide. It is the Company's practice to protect its television and radio product, characters, publications and other original and acquired works and software. The following logos, trade names, trademarks and related trademark families are among those strongly identified with the product lines they represent and are significant assets of the Company: *CBS*®, *CBS Entertainment*™, *CBS News*™, *CBS Sports*®, *CBS Radio*™, *UPN*®, *Showtime*®, *The Movie Channel*™, *Flix*®, *CBS Outdoor*™, *King World*®, *Spelling Television*®, *Entertainment Tonight*®, *Star Trek*®, *Simon & Schuster*®, *Pocket Books*®, *CSTV College Sports Television*®, *CBSSportsline*™, *CBS Digital Media*™ and all the call letters for the Company's television and radio stations. As a result, domestic and foreign laws protecting intellectual property rights are important to the Company and the Company actively enforces its intellectual property rights against infringements.

EMPLOYEES

At December 31, 2005, the Company employed approximately 32,160 people including full-time and part-time salaried employees.

FINANCIAL INFORMATION ABOUT SEGMENTS AND FOREIGN AND DOMESTIC OPERATIONS

Financial and other information by segment and relating to foreign and domestic operations for each of the last three years ending December 31 is set forth in Note 15 to the Consolidated Financial Statements.

AVAILABLE INFORMATION

CBS Corp.'s Web site address is www.cbcorporation.com. CBS Corp. makes available free of charge on or through the Investor Relations section of its Web site its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. Such material is made available through the Company's Web site as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. On June 23, 2005, the Company submitted to the New York Stock Exchange the Annual CEO Certification required by Section 303A 12(a) of the New York Stock Exchange Listing Manual. The Company filed with the Securities and Exchange Commission the certifications required under Section 302 of the Sarbanes-Oxley Act of 2002 as Exhibits 31(a) and 31(b) to its Annual Report on Form 10-K for the year ended December 31, 2004.

Item 1A. Risk Factors.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This document and the documents incorporated by reference into this Annual Report on Form 10-K, including "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition," contain 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. More information about these risks, uncertainties and other factors is set forth below. 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 only 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.

RISK FACTORS

For an enterprise as large and complex as the Company, a wide range of factors could affect our business and financial results. The factors described below are considered to be the most significant. There may be other currently unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on the Company's future results. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

A Decline in Advertising Expenditures Could Cause the Company's Revenues and Operating Results to Decline Significantly in Any Given Period or in Specific Markets

The Company derives substantial revenues from the sale of advertising on its broadcast and basic cable networks, television stations, radio stations, outdoor media and syndicated programming. A decline in the economic prospects of advertisers, the economy in general or the economy of any individual geographic market, particularly a major market such as Los Angeles, New York or Chicago, in which the Company owns and operates sizeable businesses, could alter current or prospective advertisers' spending priorities. Disasters, acts of terrorism, political uncertainty or hostilities could lead to a reduction in advertising expenditures as a result of uninterrupted news coverage and economic uncertainty. Advertising expenditures may also be affected by increasing competition for the leisure time of audiences. In addition, advertising expenditures by companies in certain sectors of the economy, including the automotive, financial and pharmaceutical segments, represent a significant portion of the Company's advertising revenues. Any political, economic, social or technological change resulting in a reduction in these sectors' advertising expenditures may adversely affect the Company's revenue. Advertisers' willingness to purchase advertising from the Company may also be affected by a decline in audience ratings for the Company's programming, the inability of the Company to retain the rights to popular programming, increasing audience fragmentation caused by the proliferation of new media formats, including cable networks, the Internet and video-on-demand and the deployment of portable digital devices which allow consumers to time shift programming and skip or fast forward through advertisements. The Company's revenues from outdoor advertising also depend on the Company's continued ability to obtain the right to use effective outdoor advertising space. Any reduction in advertising expenditures could have an adverse effect on the Company's revenues and results of operations.

The Company's Success Is Dependent upon Audience Acceptance of Its Content, Particularly its Television and Radio Programs, Which Is Difficult to Predict

Television and radio content production and distribution are inherently risky businesses because the revenues derived from the production and distribution of a television or radio program, and the licensing of rights to the intellectual property associated with the program, depend primarily upon their acceptance by the public, which is difficult to predict. The commercial success of a television or radio program also depends upon the quality and acceptance of other competing programs released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, all of which are difficult to predict. Rating points are also factors that are weighed when determining the advertising rates that the Company receives. Poor ratings can lead to a reduction in pricing and advertising spending. For example, there can be no assurance that any replacement programming on the Company's radio or television stations will generate the same level of revenues or profitability of previous programming. In addition, the success of the Company's cable networks and Simon & Schuster is dependent in part on audience acceptance of its programming and publications, respectively. Consequently, low public acceptance of the Company's content, particularly its television and radio programs, will have an adverse effect on the Company's results of operations.

Failure by the Company to Obtain, Create and Retain the Rights in Popular Programming Could Adversely Affect the Company's Revenues

Operating results from the Company's programming businesses fluctuate primarily with the acceptance of such programming by the public, which is difficult to predict. The Company's revenue from its television and radio business is therefore partially dependent on the Company's continued ability to anticipate and adapt to changes in consumer tastes and behavior on a timely basis. Moreover, the Company derives a meaningful portion of its revenues from the exploitation of its extensive library of television programming. Generally, a television series must have a network run of at least three or four years to be successfully sold in domestic syndication. If the content of its television programming library ceases to be widely accepted by audiences or is not continuously replenished with popular content, the Company's revenues could be

adversely affected. The Company obtains a significant portion of its popular programming from third parties. For example, some of CBS Network's most widely viewed broadcasts, including the NCAA Division 1 Men's Basketball Championship, golf's Masters Tournament and PGA Championship, and NFL games, are made available based upon programming rights of varying duration that the Company has negotiated with third parties. In addition, Showtime Networks enters into commitments to acquire rights to feature films and other programming for *Showtime*, *The Movie Channel* and *FLIX* from motion picture producers and other suppliers for varying durations, and CBS Radio acquires the broadcast rights to syndicated shows and to various programs, such as sports events from third parties. Competition for popular programming that is licensed from third parties is intense, and the Company may be outbid by its competitors for the rights to new, popular programming or in connection with the renewal of popular programming currently licensed by the Company. The Company's failure to obtain or retain rights to popular content could adversely affect the Company's revenues.

Any Decrease in Popularity of the Programming for Which the Company Has Incurred Significant Commitments Could Have an Adverse Effect on Its Profitability

Programming and talent commitments of the Company, estimated to aggregate approximately \$14.16 billion as of December 31, 2005, included \$9.89 billion for the acquisition of sports programming rights, \$2.86 billion relating to television, radio and film production and acquisitions and \$897.8 million for talent contracts, with \$3.09 billion of these amounts payable in and after 2011. A shortfall, now or in the future, in the expected popularity of the sports events for which the Company has acquired rights, or in the television and radio programming the Company expects to air, could lead to decreased profitability or losses for a significant period of time.

The Company's Operating Results Are Subject to Seasonal Variations

The Company's business has experienced and is expected to continue to experience seasonality due to, among other things, seasonal advertising patterns, seasonal theme park attendance and seasonal influences on people's viewing, reading and listening habits. Typically, the Company's revenue from advertising increases in the fourth quarter, Simon & Schuster generates a substantial portion of its revenues in the fourth quarter and Paramount Parks' revenues from admissions are primarily generated in the second and third quarters. In addition, advertising revenues in even-numbered years benefit from advertising placed by candidates for political offices. The effect of such seasonality makes it difficult to estimate future operating results based on the previous results of any specific quarter.

The Company's Businesses Operate in Highly Competitive Industries

The Company competes with other media companies for high quality content and attractive outdoor advertising space to achieve large audiences and to generate advertising revenue. The Company also competes for distribution on various cable, DTH satellite and other platforms. The Company's ability to attract viewers and advertisers and obtain favorable distribution depends in part on its ability to provide popular television, syndicated programming and radio programming and books, as well as well-placed outdoor advertising faces. In addition, the consolidation of advertising agencies, distributors and television service providers has made competition for viewers, advertising revenue, and distribution more intense. In addition, consolidation among book retailers has resulted in increased competition for limited shelf space for the Company's publications. Competition for viewers and advertising comes from: broadcast television stations and networks; cable television systems and networks; the Internet; terrestrial and satellite radio and portable digital audio players; outdoor advertisers; local, regional and national newspapers; direct mail; and other communications and advertising media that operate in these markets. Other television and radio stations or cable networks may change their formats or programming, a new station or new network may adopt a format to compete directly with the Company's stations or networks, or stations or networks might engage in aggressive promotional campaigns. This competition could result in lower ratings and advertising and subscription revenues or increased promotional and other expenses and, consequently, lower earnings and cash flow for the Company. The Company cannot assure you that it will be able to

compete successfully in the future against existing or potential competitors, or that competition will not have a material adverse effect on its business, financial condition or results of operations.

The Company Must Respond to Rapid Changes in Technology, Services and Standards in Order to Remain Competitive

Video, telecommunications, radio and data services technologies used in the entertainment industry are changing rapidly. Advances in technologies or alternative methods of product delivery or storage, or certain changes in consumer behavior driven by these or other technologies and methods of delivery and storage, could have a negative effect on the Company's businesses. Examples of such advances in technologies include video-on-demand, satellite radio, new video and electronic book formats and downloading from the Internet and digital outdoor displays. For example, devices that allow users to view or listen to television or radio programs on a time-delayed basis and technologies that enable users to fast-forward or skip advertisements, such as DVRs and portable digital devices, may cause changes in consumer behavior that could affect the attractiveness of the Company's offerings to advertisers and could therefore adversely affect its revenues. In addition, further increases in the use of portable digital devices which allow users to view or listen to content of their own choosing, in their own time, while avoiding traditional commercial advertisements, could adversely affect the Company's radio and television broadcasting advertising and subscription revenues. Cable providers and DTH satellite operators are developing new techniques that allow them to transmit more channels on their existing equipment to highly targeted audiences, reducing the cost of creating channels and potentially leading to the division of the television marketplace into more specialized niche audiences. More television options increase competition for viewers and competitors targeting programming to narrowly defined audiences may gain an advantage over the Company for television advertising and subscription revenues. The ability to anticipate and adapt to changes in technology on a timely basis and exploit new sources of revenue from these changes will affect the Company's ability to continue to grow and increase its revenue.

Increased Programming and Content Costs May Adversely Affect the Company's Profits

The Company produces and acquires programming and content and incurs costs for all types of creative talent, including actors, authors, writers and producers. An increase in the costs of such programming and content or in the costs for creative talent may lead to decreased profitability.

Piracy of the Company's Programming and Other Content, Including Digital and Internet Piracy, May Decrease Revenue Received from the Exploitation of the Company's Programming and Other Content and Adversely Affect Its Businesses and Profitability

Piracy of programming is prevalent in many parts of the world and is made easier by technological advances allowing conversion of programming and other content into digital formats, which facilitates the creation, transmission and sharing of high quality unauthorized copies of the Company's content. The proliferation of unauthorized copies and piracy of these products has an adverse effect on the Company's businesses and profitability because these products reduce the revenue that the Company potentially could receive from the legitimate sale and distribution of its products and services. In addition, if piracy were to increase, it would have an adverse effect on the Company's businesses and profitability.

Changes in U.S. Communications Laws or Other Regulations May Have an Adverse Effect on the Company's Business

The television and radio broadcasting and distribution industries in the U.S. are highly regulated by U.S. federal laws and regulations issued and administered by various federal agencies, including the FCC. The television and radio broadcasting industry is subject to extensive regulation by the FCC under the Communications Act. For example, the Company is required to obtain licenses from the FCC to operate its radio and television stations. The Company cannot assure you that the FCC will approve its future renewal applications or that the renewals will be for full terms or will not include conditions or qualifications. The non-renewal, or renewal with substantial conditions or modifications, of one or more of

the Company's licenses could have a material adverse effect on the Company's revenues. The Company must also comply with extensive FCC regulations and policies in the ownership and operation of its television and radio stations and its television networks. FCC regulations prohibit the ownership of more than one of the top four networks, ABC, CBS, FOX and NBC, and limit the number of television and radio stations that a licensee can own in a market and the number of television stations that can be owned nationwide, which could restrict the Company's ability to consummate future transactions and in certain circumstances could require it to divest some television or radio stations. New FCC rules on children's television programming could adversely affect the Company. The Company and public interest groups, among others, have entered into a settlement agreement, which, if adopted by the FCC, would moot the concerns. In the meantime, the FCC has stayed the effectiveness of the new rules pending its decision of whether to accept the settlement. As part of the nationwide transition from analog to digital broadcasting, the Company's full power television stations are required to transmit a digital signal 100% of the time they are transmitting an analog signal. This requirement increases the Company's operating costs. At the end of the analog-to-digital period, which is scheduled to occur in February 2009, these television stations will be required to cease analog transmissions. The Company is unable to predict the extent to which consumers will acquire digital television receivers or digital conversion devices for analog television receivers and the effect of the cessation of analog broadcasting on viewership. In addition, the Company is unable to predict the extent or timing of consumer demand for digital television services and the resulting impact on the Company's viewership. The U.S. Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations, and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation and ownership of the Company's radio and television properties. For example, from time to time, proposals have been advanced in the U.S. Congress and at the FCC to require radio and television broadcast stations to provide advertising time to political candidates for free or at a reduced charge. In addition, some policymakers maintain that cable operators should be required to offer a la carte programming to subscribers on a network by network basis or "family friendly" programming tiers. The FCC recently issued a report finding that consumers would benefit if cable operators were required to offer programming on an a la carte basis because of greater choice and the opportunity to lower bills. Unbundling packages of program services may increase both competition for carriage on distribution platforms and marketing expenses, which could adversely affect the Company's cable networks' results of operations. Changes to the media ownership and other FCC rules may affect the competitive landscape in ways that could increase the competition faced by the Company. Proposals have also been advanced from time to time before the U.S. Congress and the FCC to extend the program access rules (currently applicable only to those cable program services which also own or are owned by cable distribution systems) to all cable program services. The Company's ability to obtain the most favorable terms available for its content could be adversely affected should such an extension be enacted into law. In addition, changes in international laws may have an adverse impact on the Company's international businesses. The Company is unable to predict the effect that any such laws, regulations or policies may have on its operations.

Vigorous Enforcement or Enhancement of FCC Indecency and Other Program Content Rules Against the Broadcast and Cable Industries Could Have an Adverse Effect on the Company's Businesses and Results of Operations

The FCC's rules prohibit the broadcast of obscene material at any time and indecent or profane material on television or radio broadcast stations between the hours of 6 a.m. and 10 p.m. Broadcasters risk violating the prohibition against broadcasting indecent material because of the vagueness of the FCC's definition of indecent material, coupled with the spontaneity of live programming. The FCC vigorously enforces its indecency rules against the broadcasting industry as a whole. The FCC has indicated that it is stepping up its enforcement activities as they apply to indecency, and has threatened to initiate license revocation proceedings against broadcast licensees for "serious" indecency violations. The FCC has found on a number of occasions recently, chiefly with regard to radio stations, that the content of broadcasts has contained indecent material. In such instances, the FCC issued fines to the offending licensees. Moreover,

the FCC has recently begun imposing separate fines for each allegedly indecent "utterance," in contrast with its previous policy, which generally considered all indecent words or phrases within a given program as constituting a single violation. In addition, legislation has been introduced in the U.S. Congress which would, among other things, (i) significantly increase the fines for indecent broadcasts, (ii) specify that all indecency violations are "serious" violations for license renewal purposes and (iii) mandate an evidentiary hearing to consider the revocation of a station's license or construction permit of any station that has had three indecency violations during its license term. If the FCC denied a license renewal for one of the Company's broadcast radio or television stations, the Company would lose its authority to operate the station. The determination of whether content is indecent is inherently subjective and, as such, it can be difficult to predict whether particular content could violate indecency standards. The difficulty in predicting whether individual programs, words or phrases may violate the FCC's indecency rules adds significant uncertainty to the Company's ability to comply with the rules. Violation of the indecency rules could lead to sanctions which may adversely affect the Company's businesses and results of operations. Some policymakers also support the extension of the indecency rules that are applicable to over-the-air broadcasters to cover cable and satellite programming and/or attempts to step up enforcement of or otherwise expand existing laws and rules. If such an extension, attempt to step up enforcement or other expansion took place and were found to be constitutional, some of the Company's cable content could be subject to additional regulation and might not be able to attract the same subscription and viewership levels.

The Loss of Affiliation Agreements or Retransmission Agreements Could Materially Adversely Affect the Company's Results of Operations

CBS and UPN television networks provide their affiliates with up to 98 and 10 hours, respectively, of programming per week. In return, CBS Network's affiliated stations and UPN's affiliated stations broadcast network-inserted commercials during that programming. Loss of network affiliation agreements of CBS and UPN television networks could adversely affect the Company's results of operations by reducing the reach of the Company's programming and therefore its attractiveness to advertisers and renewal on less favorable terms may also adversely affect the Company's results of operations. The 50/50 joint venture between the Company and Warner Bros. Entertainment is pursuing affiliation agreements for the launch of The CW network and there can be no assurance that broad distribution for the network will be achieved. The non-renewal or termination of retransmission agreements with distributors such as Comcast Corporation, Time Warner Cable, a division of Time Warner Inc., DIRECTV Holdings LLC, or EchoStar Communications Corporation or continued distribution on less favorable terms, could also adversely affect the Company's ability to distribute its network programming to a nationwide audience and affect the Company's ability to sell advertising, which could have a material adverse effect on the Company's results of operations. Showtime Networks and the CSTV cable network are also dependent upon the maintenance of affiliation agreements with cable and DTH satellite operators, and there can be no assurance that these affiliation agreements will be renewed in the future on terms acceptable to such entities. The loss of one or more of these arrangements would reduce the distribution of Showtime Networks' and CSTV's program services and reduce revenues from subscriber fees, as applicable. Further, the loss of favorable packaging, positioning, pricing or other marketing opportunities with any distributor could reduce revenues from subscriber fees. In addition, consolidation among cable and DTH satellite operators and increased vertical integration of such distributors into the cable or broadcast network business have provided more leverage to these providers and could adversely affect the Company's ability to maintain or obtain distribution for its network programming or distribution and/or marketing of its subscription program services on commercially reasonable terms, or at all.

The Failure or Destruction of Satellites and Transmitter Facilities That the Company Depends Upon to Distribute Its Programming Could Materially Adversely Affect the Company's Businesses and Results of Operations

The Company uses satellite systems to transmit its broadcast and cable networks to affiliates. The distribution facilities include uplinks, communications satellites and downlinks. Transmissions may be disrupted as a result of local disasters that impair on-ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption occurs, the Company may not be able to secure alternate distribution facilities in a timely manner. Failure to secure alternate distribution facilities in a timely manner could have a material adverse effect on the Company's businesses and results of operations. In addition, each of the Company's television and radio stations and cable networks uses studio and transmitter facilities that are subject to damage or destruction. Failure to restore such facilities in a timely manner could have a material adverse effect on the Company's businesses and results of operations.

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

In accordance with SFAS 142, the Company will test goodwill and intangible assets, including broadcast licenses, for impairment during the fourth quarter of each year, and on an interim date should factors or indicators become apparent that would require an interim test. A downward revision in the fair value of a reporting unit or intangible assets could result in an impairment under SFAS 142 and a non-cash charge would be required. 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 charge could have a material effect on the Company's reported net earnings.

The Loss of Key Personnel, Including Talent, Could Disrupt the Management or Operations of the Company's Business and Adversely Affect Its Revenues

The Company's business depends upon the continued efforts, abilities and expertise of its chief executive officer and other key employees and entertainment personalities. The Company believes that the unique combination of skills and experience possessed by its executive officers would be difficult to replace, and that the loss of its executive officers could have a material adverse effect on the Company, including the impairment of the Company's ability to execute its business strategy. Additionally, the Company employs or independently contracts with several entertainment personalities and authors with significant loyal audiences. Entertainment personalities are sometimes significantly responsible for the ranking of a television or radio station and, therefore, the ability of the station to sell advertising, and an author's popularity can be significantly responsible for the success of a particular book. There can be no assurance that these entertainment personalities and authors will remain with the Company or will retain their current audiences or readership. If the Company fails to retain these entertainment personalities and authors or they lose their current audiences or readership, the Company's revenues could be adversely affected.

Regulation of the Outdoor Advertising Industry Could Materially Adversely Affect the Company's Outdoor Business

The outdoor advertising industry is subject to extensive governmental regulation and enforcement at the federal, state and local levels in the U.S. and to national, regional and local restrictions in foreign countries. These regulations and enforcement actions can affect the operation and continuance of operations of advertising displays and include restrictions on the construction, repair, upgrading, height, size and location of outdoor advertising structures and, in some instances, the content of advertising copy that can be displayed on these structures. In addition, in recent years, outdoor advertising has become the subject of targeted state and municipal taxes. Such laws may reduce the Company's expansion opportunities or may increase competitive pressure from others. The Company cannot give any assurance that existing or future laws or regulations will not materially and adversely affect its outdoor business.

If Accidents Occur at Paramount Parks or Competing Parks, Attendance at Paramount Parks May Decline Which Would Negatively Impact the Company's Revenues

There are inherent risks involved with the attractions at theme parks. An accident or an injury at any of Paramount Parks' theme parks could expose the Company to significant liability for personal injury claims. In addition, an accident or injury at these parks or at parks operated by competitors of Paramount Parks may create public concern and negative media coverage about the safety of theme parks and reduce attendance at Paramount Parks' theme parks, which would negatively impact the Company's revenues.

Fluctuations in Foreign Exchange Rates Could Have an Adverse Effect on the Company's Results of Operations

Certain of the Company's revenues are earned and expenses are incurred in foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. As a result, the Company is exposed to exchange rate fluctuations, which could have an adverse effect on its results of operations.

The Company's Liabilities Related to Discontinued Operations and Former Businesses Could Adversely Impact Its Financial Condition

The Company has both recognized and potential liabilities and costs related to discontinued operations and former businesses, certain of which are unrelated to the media business, including leases, guarantees, environmental liabilities, liabilities related to the pensions and medical expenses of retirees, asbestos liabilities, contractual disputes and other pending and threatened litigation. The Company cannot assure you that its reserves are sufficient to cover these liabilities in their entirety or any one of these liabilities when it becomes due or at what point any of these liabilities may come due. Therefore, there can be no assurances that these liabilities will not have a material adverse effect on the Company's financial position, operating performance or cash flow.

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.

Political and Economic Risks Associated with the Company's International Businesses Could Harm the Company's Financial Condition or Results of Operations

The Company's businesses operate and have customers worldwide. Inherent risks of doing business in international markets include, among other risks, changes in the economic environment, export restrictions, exchange controls, tariffs and other trade barriers and longer payment cycles. The Company may incur substantial expense as a result of the imposition of new restrictions or changes in the existing economic environment in the regions where it does business. In addition, acts of terrorism or other hostilities, or other future financial, political, economic or other uncertainties, could lead to a reduction in advertising expenditures, which could materially adversely affect the Company's business, financial condition or results of operations.

NAI, Through Its Voting Control of the Company, is in a Position to Control Actions that Require Stockholder Approval

NAI, through its beneficial ownership of the Company's Class A Common Stock, has voting control of the Company. Mr. Sumner M. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, serves as Executive Chairman of the Company's Board of Directors, and Ms. Shari Redstone, the president and a director of NAI, serves as Vice Chair of the Company's Board of

Directors. In addition, Messrs. Andelman and Dauman are directors of NAI and they are directors of the Company. NAI is in a position to control the outcome of corporate actions that require stockholder approval, including the election of directors and transactions involving a change of control. Other stockholders are unable to affect the outcome of the corporate actions of the Company for so long as NAI retains voting control.

Many Factors May Cause the Stock Price of the Company's Class A Common Stock and Class B Common Stock to Fluctuate

The stock price of Class A Common Stock and Class B Common Stock may fluctuate significantly as a result of many factors. These factors, some or all of which are beyond the Company's control, include:

- lack of a trading history since the Separation;
- actual or anticipated fluctuations in CBS Corp.'s operating results;
- changes in expectations as to CBS Corp.'s future financial performance or changes in financial estimates of securities analysts;
- success of CBS Corp.'s operating and growth strategies;
- investor anticipation of strategic, technological or regulatory threats, whether or not warranted by actual events;
- operating and stock price performance of other comparable companies; and
- realization of any of the risks described in these risk factors.

In addition, the stock market has experienced volatility that often has been unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the trading prices of the Company's common stock, regardless of the Company's actual operating performance.

Risks Related to the Separation

The Financial Results of the Company May Be Subject to Increased Variability After the Separation

After the Separation, the Company has market dynamics and economics that may be different from Former Viacom. The businesses that the Company operates are sensitive to general economic conditions, consumer confidence, consumer retail spending, interest rates, adverse publicity, competition and trends in technology. The diversification that Former Viacom had prior to the Separation, resulting from operating the businesses of New Viacom alongside the businesses of the Company, may have moderated financial and operational volatility. Following the Separation, that diversification diminishes, and the Company may experience increased volatility in terms of cash flow, seasonality, working capital and financing requirements.

The Businesses of the Company and New Viacom Will Be Attributable to the Other Company for Certain Regulatory Purposes

So long as the Company and New Viacom are under common control, each company's businesses, as well as the businesses of any other commonly controlled company, will be attributable to the other company for purposes of U.S. and non-U.S. antitrust rules and regulations, certain rules and regulations of the FCC, and certain rules regarding political campaign contributions in the U.S., among others. The businesses of one company will continue to be attributable to the other company for certain FCC purposes even after the two companies cease to be commonly controlled, if the two companies share common officers, directors, or attributable stockholders. As a result, the businesses and conduct of New Viacom may have the effect of limiting the activities or strategic business alternatives available to the Company.

The Separation Agreement Prohibits the Company from Engaging in Certain Types of Businesses

Under the terms of the Separation Agreement entered into between the Company and New Viacom in connection with the Separation, the Company may not make acquisitions, enter into agreements or accept or agree to any condition that purports to bind New Viacom or subjects New Viacom to restrictions it is not otherwise subject to by legal order without New Viacom's consent. The Company and New Viacom have agreed that prior to the earliest of (1) the fourth anniversary of the Separation, (2) the date on which none of Mr. Redstone, NAI, NAIRI, Inc., a wholly owned subsidiary of NAI, or any of their successors, assigns or transferees are deemed to have interests in both the Company and New Viacom that are attributable under applicable U.S. federal laws and (3) the date on which the other company ceases to own the video programming vendors that it owns as of the Separation, neither of them will own or acquire an interest in a cable television operator if such ownership would subject the other company to U.S. federal laws regulating contractual relationships between video programming vendors and video programming distributors that the other company is not then subject to. These restrictions could limit the strategic business alternatives available to the Company.

The Tax Matters Agreement and the Tax Rules Applicable to the Separation May Restrict the Company's Ability to Engage in Certain Corporate Transactions

In connection with the Separation, the Company and New Viacom entered into a tax matters agreement dated December 30, 2005, which is filed as an exhibit to this report, effective as of the Separation (the "Tax Matters Agreement"). The Tax Matters Agreement provides, among other things, that, depending on the event, New Viacom may have to indemnify the Company, or the Company may have to indemnify New Viacom, for some or all of the taxes resulting from the merger and the distribution of New Viacom common stock in the merger if the merger and distribution do not qualify as a tax-free distribution under Sections 355 and 368 of the United States Internal Revenue Code of 1986, as amended (the "Code"). In addition, the current U.S. federal income tax law creates a presumption that the distribution of New Viacom common stock in the merger would be taxable to Former Viacom, but not to its stockholders, if either New Viacom or the Company engages in, or enters into an agreement to engage in, a transaction that would result in a 50% or greater change, by vote or value, in the Company's or New Viacom's stock ownership during the four-year period that begins two years before the date of the Separation, unless it is established that the transaction was not undertaken pursuant to a plan or series of transactions related to the Separation. The Treasury Regulations currently in effect generally provide that whether such distribution is part of a plan is determined based on all of the facts and circumstances, including, but not limited to, specific factors described in the Treasury Regulations. In addition, the Treasury Regulations provide several "safe harbors" for acquisition transactions that are not considered to be part of a plan. The indemnification obligations set forth in the Tax Matters Agreement and the above-described provisions of the tax law may prevent the Company from entering into transactions which might be advantageous to its stockholders, such as issuing equity securities to satisfy financing needs or acquiring businesses or assets with equity securities, and may make the Company less attractive to a potential acquiror and reduce the possibility that an acquiror will propose or seek to effect certain transactions with the Company.

If the Merger Is Determined to Be Taxable, the Company and its Stockholders Could Be Subject to a Material Amount of Taxes

Former Viacom received an opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP and a private letter ruling from the U.S. Internal Revenue Service (IRS), in each case, to the effect that, for U.S. federal income tax purposes, the merger and the distribution of New Viacom common stock in the merger qualified as a tax-free distribution under Sections 355 and 368 of the Code and the distribution of the Company's common stock in the merger was also generally tax-free to Former Viacom and its stockholders. In accordance with current IRS ruling policy, the IRS ruling does not address certain significant issues relating to qualification under Section 355 of the Code and, as to those issues, Former Viacom relied on an opinion of counsel. The merger was structured to be tax-free for U.S. federal income tax purposes to Former Viacom stockholders, except with respect to cash received in lieu of fractional

shares of CBS Corp. common stock. The merger was also tax-free to the Company for U.S. federal income tax purposes, except with respect to taxes arising out of foreign and other internal restructurings undertaken in connection with the Separation and any "excess loss account" or "intercompany transaction" required to be taken into account by Former Viacom under the Treasury Regulations. The IRS ruling was based on the facts presented and representations made by Former Viacom in the ruling request. Generally, an IRS private letter ruling will not be revoked or modified retroactively unless there was an omission or misstatement of a material fact or a breach of a material representation. If the facts or representations are found to be incorrect or incomplete in a material respect or if the facts at the time of the Separation were materially different from the facts upon which the IRS ruling was based, the Company cannot rely on the IRS ruling. An opinion of counsel is not binding on the IRS or any court and is also based on representations and assumptions included therein. If the factual representations and assumptions were incorrect, the Company cannot rely on the tax opinion.

If the merger is determined to be taxable, the Company and its stockholders who received shares of CBS Corp. common stock would be subject to a material amount of taxes. CBS Corp. will not indemnify any individual stockholder for any taxes that may be incurred in connection with the Separation.

In Connection with the Separation, Each Company Will Rely on the Other Company's Performance Under Various Agreements Between the Companies

In connection with the Separation, the Company and New Viacom entered into various agreements, including the Separation Agreement, the Tax Matters Agreement, a transition services agreement pursuant to which the Company and New Viacom have agreed to provide certain specified services to each other following the Separation (the "transition services agreement") and certain related party arrangements pursuant to which the Company and New Viacom will provide services and products to each other from and after the Separation. The Separation Agreement sets forth the allocation of assets, liabilities, rights and obligations of the Company and New Viacom following the Separation, and includes indemnification obligations for such liabilities and obligations. In addition, pursuant to the Tax Matters Agreement, certain income tax liabilities and related responsibilities are allocated between, and indemnification obligations are assumed by, each of the Company and New Viacom. Each company will rely on the other to satisfy its performance and payment obligations under these agreements. Certain of the liabilities to be assumed or indemnified by the Company or New Viacom under these agreements are legal or contractual liabilities of the other company. If New Viacom were to breach or be unable to satisfy its material obligations under these agreements, including a failure to satisfy its indemnification obligations, the Company could suffer operational difficulties or significant losses.

Certain Members of Management, Directors and Stockholders May Face Actual or Potential Conflicts of Interest

The management and directors of the Company own both CBS Corp. common stock and New Viacom common stock, and both the Company and New Viacom are controlled by NAI. Mr. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, serves as Executive Chairman of the Company's Board of Directors and executive chairman of New Viacom's board of directors. Ms. Redstone, the president and a director of NAI, serves as Vice Chair of the Board of Directors of each of the Company and New Viacom. Messrs. David R. Andelman and Philippe P. Dauman are directors of NAI, and Mr. Dauman serves as a director of both the Company and New Viacom and Mr. Andelman serves as a director of the Company. This ownership overlap and these common directors could create, or appear to create, potential conflicts of interest when the Company's and New Viacom's management, directors and controlling stockholder face decisions that could have different implications for the Company and New Viacom. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between the Company and New Viacom regarding the terms of the agreements governing the Separation and the relationship between the Company and New Viacom thereafter. These agreements include, among others, the Separation Agreement, the Tax Matters

Agreement, the transition services agreement and any commercial agreements between the parties or their affiliates. Potential conflicts of interest could also arise if the Company and New Viacom enter into any commercial arrangements with each other in the future. Each of Mr. Redstone, Ms. Redstone and Mr. Dauman may also face conflicts of interest with regard to the allocation of his or her time between the Company and New Viacom.

CBS Corp.'s certificate of incorporation contains provisions related to corporate opportunities that may be of interest to both the Company and New Viacom. CBS Corp.'s certificate of incorporation provides that in the event that a director, officer or controlling stockholder of the Company who is also a director, officer or controlling stockholder of New Viacom acquires knowledge of a potential corporate opportunity for both the Company and New Viacom, such director, officer or controlling stockholder may present such opportunity to the Company or New Viacom or both, as such director, officer or controlling stockholder deems appropriate in his or her sole discretion, and that by doing so such person will have satisfied his or her fiduciary duties to the Company and its stockholders. In addition, CBS Corp.'s certificate of incorporation provides that it renounces any interest in any such opportunity presented to New Viacom. These provisions create the possibility that a corporate opportunity of one of such companies may be used for the benefit of the other company.

CBS Corp. May Not Enjoy All of the Benefits of Scale that Former Viacom Achieved with All of Its Businesses Under the Same Corporate Structure

Prior to the Separation, Former Viacom businesses shared benefits of scope and scale in costs, human capital, vendor relationships and customer relationships. While the Company and New Viacom entered into agreements that will govern a number of their commercial and other relationships after the Separation, those arrangements do not fully capture the benefits the businesses enjoyed as a result of common ownership prior to the Separation. The loss of these benefits as a consequence of the Separation could have an adverse effect on the Company's businesses, results of operations and financial condition following the Separation.

CBS Corp. Has a New Operating Structure and New Management

The separation of Former Viacom into two publicly traded companies involved the division of Former Viacom's businesses. In connection with the Separation, many jointly-held assets and operating systems as well as personnel have been allocated between the companies, in particular at Paramount and in Former Viacom's corporate offices, and new related party agreements have been entered into to govern the ongoing business relationships between the companies following the Separation. The Company has a senior corporate staff that includes several executives who were hired relatively recently or who recently assumed all or a substantial part of their current responsibilities. There can therefore be no assurance that the Company will be successful under these conditions.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Company maintains its world headquarters at 51 West 52nd Street, New York, New York, where it owns a building containing approximately 900,000 square feet of office space, of which approximately 240,000 square feet is occupied by the Company, with the balance being leased to third parties. The Company owns the CBS Broadcast Center complex located on approximately 3.7 acres at 524 West 57th Street, New York, New York, which consists of approximately 860,000 square feet of office and studio space. The Company also owns two studio facilities in California: (a) the CBS Studio Center at 4024 Radford Avenue, Studio City, California, located on approximately 40 acres, and (b) CBS Television City at 7800 Beverly Boulevard, Los Angeles, California, located on approximately 25 acres. In connection with

the Separation, the Company leases or subleases from New Viacom subsidiaries the following facilities for certain of its operating divisions: (a) office space at 1515 Broadway, New York, New York, (b) office space at 1633 Broadway, New York, New York and (c) office and tape storage space at the Paramount Pictures Studio, 5555 Melrose Avenue, Los Angeles, California. Simon & Schuster leases approximately 237,000 square feet of office space at 1230 Avenue of the Americas, New York, New York, which lease runs to 2009. Paramount Parks' operations in the U.S. include approximately 1,950 acres owned and 108 acres leased and in Canada include approximately 380 acres owned. The Company and its subsidiaries also own and lease office, studio and warehouse space, broadcast, antenna and satellite transmission facilities and outdoor advertising properties throughout the U.S., Canada and several countries around the world for its businesses. The Company considers its properties adequate for its present needs.

Item 3. Legal Proceedings.

Shareholder Derivative Lawsuits and Demands. Two shareholder derivative lawsuits, consolidated as *In re Viacom Shareholders Derivative Litigation*, were filed in July 2005 in New York State Supreme Court relating to executive compensation and alleged corporate waste. The actions name each member of Former Viacom's Board of Directors, Messrs. Tom Freston and Leslie Moonves (each of whom were executive officers of Former Viacom), and, as a nominal defendant, Former Viacom, alleging that the 2004 compensation of Messrs. Redstone, Freston, and Moonves was excessive and unwarranted and challenging the independence of certain Former Viacom directors. Mr. Redstone is the Company's Executive Chairman of the Board of Directors and Founder and Mr. Moonves is the Company's President and Chief Executive Officer. Mr. Freston is New Viacom's President and Chief Executive Officer. Plaintiffs seek unspecified damages from the members of the Former Viacom Board of Directors for their alleged breach of fiduciary duties, disgorgement of the 2004 compensation paid to the officers of Former Viacom, equitable relief, and attorney fees and expenses. The Company moved to dismiss the complaints and oral argument was heard on February 16, 2006. No decision has been issued by the court. Any liabilities in this matter adverse to the Company and/or New Viacom will be shared equally between the Company and New Viacom. The Company believes that the plaintiffs' positions in these actions are without merit and it intends to vigorously defend itself in the litigation.

The Company has received shareholder demands seeking access to books and records of the Company relating to executive compensation paid to Sumner M. Redstone, Tom Freston and Leslie Moonves, accompanied by statements that such demands are in furtherance of an investigation of possible mismanagement, self-dealing and corporate waste by directors and officers of Former Viacom. Another shareholder demand seeking access to books and records relates to the compensation of Sumner M. Redstone and Mel Karmazin (former Chief Operating Officer of Former Viacom). One of the demands also seeks access to books and records of the Company relating to Sumner M. Redstone's acquisition of a controlling interest in Midway Games Inc. The Company intends to comply with all reasonable requests. Under the Separation Agreement between the Company and New Viacom, liabilities in connection with executive compensation claims relating to officers of Former Viacom are shared equally by the Company and New Viacom.

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 large 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 December 31, 2005, the Company had pending approximately 101,170 asbestos claims, as compared with approximately 112,140 as of December 31, 2004 and approximately 112,280 as of December 31, 2003. Of the claims pending as of December 31, 2005, approximately 70,910 were pending in state courts, 27,640 in federal courts and approximately 2,620 were third party claims. During 2005, the Company received approximately 11,470 new claims and closed or moved to an inactive docket approximately 22,440 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. To date, the Company has not been liable for any third party claims. The Company's total costs for the years 2005 and 2004 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately \$37.2 million and \$58.4 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 primarily 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 small percentage of asbestos claims pending at December 31, 2005. 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.

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.

On an ongoing basis, the Company defends itself in a multitude of 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 New Viacom, New Viacom has agreed to defend and indemnify CBS Corp. in certain litigation in which CBS Corp. is named.

Item 4. *Submission of Matters to a Vote of Security Holders.*

None.

EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is certain information concerning the executive officers of the Company as of March 10, 2006.

Name	Age	Title
Sumner M. Redstone	82	Executive Chairman of the Board of Directors and Founder
Leslie Moonves	56	President and Chief Executive Officer and Director
Anthony G. Ambrosio	45	Executive Vice President, Human Resources and Administration
Louis J. Briskman	57	Executive Vice President and General Counsel
Carl D. Folta	48	Executive Vice President, Office of the Chairman
Martin D. Franks	55	Executive Vice President, Planning, Policy and Government Relations
Susan C. Gordon	52	Senior Vice President, Controller and Chief Accounting Officer
Joseph R. Ianniello	38	Senior Vice President, Finance and Treasurer
Richard M. Jones	40	Senior Vice President and General Tax Counsel
Fredric G. Reynolds	55	Executive Vice President and Chief Financial Officer
Gil Schwartz	54	Executive Vice President, Corporate Communications
Martin M. Shea	62	Executive Vice President, Investor Relations
Angeline C. Straka	60	Senior Vice President, Deputy General Counsel and Secretary

None of the executive officers of the Company is related to any other executive officer or director by blood, marriage or adoption except that Shari Redstone, Vice Chair of the Board of Directors of the Company, is the daughter of Sumner M. Redstone.

Mr. Redstone is the Company's Founder and has been Executive Chairman of the Board of the Company since the Separation. He was Chairman of the Board of Former Viacom from 1987 until the Separation and Chief Executive Officer of Former Viacom since 1996 through 2005. Mr. Redstone has also served as Chairman of the Board of NAI since 1986 and Chief Executive Officer of NAI since 1967. He served as President of NAI from 1967 through 1999. Mr. Redstone served as the first Chairman of the Board of the National Association of Theatre Owners and is currently a member of its Board, Emeritus. Mr. Redstone has been a frequent lecturer at universities, including Harvard Law School, and was formerly a visiting professor of Brandeis University. Mr. Redstone graduated from Harvard University in 1944 and received a LL.B. from Harvard University School of Law in 1947. Upon graduation, Mr. Redstone served as Law Secretary with the United States Court of Appeals and then as a Special Assistant to the United States Attorney General. Mr. Redstone served in the Military Intelligence Division during World War II. While a student at Harvard, he was selected to join a special intelligence group whose mission was to break Japan's high-level military and diplomatic codes. Mr. Redstone received, among other honors, two commendations from the Military Intelligence Division in recognition of his service, contribution and devotion to duty. He is also a recipient of the Army Commendation Award. Mr. Redstone also serves as Executive Chairman of the Board of Directors of New Viacom.

Mr. Moonves has been President and Chief Executive Officer and a Director of the Company since the Separation. Previously, Mr. Moonves served as Co-President and Co-Chief Operating Officer of Former Viacom since June 2004. Prior to that, Mr. Moonves served as Chairman and Chief Executive Officer of CBS since 2003 and as its President and Chief Executive Officer since 1998. Mr. Moonves joined former CBS Corporation in 1995 as President, CBS Entertainment. Prior to that, Mr. Moonves was President of Warner Bros. Television since July 1993.

Mr. Ambrosio has been Executive Vice President, Human Resources and Administration of the Company since the Separation. Previously, he served as Co-Executive Vice President, Human Resources of the Company since September 2005 and as Senior Vice President, Human Resources and Administration of the CBS, Infinity and Viacom Outdoor businesses since 2000. Prior to that, Mr. Ambrosio served as Vice President, Corporate Human Resources of the former CBS Corporation from 1999 to 2000, as Vice President, Benefits of the former CBS Corporation from 1995 to November 1999 and as Director,

Personnel of the former CBS Corporation in 1995. He joined the former CBS Corporation in 1985 and held various positions in the human resources area since that time.

Mr. Briskman has been Executive Vice President and General Counsel of the Company since the Separation. Previously, since September 2005, he served as Executive Vice President and General Counsel of the businesses that comprise the Company after the Separation. Prior to that, Mr. Briskman served as Senior Vice President and General Counsel of Aetna Inc. since April 2004 and as Executive Vice President and General Counsel for CBS Television from 2000 to 2002. From 1993 to 2000, Mr. Briskman served as General Counsel of the former CBS Corporation and its predecessor, Westinghouse Electric Corporation. He joined Westinghouse Electric Corporation in 1975 and became its General Counsel in 1993 after serving as General Counsel of its Group W division beginning in 1983.

Mr. Folta has been Executive Vice President, Office of the Chairman of the Company since the Separation. Previously, he served as Executive Vice President, Corporate Relations of Former Viacom since November 2004. Prior to that, he served as Senior Vice President, Corporate Relations of Former Viacom from November 1994 to November 2004, and Vice President, Corporate Relations of Former Viacom from April 1994 to November 1994. Mr. Folta held various communications positions at Paramount Communications Inc. from 1984 until joining Former Viacom in April 1994. Mr. Folta also serves as Executive Vice President, Office of the Chairman of New Viacom.

Mr. Franks has been Executive Vice President, Planning, Policy and Government Relations of the Company since the Separation. Previously, he served as Executive Vice President, CBS Television since 2000 and was also Senior Vice President of Former Viacom from 2000 to 2005. Prior to that, Mr. Franks served as Senior Vice President of the former CBS Corporation from 1997 to 2000, as Senior Vice President, Washington of the former CBS Corporation from 1994 to 1997, and as Vice President, Washington of the former CBS Corporation from 1988 to 1994.

Ms. Gordon has been Senior Vice President, Controller and Chief Accounting Officer of the Company since the Separation. Prior to that, she served as Senior Vice President, Controller and Chief Accounting Officer of Former Viacom from May 2002 until the Separation, as Vice President, Controller and Chief Accounting Officer from April 1995 to May 2002 and as Vice President, Internal Audit of Former Viacom from October 1986 to April 1995. Ms. Gordon served as Controller of Viacom Broadcasting from June 1985 to October 1986. Ms. Gordon joined Former Viacom in 1981.

Mr. Ianniello has been Senior Vice President, Finance and Treasurer of the Company since the Separation. Prior to that, he served as Senior Vice President and Treasurer of Former Viacom since July 2005, as Vice President, Corporate Development of Former Viacom from 2000 to 2005 and as Director, Financial Planning of the former CBS Corporation from 1997 to 2000.

Mr. Jones has been Senior Vice President and General Tax Counsel of the Company since the Separation and for Former Viacom in December 2005. Previously, he served as Vice President of Tax, Assistant Treasurer and Tax Counsel for NBC Universal, Inc. since 2003. Prior to that, he spent 13 years with Ernst & Young in their media & entertainment and transaction advisory services practices. Mr. Jones also served honorably as a non-commissioned officer in the U.S. Army's 75th Ranger Regiment.

Mr. Reynolds has been Executive Vice President and Chief Financial Officer of the Company since the Separation. Previously, Mr. Reynolds served as Executive Vice President and Chief Financial Officer of the businesses that comprise the Company after the Separation and President of the CBS Television Stations Group since 2001. Prior to that, Mr. Reynolds served as Executive Vice President and Chief Financial Officer of Former Viacom from 2000 to 2001 and served as Executive Vice President and Chief Financial Officer of the former CBS Corporation and its predecessor, Westinghouse Electric Corporation, from 1994 to 2000. Mr. Reynolds was Chief Financial Officer of CBS Inc. from April 1996 to 1997.

Mr. Schwartz has been Executive Vice President, Corporate Communications of the Company since the Separation. Previously, he was Executive Vice President of CBS Communications Group, which served

the Company's broadcast and local television, syndication, radio and outdoor operations, among others, from 2004 until the Separation. He was Senior Vice President, Communications of CBS from 2000 to 2004, and Senior Vice President, Communications of the former CBS Corporation from 1996 to 2000. Mr. Schwartz served as Vice President, Corporate Communications of Westinghouse Broadcasting from 1995 to 1996. Prior to that, Mr. Schwartz served as Vice President, Communications for Westinghouse Broadcasting's Group W Television Stations from 1989 to 1995. Mr. Schwartz joined Westinghouse Broadcasting in 1981.

Mr. Shea has been Executive Vice President, Investor Relations of the Company since the Separation and for Former Viacom since November 2004. Prior to that, he served as Senior Vice President, Investor Relations of Former Viacom since January 1998. Mr. Shea was Senior Vice President, Corporation Communications for Triarc Companies, Inc. from July 1994 to May 1995 and from November 1995 to December 1997. He served as Managing Director of Edelman Worldwide from June 1995 through October 1995. Mr. Shea held various Investor Relations positions at Paramount Communications Inc., serving most recently as Vice President, Investor Relations from 1977 until July 1994.

Ms. Straka has been Senior Vice President, Deputy General Counsel and Secretary of the Company since the Separation. Prior to that, Ms. Straka served as Vice President and Associate General Counsel and Co-Head of the Corporate, Transactions and Securities practice group in the corporate law department of Former Viacom. She also served as an Assistant Secretary of Former Viacom, assisting the General Counsel with respect to Board of Director matters. Prior to joining the Former Viacom corporate law department in February 2001, Ms. Straka served as Senior Vice President, General Counsel and Secretary of Infinity Broadcasting Corporation, then a majority-owned public subsidiary of Former Viacom, from May 2000. Ms. Straka was Vice President, Deputy General Counsel and Secretary of the former CBS Corporation since 1992 and up to the time of the May 2000 merger of Former Viacom and the former CBS Corporation.

Item 5. Market for CBS Corporation's Common Equity, Related Stockholder Matters and Purchases of Equity Securities.

The separation of former Viacom Inc. ("Former Viacom") into two publicly traded entities, CBS Corporation (together with its consolidated subsidiaries unless the context otherwise requires, the "Company" or "CBS Corp.") and new Viacom Inc. ("New Viacom") was completed on December 31, 2005 (the "Separation"). The Separation was accomplished pursuant to a merger in which a subsidiary of Former Viacom was merged with and into Former Viacom, with Former Viacom continuing as the surviving entity. On December 31, 2005, Former Viacom was renamed "CBS Corporation" and each outstanding share of Former Viacom class A common stock was converted into the right to receive .5 of a share of CBS Corporation class A common stock, \$0.001 par value ("Class A Common Stock"), and .5 of a share of New Viacom class A common stock and each outstanding share of Former Viacom class B common stock was converted into the right to receive .5 of a share of CBS Corporation class B common stock, \$0.001 par value ("Class B Common Stock"), and .5 of a share of New Viacom class B common stock. As a result of the one share for .5 share conversion ("Share Conversion"), all Former Viacom share and per share data have been adjusted for all periods presented, unless otherwise indicated. Shares of the CBS Corp. Class A and Class B Common Stock commenced trading on the New York Stock Exchange on January 3, 2006, under the symbols: "CBS.A" (CBS Corporation Class A Common Stock) and "CBS" (CBS Corporation Class B Common Stock).

There was no established trading market for CBS Corp. Class A and Class B Common Stock prior to its commencement of trading on January 3, 2006.

On January 25, 2006, CBS Corporation declared a quarterly cash dividend of \$.16 per share payable on April 1, 2006. CBS Corp. currently expects to continue to pay a regular cash dividend to its stockholders. Based on the number of shares of CBS Corp. Class A and Class B Common Stock outstanding after the Separation, a \$.16 per share quarterly dividend for each of the four quarters of 2006 would result in approximately \$480 million of annual dividends. Former Viacom declared a quarterly cash dividend on its common stock during each of the four quarters of 2005 and 2004 for a total of \$440.9 million in 2005 and \$427.0 million in 2004.

As of March 1, 2006, there were approximately 1,000 record holders of CBS Corp. Class A Common Stock and approximately 18,880 record holders of CBS Corp. Class B Common Stock. These numbers do not include holders of Former Viacom common stock who had not exchanged as of March 1, 2006 shares of Former Viacom for shares of CBS Corp.

Information required by this item is also contained in the CBS Corp. Proxy Statement for the Company's 2006 Annual Meeting of Stockholders under the heading "Equity Compensation Plan Information", which information is incorporated herein by reference.

Below is a summary of Former Viacom purchases of its class B common stock during the three and twelve months ended December 31, 2005 under its \$8.0 billion stock purchase program publicly announced on October 28, 2004. Since inception of this program the Company has spent \$7.42 billion, leaving \$579.8 million remaining authorization under the program. CBS Corp. does not currently expect to make purchases under this stock purchase program during 2006.

(In millions, except per share amounts)	Total Number of Shares Purchased		Average Price per Share		Total Cost of Purchase		Remaining Authorization
Share and per share amounts not adjusted for the Share Conversion							
January 1, 2005 — September 30, 2005	102.1	\$	35.12	\$	3,587.1	\$	2,448.9
October 1, 2005 — October 31, 2005	14.9	\$	31.26	\$	465.7	\$	1,983.2
November 1, 2005 — November 30, 2005	32.1	\$	32.86	\$	1,054.7	\$	928.5
December 1, 2005 — December 31, 2005	10.1	\$	34.48	\$	348.7	\$	579.8
Fourth Quarter 2005	57.1	\$	32.73	\$	1,869.1	\$	579.8
Full Year 2005	159.2	\$	34.26	\$	5,456.2	\$	579.8

Item 6. Selected Financial Data.

CBS CORPORATION AND SUBSIDIARIES

(In millions, except per share amounts)

	Year Ended December 31,(a)				
	2005(b)	2004(b)(c)	2003	2002(d)	2001
Revenues	\$ 14,536.4	\$ 14,547.3	\$ 13,554.5	\$ 13,163.4	\$ 12,950.4
Operating income (loss)	\$ (6,817.9)	\$ (15,154.5)	\$ 2,511.3	\$ 2,578.6	\$ 790.2
Net earnings (loss) from continuing operations before cumulative effect of accounting changes	\$ (8,321.8)	\$ (16,391.9)	\$ 1,116.9	\$ 1,088.0	\$ (330.6)
Net earnings from discontinued operations	\$ 1,232.7	\$ 242.1	\$ 318.5	\$ 1,118.6	\$ 107.1
Net earnings (loss) before cumulative effect of accounting changes	\$ (7,089.1)	\$ (16,149.8)	\$ 1,435.4	\$ 2,206.6	\$ (223.5)
Net earnings (loss)	\$ (7,089.1)	\$ (17,462.2)	\$ 1,416.9	\$ 725.7	\$ (223.5)
Basic earnings (loss) per common share:					
Net earnings(loss) from continuing operations before cumulative effect of accounting changes	\$ (10.54)	\$ (19.12)	\$ 1.28	\$ 1.24	\$ (.38)
Net earnings from discontinued operations	\$ 1.56	\$.28	\$.37	\$ 1.28	\$.12
Net earnings (loss) before cumulative effect of accounting changes	\$ (8.98)	\$ (18.84)	\$ 1.65	\$ 2.52	\$ (.26)
Net earnings (loss)	\$ (8.98)	\$ (20.37)	\$ 1.62	\$.83	\$ (.26)
Diluted earnings (loss) per common share:					
Net earnings (loss) from continuing operations before cumulative effect of accounting changes	\$ (10.54)	\$ (19.12)	\$ 1.27	\$ 1.23	\$ (.38)
Net earnings from discontinued operations	\$ 1.56	\$.28	\$.36	\$ 1.26	\$.12
Net earnings (loss) before cumulative effect of accounting changes	\$ (8.98)	\$ (18.84)	\$ 1.63	\$ 2.49	\$ (.26)
Net earnings (loss)	\$ (8.98)	\$ (20.37)	\$ 1.61	\$.82	\$ (.26)
Dividends per common share	\$.56	\$.50	\$.24	\$ —	\$ —
At Year End:					
Total assets:					
Continuing operations	\$ 42,827.4	\$ 50,154.5	\$ 67,943.3	\$ 68,366.1	\$ 68,044.4
Discontinued operations	\$ 202.2	\$ 17,847.8	\$ 22,282.2	\$ 22,130.8	\$ 23,299.3
Total assets	\$ 43,029.6	\$ 68,002.3	\$ 90,225.5	\$ 90,496.9	\$ 91,343.7
Total debt:					
Continuing operations	\$ 7,900.3	\$ 9,363.6	\$ 9,451.2	\$ 9,665.0	\$ 10,141.4
Discontinued operations	\$ 153.2	\$ 553.4	\$ 630.0	\$ 940.9	\$ 1,334.2
Total stockholders' equity	\$ 21,737.0	\$ 42,024.3	\$ 63,205.0	\$ 62,487.8	\$ 62,716.8

(a) On December 31, 2005, the separation of former Viacom Inc. ("Former Viacom") into two publicly traded entities, CBS Corporation (the "Company" or "CBS Corp.") and new Viacom Inc. ("New Viacom") was completed ("the Separation"). Each outstanding share of Former Viacom common stock was converted into .5 of a share of CBS Corp. Common Stock and .5 of a share of New Viacom common stock and as a result, all share and per share data of Former Viacom have been adjusted for all periods presented. CBS Corp. has accounted for the Separation as a spin-off of New Viacom and accordingly, the results of New Viacom have been presented as discontinued operations in the Company's Consolidated Financial Statements for all periods presented. Included within New Viacom's results were discontinued operations for Famous Players and Blockbuster Inc. ("Blockbuster"). Famous Players, a Canadian-based theater chain, was sold for approximately \$400 million in July 2005. Blockbuster was split-off from Former Viacom in 2004.

(b) In 2005, as a result of the Company's annual goodwill impairment test performed in accordance with Statement of Financial Accounting Standards ("SFAS") 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), a non-cash charge of \$9.48 billion (\$9.46 billion, net of tax), or \$11.98 per diluted share, was recorded to reduce the carrying amount of Television and Radio goodwill to their respective estimated fair values. In 2004, as a result of the Company's annual goodwill impairment test, a non-cash charge of \$18.0 billion (\$17.89 billion, net of tax), or \$20.87 per diluted share, was recorded to reduce the carrying amount of Radio and Outdoor goodwill and intangible assets to their respective estimated fair values.

(c) In 2004, as a result of the initial adoption of Emerging Issues Task Force Topic No. D-108 "Use of Residual Method to Value Acquired Assets Other than Goodwill", the Company recorded an after-tax charge of \$1.31 billion, or \$1.53 per diluted share, as a cumulative effect of accounting change, to reduce the intangible assets balance attributable to television stations' FCC licenses.

(d) In 2002, the initial adoption of SFAS 142 resulted in an after-tax non-cash charge of \$1.48 billion, recorded as a cumulative effect of accounting change.

Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition
(Tabular dollars in millions)

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. Descriptions of all documents incorporated by reference herein or included as exhibits hereto are qualified in their entirety by reference to the full text of such documents so incorporated or included. Please see Item 1A. Risk Factors in Part I of this report for the Cautionary Statement Regarding Forward-Looking Statements and Risk Factors.

Separation

The separation of former Viacom Inc. ("Former Viacom") into two publicly traded entities, CBS Corporation (together with its consolidated subsidiaries unless the context otherwise requires, the "Company" or "CBS Corp.") and new Viacom Inc. ("New Viacom") was completed on December 31, 2005 (the "Separation"). The Separation was accomplished pursuant to a merger in which a subsidiary of Former Viacom was merged with and into Former Viacom, with Former Viacom continuing as the surviving entity. On December 31, 2005, Former Viacom was renamed "CBS Corporation" and each outstanding share of Former Viacom class A common stock was converted into the right to receive .5 of a share of CBS Corp. class A common stock, \$0.001 par value ("Class A Common Stock"), and .5 of a share of New Viacom class A common stock and each outstanding share of Former Viacom class B common stock was converted into the right to receive .5 of a share of CBS Corp. class B common stock, \$0.001 par value ("Class B Common Stock"), and .5 of a share of New Viacom class B common stock. As a result of the one share for .5 share conversion ("Share Conversion"), all Former Viacom share and per share data have been adjusted for all periods presented, unless otherwise indicated. The Company's Registration Statement on Form S-4 which was filed with the Securities and Exchange Commission ("SEC") on November 23, 2005 and was subsequently declared effective by the SEC further describes the Separation.

In connection with the Separation, CBS Corp. and New Viacom entered into a separation agreement dated December 19, 2005, which is filed as an exhibit to this report (the "Separation Agreement"). In accordance with the terms of the Separation Agreement, New Viacom paid to the Company an estimated special dividend of \$5.4 billion. Pursuant to the provisions of the Separation Agreement, the estimated special dividend is subject to adjustment. On March 14, 2006, the Company submitted to New Viacom an adjustment to increase the estimated special dividend in the amount of approximately \$460 million. The Company and New Viacom have up to 65 days to agree upon the adjustment before any disputed amounts would become subject to a dispute resolution process.

The Company and New Viacom entered into other agreements to govern certain of the ongoing relationships between the Company and New Viacom after the Separation including a transition services agreement and a tax matters agreement dated December 30, 2005, which is filed as an exhibit to this report (the "Tax Matters Agreement"). These arrangements are summarized in the "Related Parties" section of this report.

Overview

CBS Corp. is comprised of the following segments: Television (CBS Television Network, UPN, Showtime Networks, CBS Television Stations, CBS Paramount Television and King World), Radio (CBS Radio), Outdoor (CBS Outdoor) and Parks/Publishing (Paramount Parks and Simon & Schuster). CBS Corp. has accounted for the Separation as a spin-off of New Viacom and accordingly, the results of New Viacom have been reflected as discontinued operations in the Company's Consolidated Financial Statements for all periods presented. New Viacom is comprised of the Cable Networks and Entertainment segments. Included within New Viacom's results were discontinued operations for Famous Players and Blockbuster Inc. ("Blockbuster"). Famous Players, a Canadian-based theater chain, was sold for approximately \$400 million in July 2005. Blockbuster was split-off from Former Viacom in 2004.

**Management's Discussion and Analysis of
Results of Operations and Financial Condition
(Tabular dollars in millions, except per share amounts)**

CBS Corp. revenues for 2005 decreased slightly to \$14.54 billion in 2005 versus \$14.55 billion in 2004. Revenues reflected advertising revenue growth of \$235.1 million, or 2%, led by growth of 2% in Television and 4% in Outdoor offset by a decline in television license fees. CBS Corp. reported an operating loss of \$6.82 billion in 2005 versus an operating loss of \$15.15 billion in 2004. Full year 2005 net loss from continuing operations was \$8.32 billion, or a loss of \$10.54 per diluted share, compared with a net loss from continuing operations of \$16.39 billion, or a loss of \$19.12 per diluted share, for 2004.

Full year 2005 results included a non-cash impairment charge of \$9.48 billion, (\$9.46 billion, net of tax or \$11.98 per diluted share), to reduce the carrying amount of Television and Radio goodwill to their respective estimated fair values. Full year 2004 results included a non-cash impairment charge of \$18.0 billion, (\$17.89 billion, net of tax or \$20.87 per diluted share), to reduce the carrying amount of Radio and Outdoor goodwill and intangible assets to their respective estimated fair value.

CBS Corp. operates in the following segments:

- **TELEVISION:** The Television segment consists of the CBS and UPN television networks, the Company's 39 owned broadcast television stations, *Showtime Networks*, and its television production and syndication business, including *CBS Paramount Television* and *King World Productions*. Television revenues are generated primarily from advertising sales, television license fees and affiliate fees. Television contributed 64%, 65% and 64%, respectively, to consolidated revenues for the years ended December 31, 2005, 2004 and 2003. In January 2006, the Company completed its acquisition of CSTV Networks, Inc., ("CSTV") for approximately \$325 million. Beginning in the first quarter of 2006, CSTV's results will be included as part of the Television segment.
- **RADIO:** The Radio segment owns and operates 179 radio stations in 40 U.S. markets through *CBS Radio*. Radio revenues are generated primarily from advertising sales. Radio contributed 15%, 14% and 15%, respectively, to consolidated revenues for the years ended December 31, 2005, 2004 and 2003.
- **OUTDOOR:** The Outdoor segment, principally through *CBS Outdoor*, displays advertising on media including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks, masts and stadium signage. Outdoor revenues are generated primarily from advertising sales. Outdoor contributed 13% to consolidated revenues for each of the years ended December 31, 2005, 2004 and 2003.
- **PARKS/PUBLISHING:** This all other category includes *Simon & Schuster's* consumer book publishing business with imprints such as *Simon & Schuster*, *Pocket Books*, *Scribner* and *Free Press*. *Parks* is principally engaged in the ownership and operation of five theme parks and a themed attraction in the U.S. and Canada. Parks/Publishing contributed 8% to consolidated revenues for each of the years ended December 31, 2005, 2004 and 2003. In January 2006, the Company announced its intention to divest Paramount Parks and to complete the divestiture in the second half of 2006.

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Consolidated Results of Operations—2005 vs. 2004 and 2004 vs. 2003

Revenues

The tables below present the Company's consolidated revenues by type, net of intercompany eliminations, for each of the years ended December 31, 2005, 2004 and 2003.

Revenues by Type Year Ended December 31,	2005		2004		Increase/(Decrease) 2005 vs. 2004		2003		Increase/(Decrease) 2004 vs. 2003			
Advertising sales	\$	10,415.7	\$	10,180.6	\$	235.1	2%	\$	9,403.7	\$	776.9	8%
Television license fees		1,277.2		1,622.1		(344.9)	(21)		1,583.0		39.1	2
Affiliate fees		992.1		968.5		23.6	2		959.3		9.2	1
Publishing		763.6		750.9		12.7	2		693.5		57.4	8
Parks operations		423.5		409.9		13.6	3		375.8		34.1	9
Other		664.3		615.3		49.0	8		539.2		76.1	14
Total Revenues	\$	14,536.4	\$	14,547.3	\$	(10.9)	—%	\$	13,554.5	\$	992.8	7%

Percentage of Revenues by Type	Year Ended December 31,		
	2005	2004	2003
Advertising sales	72%	70%	69%
Television license fees	9	11	12
Affiliate fees	7	7	7
Publishing	5	5	5
Parks operations	3	3	3
Other	4	4	4
Total	100%	100%	100%

Advertising sales increased 2% in 2005 to \$10.42 billion from \$10.18 billion in 2004 reflecting growth in the Television, Outdoor and Radio segments. Television's advertising increased 2% reflecting the strength in CBS/UPN primetime partially offset by the prior year telecast of the Super Bowl on CBS Network and lower political advertising. Outdoor advertising increased 4% reflecting a 6% increase in revenues from North American properties. Radio advertising increased 1% reflecting growth in local advertising. In 2004, advertising sales increased 8% to \$10.18 billion from \$9.40 billion in 2003 reflecting growth in Television, benefiting from the telecast of the Super Bowl on CBS Network and higher political advertising, and in Outdoor.

Television license fees decreased 21% to \$1.28 billion in 2005 from \$1.62 billion in 2004 principally reflecting the absence of revenues from the prior year basic cable availability of *Star Trek: Deep Space Nine* and the absence of license fees for *Frasier*, which is no longer in production. Television license fees increased 2% to \$1.62 billion in 2004 from \$1.58 billion in 2003 principally relating to the mix of shows available for syndication, partially offset by lower network revenues for shows no longer in production.

Affiliate fees increased 2% to \$992.1 million in 2005 from \$968.5 million in 2004 driven by rate increases and subscriber growth at Showtime Networks. Affiliate fees increased 1% to \$968.5 million in 2004 from \$959.3 million in 2003.

Publishing revenues increased 2% to \$763.6 million in 2005 and increased 8% to \$750.9 million in 2004 versus the comparable prior-year periods. The increases were primarily driven by the success of top-selling titles.

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Parks operations revenues increased 3% to \$423.5 million in 2005 from \$409.9 million in 2004 primarily due to increased attendance and higher average per capita spending. Parks operations revenues increased 9% to \$409.9 million in 2004 from \$375.8 million in 2003 due to increased attendance and the benefit of favorable foreign currency translation, partially offset by decreased average per capita spending.

Other revenues, which include home entertainment revenues from television and cable product sales, and royalties and fees, increased 8% to \$664.3 million in 2005 from \$615.3 million in 2004 primarily reflecting growth in home entertainment revenues of \$29.6 million from the mix of available DVD releases and other revenues from acquired companies. For 2004, other revenues increased 14% to \$615.3 million from \$539.2 million in 2003 primarily reflecting growth in home entertainment revenues of \$73.9 million due to the availability of DVD releases.

International Revenues

The Company generated approximately 12% of its total revenues from international regions in 2005, and 11% in 2004 and 2003.

Year Ended December 31,	2005		2004		2003	
		Percentage of Total		Percentage of Total		Percentage of Total
United Kingdom	\$ 491.2	28%	\$ 459.9	28%	\$ 255.6	18%
Other Europe	666.8	39	605.7	38	667.9	46
Canada	376.6	22	345.9	21	259.5	18
All other	196.9	11	206.2	13	266.5	18
Total International Revenues	\$ 1,731.5	100%	\$ 1,617.7	100%	\$ 1,449.5	100%

Operating Expenses

The table below presents the Company's consolidated operating expenses by type:

Operating Expenses by Type Year Ended December 31,	2005		2004		Increase/ (Decrease) 2005 vs. 2004		2003		Increase/ (Decrease) 2004 vs. 2003	
Programming	\$ 3,453.2	\$ 3,441.8	\$ 11.4	—%	\$ 3,080.3	\$ 361.5	12%			
Production	2,453.5	2,584.7	(131.2)	(5)	2,661.9	(77.2)	(3)			
Outdoor operations	1,134.2	1,102.7	31.5	3	1,012.6	90.1	9			
Publishing operations	525.0	517.6	7.4	1	486.3	31.3	6			
Parks operations	243.8	232.7	11.1	5	212.2	20.5	10			
Other	862.1	764.1	98.0	13	712.1	52.0	7			
Total Operating Expenses	\$ 8,671.8	\$ 8,643.6	\$ 28.2	—%	\$ 8,165.4	\$ 478.2	6%			

For 2005, operating expenses of \$8.67 billion increased slightly over \$8.64 billion in 2004. For 2004, operating expenses of \$8.64 billion increased 6% over \$8.17 billion in 2003. The major components and changes in operating expenses were as follows:

- Programming expenses represented approximately 40% of total operating expenses in 2005 and 2004 and 38% in 2003, and reflect the amortization of acquired rights of programs exhibited on the broadcast and cable networks, and television and radio stations. Programming expenses increased slightly to \$3.45 billion in 2005 from \$3.44 billion in 2004 principally reflecting higher costs for Showtime Networks theatrical titles. Programming expenses

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increased 12% to \$3.44 billion in 2004 from \$3.08 billion in 2003 reflecting higher program rights expenses for sports events and primetime series at the broadcast networks.

- Production expenses represented approximately 28% of total operating expenses in 2005, 30% in 2004 and 33% in 2003, and reflect the cost and amortization of internally developed television programs, including direct production costs, residuals and participation expenses, and production overhead, as well as television and radio costs including on-air talent and other production costs. Production expenses decreased 5% to \$2.45 billion in 2005 from \$2.58 billion in 2004 principally reflecting lower network costs due to the absence of *Frasier* partially offset by increased costs for new network series. Production expenses decreased 3% to \$2.58 billion in 2004 from \$2.66 billion in 2003 reflecting fewer network series produced in 2004 partially offset by higher news costs for political campaign coverage.
- Outdoor operations costs represented approximately 13% of total operating expenses in 2005 and 2004, and 12% in 2003, and reflect transit and billboard lease, maintenance, posting and rotation expenses. Outdoor operations expenses increased 3% to \$1.13 billion in 2005 from \$1.10 billion in 2004 principally reflecting higher billboard lease costs and maintenance costs associated with the impact of hurricanes in 2005. Outdoor operations costs increased 9% to \$1.10 billion in 2004 from \$1.01 billion in 2003 primarily reflecting higher transit and billboard lease costs.
- Publishing operations costs, which represented approximately 6% of total operating expenses in each of the years 2005, 2004 and 2003, reflect cost of book sales, royalties and other costs incurred with respect to publishing operations. Publishing operations expenses for 2005 increased 1% to \$525.0 million and increased 6% to \$517.6 million in 2004 from \$486.3 million in 2003 primarily due to higher revenues.
- Parks operations costs, which represented approximately 3% of total operating expenses in each of the years 2005, 2004 and 2003, increased 5% to \$243.8 million in 2005 from \$232.7 million in 2004 principally reflecting the cost of fourth quarter 2005 winter events held at the parks and the impact of foreign currency translation. In 2004, Parks operations costs increased 10% to \$232.7 million from \$212.2 million in 2003 primarily from the impact of foreign currency translation.
- Other operating expenses, which represented approximately 10% of total operating expenses in 2005 and 9% in 2004 and 2003, primarily include distribution costs incurred with respect to television product, costs associated with digital media and compensation. Other operating expenses increased 13% to \$862.1 million in 2005 from \$764.1 million in 2004 primarily reflecting a 10% increase in distribution costs due to the DVD release of *Charmed* and increased costs associated with digital media from the inclusion of SportsLine.com, Inc. ("SportsLine.com") since its acquisition in December 2004. Other operating expenses for 2004 increased 7% to \$764.1 million in 2004 from \$712.1 million in 2003 principally reflecting 15% higher distribution costs due to additional volume of DVD releases of the *Star Trek* series and higher compensation.

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, were approximately 19% of revenues for 2005 and 18% of revenues for 2004 and 2003. SG&A expenses increased \$146.9 million, or 6%, to \$2.70 billion in 2005 from \$2.55 billion in 2004, primarily reflecting transition costs and professional fees related to the

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Separation, higher employee compensation, advertising, marketing and incremental SG&A from SportsLine.com. Also included in 2005 and 2004 expenses are severance charges of \$11.3 million and \$28.1 million, respectively. Advertising expenses of \$369.1 million, included in SG&A expenses, increased 3% reflecting increased spending primarily at Radio and Television.

For 2004, SG&A expenses increased \$176.4 million, or 7%, to \$2.55 billion from \$2.38 billion in 2003 reflecting higher employee compensation and commissions, 2004 severance charges of \$28.1 million due to management changes and the absence of a 2003 pre-tax gain of \$40 million from the settlement of a physical damage and business interruption claim. Advertising expenses of \$358.4 million, included in SG&A expenses, increased 8% reflecting increased spending primarily at Radio.

Included within SG&A expenses are residual costs, which primarily include pension and postretirement benefit costs for benefit plans retained by the Company for previously divested businesses. Residual costs for 2005 increased to \$118.7 million from \$113.8 million in 2004 primarily due to a lower discount rate. Residual costs decreased to \$113.8 million in 2004 from \$146.5 million in 2003 principally due to the recognition of lower actuarial losses resulting from better than expected performance of plan assets in 2003.

Impairment Charges

SFAS 142 requires the Company to perform an annual fair value-based impairment test of goodwill. The Company performed its annual impairment test as of October 31, 2005 concurrently with its annual budgeting process which begins in the fourth quarter each year. The first step of the test examines whether or not the book value of each of the Company's reporting units exceeds its fair value. If the book value for a reporting unit exceeds its fair value, the second step of the test is required to compare the implied fair value of that reporting unit's goodwill with the book value of the goodwill. The Company's reporting units are generally consistent with or one level below the operating segments underlying the reportable segments. As a result of the 2005 annual impairment test, the Company recorded an impairment charge of \$9.48 billion in the fourth quarter of 2005. The \$9.48 billion reflects charges to reduce the carrying value of goodwill at the CBS Television reporting unit of \$6.44 billion and the Radio reporting unit of \$3.05 billion.

During 2005, traded values decreased for both the television and radio broadcasting industries. Broadcast advertising spending is closely correlated to the U.S. economy, which has been negatively impacted by, among other things, higher interest rates and energy prices. In addition, a reduction in advertising spending in certain business sectors led to a reduction in forecasted cash flows and long-term growth rates. As a result, the Company reduced its revenue, operating profit and cash flow projections for the CBS Television and Radio reporting units to reflect current market conditions.

The estimated fair value of the CBS Television and Radio reporting units were computed principally based upon the present value of future cash flows (Discounted Cash Flow Method) and both the traded and transaction values of comparable businesses (Market Comparable Method). The Discounted Cash Flow Method and Market Comparable Method were weighted equally and resulted in substantially equal fair values.

As a result of the annual impairment test performed for 2004, the Company recorded an impairment charge of \$18.0 billion in the fourth quarter of 2004. The \$18.0 billion reflects charges to reduce the carrying value of goodwill at the Radio reporting unit of \$10.94 billion and the Outdoor reporting unit of \$7.06 billion as well as a reduction of the carrying value of intangible assets of \$27.8 million related to the FCC licenses at the Radio segment. Several factors led to a reduction in forecasted cash flows and long-term growth rates for both the Radio and Outdoor reporting units. Radio and Outdoor both fell short of budgeted revenue and operating income growth targets in 2004. Competition from other advertising

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media, including Internet advertising and cable and broadcast television reduced Radio and Outdoor growth rates. Also, the emergence of new competitors and technologies necessitated a shift in management's strategy for the Radio and Outdoor businesses, including changes in composition of the sales force and operating management as well as increased levels of investment in marketing and promotion.

Depreciation and Amortization

For 2005, depreciation and amortization decreased 2% to \$498.7 million from \$508.6 million primarily reflecting lower depreciation expense for outdoor advertising properties. For 2004, depreciation and amortization increased 1% to \$508.6 million from \$501.7 million.

Interest Expense

For 2005, interest expense increased 4% to \$720.5 million from \$694.0 million primarily due to higher average bank debt and commercial paper borrowings, and higher interest rates partially offset by lower average fixed rate debt balances. For 2004, interest expense decreased 3% to \$694.0 million from \$716.1 million in 2003 primarily due to lower average debt balances in 2004, including commercial paper borrowings, and lower interest on programming contracts. Proceeds from the special cash dividend of \$5.4 billion received from New Viacom were used to repay outstanding commercial paper, debt outstanding under revolving credit facilities and certain fixed rate debt upon maturity in January 2006. As a result of lower debt, interest expense is expected to decrease significantly in 2006 as compared with 2005. The Company had approximately \$8.05 billion at December 31, 2005 and \$9.92 billion at December 31, 2004 of principal amount of debt outstanding (including discontinued operations and current maturities) at weighted average interest rates of 6.9% and 6.7%, respectively.

Interest Income

For 2005, interest income decreased by \$.4 million to \$21.4 million. For 2004, interest income increased by \$12.6 million to \$21.8 million from \$9.2 million primarily due to increased cash and cash equivalents.

Other Items, Net

For 2005, "Other items, net" of \$5.3 million principally reflected a net gain of \$86.2 million from the sale of investments and businesses, and foreign exchange gains of \$10.9 million, partially offset by losses associated with securitizing trade receivables of \$23.8 million and a non-cash charge of \$67.9 million to reflect other-than-temporary declines in the market value of certain radio investments.

For 2004, "Other items, net" of \$25.1 million principally reflected foreign exchange gains of \$25.9 million and a net gain from the sale of investments and businesses of \$32.5 million, partially offset by a non-cash charge of \$21.7 million associated with other-than-temporary declines in the Company's investments and losses associated with securitizing trade receivables of \$11.6 million.

For 2003, "Other items, net" of \$21.4 million principally consisted of foreign exchange gains of \$14.8 million, net gains from the sale of investments of \$14.8 million and an insurance recoupment of \$5.6 million partially offset by losses of \$9.1 million associated with securitizing trade receivables and a non-cash charge of approximately \$5.0 million associated with other-than-temporary declines in the market value of several investments.

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Provision for Income Taxes

The provision for income taxes represents federal, state and local, and foreign income taxes on earnings (loss) from continuing operations before income taxes, equity in earnings (loss) of affiliated companies, minority interest and cumulative effect of accounting changes. The annual effective tax rate was (10.8%) in 2005 versus (3.9%) in 2004 and 39.8% in 2003. Included in the 2005 and 2004 rates was the impact of the non-cash impairment charges. Also included in the 2004 rate was the impact of severance charges and the recognition of a tax benefit from the resolution of certain income tax audits in 2004.

Equity in Earnings (Loss) of Affiliated Companies, Net of Tax

"Equity in earnings (loss) of affiliated companies, net of tax" reflected a net loss of \$1.5 million for 2005, earnings of \$19.2 million for 2004 and earnings of \$18.3 million for 2003. For 2005, the loss principally reflected a non-cash charge associated with an other-than-temporary decline in a radio investment partially offset by earnings from affiliated companies. For 2004 and 2003, results principally reflected positive results from affiliated companies, partially offset by losses from Internet investments.

Minority Interest, Net of Tax

Minority interest primarily represents the minority ownership of certain international entities.

Net Earnings (Loss) from Continuing Operations before Cumulative Effect of Accounting Changes

The Company reported net earnings (loss) from continuing operations before cumulative effect of accounting changes of \$(8.32) billion in 2005 versus \$(16.39) billion in 2004 and \$1.12 billion in 2003. The loss in 2005 was driven by the non-cash impairment charge for goodwill of \$9.48 billion. The loss in 2004 was driven by the non-cash impairment charge for goodwill and intangible assets of \$18.0 billion.

Net Earnings from Discontinued Operations

The businesses of New Viacom have been presented as discontinued operations in CBS Corp.'s consolidated financial statements for all periods presented. Included within New Viacom's results were discontinued operations for Famous Players and Blockbuster. Famous Players, a Canadian-based theater chain, was sold for approximately \$400 million in July 2005. Blockbuster was split-off from Former Viacom in 2004.

The following tables set forth the detail of CBS Corp.'s net earnings from discontinued operations, which are comprised of both New Viacom's results from continuing operations and their discontinued businesses, Famous Players and Blockbuster. Additionally, Eliminations/Other include eliminations between CBS Corp. and New Viacom, and aircraft financing leases that are generally expected to liquidate in accordance with contractual terms.

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Year Ended December 31, 2005					
	New Viacom	Famous Players	Eliminations/ Other	Total	
Revenues from discontinued operations	\$ 9,609.6	\$ 208.0	\$ (328.5)	\$ 9,489.1	
Earnings (loss) from discontinued operations	\$ 2,327.7	\$ (25.1)	\$ 16.3	\$ 2,318.9	
Loss on disposal of discontinued operations	—	(72.9)	—	(72.9)	
Minority interest	(6.6)	(1.6)	—	(8.2)	
	2,321.1	(99.6)	16.3	2,237.8	
Income tax (provision) benefit, net of minority interest	(1,017.2)	52.7	(40.6)	(1,005.1)	
Net earnings (loss) from discontinued operations	\$ 1,303.9	\$ (46.9)	\$ (24.3)	\$ 1,232.7	

Year Ended December 31, 2004						
	New Viacom	Blockbuster	Famous Players	Eliminations/ Other	Total	
Revenues from discontinued operations	\$ 8,132.2	\$ 4,528.9	\$ 392.5	\$ (535.6)	\$ 12,518.0	
Earnings (loss) from discontinued operations	\$ 2,204.2	\$ (1,404.2)	\$ (11.6)	\$ (86.0)	\$ 702.4	
Loss on disposal of discontinued operations	—	(38.2)	—	—	(38.2)	
Minority interest	(4.7)	259.7	(2.2)	—	252.8	
	2,199.5	(1,182.7)	(13.8)	(86.0)	917.0	
Income tax (provision) benefit, net of minority interest	(806.6)	92.4	4.9	34.4	(674.9)	
Net earnings (loss) from discontinued operations	\$ 1,392.9	\$ (1,090.3)	\$ (8.9)	\$ (51.6)	\$ 242.1	

Year Ended December 31, 2003						
	New Viacom	Blockbuster	Famous Players	Eliminations/ Other	Total	
Revenues from discontinued operations	\$ 7,304.4	\$ 5,911.7	\$ 386.9	\$ (408.0)	\$ 13,195.0	
Earnings (loss) from discontinued operations	\$ 1,938.0	\$ (878.8)	\$ 1.0	\$ (43.8)	\$ 1,016.4	
Minority interest	(4.5)	160.0	(1.6)	—	153.9	
	1,933.5	(718.8)	(.6)	(43.8)	1,170.3	
Income tax (provision) benefit, net of minority interest	(786.1)	(83.6)	.2	17.7	(851.8)	
Net earnings (loss) from discontinued operations	\$ 1,147.4	\$ (802.4)	\$ (.4)	\$ (26.1)	\$ 318.5	

Included in discontinued operations in 2004 and 2003 are non-cash impairment charges of \$1.5 billion (\$1.2 billion net of minority interest and tax) and \$1.3 billion (\$1.0 billion, net of minority interest and tax), respectively, for the impairment of Blockbuster goodwill and other long-lived assets in accordance with SFAS 142 and SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144").

Cumulative Effect of Accounting Changes, Net of Minority Interest and Tax

Effective December 31, 2004, the Company elected early adoption of Emerging Issues Task Force Topic No. D-108 "Use of the Residual Method to Value Acquired Assets Other Than Goodwill" ("D-108"). D-108 requires companies who have applied the residual value method in the valuation of intangible assets for purposes of impairment testing to use the direct value method. As a result of the

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adoption, the Company recorded a charge of \$2.2 billion (\$1.3 billion net of tax), or \$1.53 per diluted share, to reduce the intangible assets balance attributable to its television stations' FCC licenses. This charge has been reflected as a cumulative effect of accounting change.

For 2003, the cumulative effect of accounting change, net of minority interest and tax, of \$18.5 million, or \$.02 per diluted share, resulted from the adoption of SFAS No. 143, "Accounting for Asset Retirement Obligations."

Net Earnings (Loss)

For 2005, the Company reported a net loss of \$7.09 billion versus \$17.46 billion in 2004 and net earnings of \$1.42 billion in 2003. For 2005 and 2004, the loss was driven by the non-cash impairment charges of \$9.48 billion in 2005 and \$18.0 billion in 2004. For 2004 and 2003, net earnings (loss) also reflected an after tax non-cash charge of \$1.2 billion and \$1.0 billion, respectively, reflected in discontinued operations.

Segment Results of Operations—For the Years Ended December 31, 2005, 2004 and 2003

The tables below present the Company's revenues, Segment operating income before depreciation and amortization and SFAS 142 impairment charges ("Segment OIBDA before SFAS 142 Impairment Charges"), operating income (loss), and depreciation and amortization by segment, for each of the years ended December 31, 2005, 2004 and 2003.

Year Ended December 31,	2005	2004	2003
Revenues:			
Television	\$ 9,325.2	\$ 9,448.5	\$ 8,680.5
Radio	2,114.8	2,096.1	2,097.6
Outdoor	1,949.3	1,880.2	1,748.3
Parks/Publishing	1,187.1	1,160.8	1,069.3
Eliminations	(40.0)	(38.3)	(41.2)
Total Revenues	\$ 14,536.4	\$ 14,547.3	\$ 13,554.5

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Segment OIBDA before SFAS 142 Impairment Charges(a):					
Television	\$	1,824.7	\$	1,981.2	\$ 1,656.5
Radio		925.0		948.2	1,002.4
Outdoor		469.9		453.9	423.8
Parks/Publishing		184.8		180.2	148.1
Corporate		(120.5)		(98.5)	(71.3)
Residual costs		(118.7)		(113.8)	(146.5)
SFAS 142 impairment charges (b)		(9,484.4)		(17,997.1)	—
Depreciation and amortization		(498.7)		(508.6)	(501.7)
Operating Income (Loss)	\$	(6,817.9)	\$	(15,154.5)	\$ 2,511.3

Operating Income (Loss):					
Television (b)	\$	(4,791.5)	\$	1,807.5	\$ 1,481.5
Radio (b)		(2,154.1)		(10,023.5)	975.0
Outdoor (b)		260.5		(6,824.5)	207.9
Parks/Publishing		117.6		111.2	77.5
Corporate		(131.7)		(111.4)	(84.1)
Residual costs		(118.7)		(113.8)	(146.5)
Total Operating Income (Loss)	\$	(6,817.9)	\$	(15,154.5)	\$ 2,511.3

Depreciation and Amortization:					
Television	\$	178.8	\$	173.7	\$ 175.0
Radio		32.1		29.9	27.4
Outdoor		209.4		223.1	215.9
Parks/Publishing		67.2		69.0	70.6
Corporate		11.2		12.9	12.8
Total Depreciation and Amortization	\$	498.7	\$	508.6	\$ 501.7

(a) The Company presents Segment OIBDA before SFAS 142 Impairment Charges as the primary measure of profit and loss for its operating segments in accordance with SFAS 131 "Disclosure about Segments of an Enterprise and Related Information" ("SFAS 131"). The Company believes the presentation of Segment OIBDA before SFAS 142 Impairment Charges is relevant and useful for investors because it allows investors to view segment performance in a manner similar to the method used by the Company's management and enhances their ability to understand the Company's operating performance. The reconciliation of Segment OIBDA before SFAS 142 Impairment Charges to the Company's consolidated Net earnings (loss) is presented in Note 15 (Reportable Segments) to the Consolidated Financial Statements.

(b) As a result of the Company's annual goodwill and indefinite-lived intangible assets impairment test, non-cash charges of \$9.48 billion and \$18.0 billion were recorded in 2005 and 2004, respectively, to reduce the carrying value of goodwill in 2005 and goodwill and intangible assets in 2004. The 2005 charge of \$9.48 billion is comprised of \$6.44 billion for Television and \$3.05 billion for Radio. The 2004 charge of \$18.0 billion is comprised of \$10.94 billion for Radio and \$7.06 billion for Outdoor.

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Television (CBS and UPN Television Networks and Stations, Television Production and Syndication, and Showtime Networks, owner of several premium subscription television program services)

(Contributed 64% of consolidated revenues for the year ended December 31, 2005, 65% for the year ended December 31, 2004 and 64% for the year ended December 31, 2003.)

Year Ended December 31,

	2005	2004	2003
Revenues	\$ 9,325.2	\$ 9,448.5	\$ 8,680.5
OIBDA before SFAS 142 impairment charge	\$ 1,824.7	\$ 1,981.2	\$ 1,656.5
SFAS 142 impairment charge	(6,437.4)	—	—
Depreciation and amortization	(178.8)	(173.7)	(175.0)
Operating income (loss)	\$ (4,791.5)	\$ 1,807.5	\$ 1,481.5
Operating income as a % of revenues	NM	19%	17%
Capital expenditures	\$ 197.2	\$ 118.5	\$ 115.6

NM—Not meaningful

2005 vs. 2004

For 2005, Television revenues decreased \$123.3 million, or 1%, to \$9.33 billion as advertising revenue growth of 2% was more than offset by lower television license fee revenues. CBS and UPN combined advertising increased 4% with a 7% increase in primetime due to 6% average rate increases, partially offset by a decline in sports from the absence of the Super Bowl. For 2005, the Stations group advertising revenues decreased 2% as 2004 advertising revenues benefited from political spending in a presidential election year and the telecast of the Super Bowl on CBS. Excluding the impact of the Super Bowl and political advertising, the Stations group advertising revenues increased 2%.

Television license fee revenues for 2005 decreased 21% reflecting lower domestic syndication and network revenues. Domestic syndication revenues decreased as contributions from 2005 availabilities, including *the Insider*, *Becker* and *Diagnosis Murder*, did not match prior year contributions from *Star Trek: Deep Space Nine*, *Frasier* and *Hollywood Squares*. Network revenues were lower due to the absence of revenues from the series *Frasier* which is no longer in production. Affiliate fees at Showtime Networks increased 2% principally reflecting rate increases and growth in subscribers.

For 2005, Television reported an operating loss of \$4.79 billion, which included a non-cash impairment charge of \$6.44 billion to reduce the carrying amount of goodwill. Television OIBDA before SFAS 142 Impairment Charge decreased 8% to \$1.82 billion in 2005 from \$1.98 billion in 2004 reflecting the decrease in revenues noted above and higher SG&A expenses partially offset by lower operating expenses. Operating expenses, primarily comprised of production and programming expenses, decreased 1%, or \$56.6 million, to \$6.22 billion principally due to lower production costs for network series and the absence of prior year costs for the Super Bowl. SG&A expenses increased 8% to \$1.28 billion primarily due to higher advertising and promotion and the inclusion of expenses for SportsLine.com, acquired in December 2004. Included in 2005 SG&A expenses is a severance charge of \$11.3 million for organizational changes at Showtime Networks. Capital expenditures increased \$78.7 million to \$197.2 million in 2005 from \$118.5 million in 2004, principally reflecting increased spending for broadcasting equipment.

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License fees for completed television programming in syndication and on cable are recorded as revenues in the period that the products are available for exhibition, which, among other reasons, may cause substantial fluctuation in operating results. Unrecognized revenues attributable to such licensing agreements were approximately \$788.1 million and \$728.9 million at December 31, 2005 and 2004, respectively.

2004 vs. 2003

For 2004, Television revenues increased \$768.0 million, or 9%, to \$9.45 billion principally driven by advertising revenue growth at the broadcast networks and the Stations group and higher television license fee revenues. CBS and UPN Networks combined advertising revenues increased 12% with an 11% increase in CBS and UPN primetime due to 11% average rate increases. CBS Network and the Stations group advertising revenues benefited from the 2004 telecast of *Super Bowl XXXVIII*. The combination of the Super Bowl and increased political advertising contributed 3% of Television's total revenue growth. For 2004, the Stations group advertising revenues increased 10% reflecting higher political advertising with more units sold at higher average unit rates. The Stations group also benefited from higher ad sales in the automotive, leisure and media, and restaurant industries.

Television revenues in 2004 included an increase in television license fee revenues of 2% benefiting from the basic cable availability of *Star Trek: Deep Space Nine*, the initial domestic syndication of *CSI* and the renewal by incumbent stations of *Everybody Loves Raymond*, partially offset by lower network revenues for shows no longer in production including *Frasier*. Home entertainment revenues increased due to the DVD releases of *Star Trek: Voyager* and *Star Trek: Original Series*. Showtime Networks affiliate revenues increased 1%.

For 2004, Television operating income increased \$326.0 million, or 22%, to \$1.81 billion and Television OIBDA before SFAS 142 Impairment Charge increased \$324.7 million, or 20%, to \$1.98 billion principally due to the revenue increases noted above partially offset by higher expenses. Total expenses increased 6% in 2004 primarily due to higher production and programming expenses and higher SG&A expenses. Production costs and programming expenses increased 5% reflecting higher program rights expense for sports events and primetime series. Included in SG&A expenses was a severance charge of \$10.4 million recorded in the second quarter of 2004 related to a management change. Television operating income in 2003 included approximately \$27 million in insurance recoveries. Operating income as a percentage of revenues was 19% in 2004 versus 17% in 2003.

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Radio (CBS Radio)

(Contributed 15% of consolidated revenues for the year ended December 31, 2005, 14% for the year ended December 31, 2004 and 15% for the year ended December 31, 2003.)

Year Ended December 31,	2005		2004		2003	
Revenues	\$	2,114.8	\$	2,096.1	\$	2,097.6
OIBDA before SFAS 142 impairment charges	\$	925.0	\$	948.2	\$	1,002.4
SFAS 142 impairment charges		(3,047.0)		(10,941.8)		—
Depreciation and amortization		(32.1)		(29.9)		(27.4)
Operating income (loss)	\$	(2,154.1)	\$	(10,023.5)	\$	975.0
Operating income as a % of revenues		NM		NM		46%
Capital expenditures	\$	37.7	\$	38.2	\$	14.1

NM—Not meaningful

2005 vs. 2004

Radio's revenues are generated domestically from 179 radio stations. For 2005, Radio revenues increased 1% to \$2.11 billion reflecting 2% growth in local radio advertising partially offset by a 1% decrease in national advertising. Advertising revenues reflected an increase in average unit rates partially offset by a decline in the units sold. The top 10 markets were up 3% and the top 20 markets were up 2% in advertising revenues, led by increases in Los Angeles, Philadelphia and Atlanta. Radio receives consideration for management services provided to Westwood One, an affiliated company. Revenues from these arrangements were approximately \$63.4 million for 2005 versus \$65.9 million for 2004.

For 2005, Radio reported an operating loss of \$2.15 billion compared with an operating loss of \$10.02 billion in 2004, which included non-cash impairment charges of \$3.05 billion and \$10.94 billion in 2005 and 2004, respectively, to reduce goodwill and intangible assets. Radio OIBDA before SFAS 142 Impairment Charges decreased 2% to \$925.0 million in 2005 from \$948.2 million in 2004 reflecting increases in operating and SG&A expenses, partially offset by the revenue increases noted above. Operating expenses, primarily comprised of radio programming and production expenses increased 7% to \$548.7 million in 2005 from \$513.9 million in 2004 primarily due to increased talent costs, higher music licensing, and increased programming costs and sports rights. SG&A expenses increased 1% to \$641.0 million in 2005 from \$634.0 million in 2004 primarily reflecting the gain on sale of FCC licenses of \$14.6 million in 2005 versus \$30.9 million in 2004, partially offset by lower bad debt expense in 2005.

As a result of changes in morning show programming at 27 owned radio stations, the Company anticipates flat to slightly lower Radio revenues and expenses in 2006.

2004 vs. 2003

For 2004, Radio revenues were relatively flat at \$2.10 billion reflecting continued weakness in national and local radio advertising revenues in part due to increased competition from other advertising media. Advertising revenues reflected a decline in the units sold, partially offset by an increase in average unit rates and higher affiliated revenues. Revenues from Westwood One were approximately \$65.9 million for 2004 versus \$64.3 million for 2003.

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For 2004, Radio reported an operating loss of \$10.02 billion, which included a \$10.94 billion non-cash impairment charge to reduce goodwill and intangible assets. Radio OIBDA before SFAS 142 Impairment Charge decreased 5% to \$948.2 million in 2004 from \$1.0 billion in 2003, reflecting higher operating and SG&A expenses. Operating expenses increased 5% to \$513.9 million in 2004 from \$489.7 million in 2003 reflecting higher contractual talent costs. SG&A expenses increased 5% to \$634.0 million in 2004 from \$605.5 million in 2003 reflecting higher advertising, promotion and employee-related expenses.

Outdoor (CBS Outdoor)

(Contributed 13% of consolidated revenues for each of the years ended December 31, 2005, 2004 and 2003.)

Year Ended December 31,	2005		2004		2003
Revenues	\$	1,949.3	\$	1,880.2	\$ 1,748.3
OIBDA before SFAS 142 impairment charge	\$	469.9	\$	453.9	\$ 423.8
SFAS 142 impairment charge		—		(7,055.3)	—
Depreciation and amortization		(209.4)		(223.1)	(215.9)
Operating income (loss)	\$	260.5	\$	(6,824.5)	\$ 207.9
Operating income as a % of revenues		13%		NM	12%
Capital expenditures	\$	68.4	\$	56.5	\$ 58.1

NM—Not meaningful

2005 vs 2004

For 2005, Outdoor revenues increased 4% to \$1.95 billion from \$1.88 billion, principally due to a 6% increase from its North American properties, reflecting an 18% increase in Mexico, a 16% increase in Canadian properties and a 4% increase in U.S. billboards and displays. European revenues were flat year over year, primarily reflecting growth in the U.K. offset by a decline in Italy due to the loss of a component of the Italian transit contract in 2004. The impact of foreign exchange translation on revenues in 2005 was approximately \$8 million in additional revenues, primarily in Canada. In constant dollars, Canada's revenues increased 8%. Approximately 45% of Outdoor revenues were generated from international regions, principally Europe, for both 2005 and 2004.

Operating income increased to \$260.5 million in 2005 from a loss of \$6.82 billion in 2004, which included a non-cash impairment charge of \$7.06 billion to reduce goodwill. Outdoor OIBDA before SFAS 142 Impairment Charge increased 4% to \$469.9 million in 2005 from \$453.9 million in 2004, reflecting the revenue increases noted above partially offset by higher operating and SG&A expenses. Operating expenses increased 3% to \$1.13 billion in 2005 from \$1.10 billion in 2004, reflecting higher billboard lease costs and maintenance expenses, partially offset by lower transit lease costs. SG&A expenses increased 7% to \$345.2 million in 2005 from \$323.6 million in 2004 primarily reflecting higher employee-related expenses.

Revenues and operating income were negatively impacted by \$11 million and \$28 million, respectively, in 2005 due to hurricanes.

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2004 vs. 2003

For 2004, Outdoor revenues increased 8% to \$1.88 billion from \$1.75 billion reflecting a 14% increase from its European properties and a 4% increase in North America. North American properties reflected a 16% increase in Canadian revenues and a 5% increase in U.S. billboards revenues, partially offset by a decrease of 11% in Mexico. Revenue growth from the European properties benefited from favorable foreign exchange rates. The impact of foreign exchange translation on revenues was approximately \$68 million, or four percentage points of the increase for the year. Approximately 45% of Outdoor revenues were generated from international regions, principally Europe, in 2004 versus 43% in 2003.

For 2004, Outdoor reported an operating loss of \$6.82 billion, which included the \$7.06 billion non-cash impairment charge, versus operating income of \$207.9 million in 2003. Outdoor OIBDA before SFAS 142 Impairment Charge increased 7% to \$453.9 million in 2004 from \$423.8 million in 2003 reflecting higher revenues partially offset by higher operating and SG&A expenses. Operating expenses increased 9% due to higher transit and billboard lease costs, as well as the impact of foreign exchange translation. SG&A expenses increased 4% primarily due to higher employee-related expenses.

Parks/Publishing (*Theme Parks Operations and Consumer Book Publishing*)

(Contributed 8% to consolidated revenues for each of the years ended December 31, 2005, 2004 and 2003.)

Year Ended December 31,

	2005		2004		2003
Revenues	\$ 1,187.1	\$	1,160.8	\$	1,069.3
OIBDA	\$ 184.8	\$	180.2	\$	148.1
Depreciation and amortization	(67.2)		(69.0)		(70.6)
Operating income	\$ 117.6	\$	111.2	\$	77.5
Capital expenditures	\$ 52.8	\$	48.9	\$	46.2

2005 vs. 2004

For 2005, Parks/Publishing revenues increased 2% to \$1.19 billion in 2005 from \$1.16 billion in 2004, reflecting higher revenues at both Parks and Publishing. Parks revenues increased 3%, driven by a 2% increase in attendance and a 1% increase in per capita spending. Parks also benefited from favorable foreign currency translation in 2005. Publishing revenues increased 2% primarily due to several top selling 2005 titles including *1776* by David McCullough, *Love Smart* by Dr. Phil C. McGraw and *Teacher Man* by Frank McCourt, as well as 5% growth in the Children's group led by the performance of series titles, such as *Dora the Explorer* and *Peanuts*. Revenues from the Audio group increased 14% in 2005.

For 2005, Parks/Publishing operating income increased 6% to \$117.6 million from \$111.2 million and OIBDA increased 3% to \$184.8 million from \$180.2 million, primarily due to the revenue increases noted above, partially offset by higher operating and SG&A expenses. Operating expenses increased 2%, reflecting a 4% increase at Parks and a 1% increase at Publishing. SG&A expenses increased 3% reflecting a 4% increase at Publishing, primarily due to higher advertising, selling and marketing costs, partially offset by a 1% decrease at Parks.

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2004 vs. 2003

For 2004, Parks/Publishing revenues increased 9% to \$1.16 billion from \$1.07 billion reflecting higher revenues at both Parks and Publishing. Parks revenues increased 9%, driven by a 12% increase in attendance partially offset by a 2% decline in per capita spending. In 2004, Parks benefited from favorable foreign currency translation. Publishing revenues increased 8% primarily due to several top selling titles including *Angels & Demons* by Dan Brown and *Family First* by Dr. Phil C. McGraw.

For 2004, Parks/Publishing operating income increased 43% to \$111.2 million from \$77.5 million and OIBDA increased 22% to \$180.2 million from \$148.1 million, primarily due to the revenue increases noted above, partially offset by a 7% increase in operating expenses and a 3% increase in SG&A expenses.

Financial Position

Current assets decreased by \$698.0 million to \$6.80 billion at December 31, 2005 from \$7.49 billion at December 31, 2004 primarily due to a \$2.36 billion decrease in current assets of discontinued operations reflecting the spin-off of New Viacom. This decrease was partially offset by an increase in cash and cash equivalents of \$877.1 million, receivables of \$256.7 million, inventory of \$226.6 million and deferred tax assets of \$267.4 million. The allowance for doubtful accounts as a percentage of receivables was 5.1% at December 31, 2005 compared with 5.8% at December 31, 2004.

Net property and equipment remained relatively flat at \$3.23 billion as capital expenditures of \$375.6 million, the addition of capital leases of \$18.6 million and the effects of acquisitions were offset by depreciation expense of \$402.8 million. Goodwill of \$18.90 billion decreased \$9.35 billion from \$28.25 billion at December 31, 2004, primarily reflecting the impairment of goodwill at the Television and Radio segments. Intangible assets, principally consisting of FCC licenses, increased by \$141.3 million to \$10.51 billion at December 31, 2005 from \$10.37 billion at December 31, 2004, primarily reflecting the acquisition of a television station, partially offset by amortization expense of \$95.9 million.

Current liabilities decreased \$1.50 billion to \$5.38 billion at December 31, 2005 from \$6.88 billion at December 31, 2004 primarily due to a \$2.59 billion decrease in current liabilities of discontinued operations reflecting the spin-off of New Viacom and a \$57.3 million decrease in other current liabilities. This decrease was partially offset by increases of \$205.8 million in accounts payable, \$187.9 million in participants' share, residuals and royalties payable and \$130.9 million in program rights primarily for television product.

Total stockholders' equity decreased \$20.29 billion to \$21.74 billion at December 31, 2005 from \$42.02 billion at December 31, 2004. The following table summarizes the significant activity during the year.

Total Stockholders' Equity at December 31, 2004	\$	42,024.3
Net loss for the year ended December 31, 2005		(7,089.1)
Spin-off of New Viacom		(7,730.7)
Stock purchases		(5,456.2)
Dividends		(440.9)
Exercise of stock options, including tax benefit		423.9
Other		5.7
Total Stockholders' Equity at December 31, 2005	\$	21,737.0

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Cash Flows

Cash and cash equivalents, including discontinued operations, increased by \$727.1 million for the year ended December 31, 2005. The change in cash and cash equivalents was as follows:

Year Ended December 31,	2005	2004	2003
Cash provided by operating activities from:			
Continuing operations	\$ 1,909.6	\$ 1,650.7	\$ 1,586.4
Discontinued operations	1,627.4	1,989.9	1,911.0
Cash provided by operating activities	3,537.0	3,640.6	\$ 3,497.4
Cash provided by (used for) investing activities from:			
Continuing operations	4,932.9	(245.1)	(267.8)
Discontinued operations	(165.1)	(288.6)	(1,594.6)
Cash provided by (used for) investing activities	4,767.8	(533.7)	(1,862.4)
Cash used for financing activities from:			
Continuing operations	(7,151.8)	(2,919.0)	(1,006.3)
Discontinued operations	(425.9)	(110.4)	(409.4)
Cash used for financing activities	(7,577.7)	(3,029.4)	(1,415.7)
Net increase in cash and cash equivalents	\$ 727.1	\$ 77.5	\$ 219.3

Operating Activities. In 2005, cash provided by operating activities from continuing operations increased \$258.9 million, or 16%, to \$1.91 billion in 2005 from \$1.65 billion in 2004 principally reflecting changes in working capital partially offset by higher taxes paid in 2005. In 2004, cash provided by operating activities from continuing operations increased \$64.3 million, or 4%, to \$1.65 billion from \$1.59 billion principally reflecting higher earnings after adjusting for the non-cash impairment charge, partially offset by higher taxes paid in 2004 compared to 2003.

Cash paid for income taxes from continuing operations of \$520.3 million for 2005 was higher than 2004 payments of \$416.6 million principally due to the absence of audit refunds that were received in 2004. Cash taxes for 2006 are anticipated to increase by approximately \$250 million to \$300 million principally driven by higher pre-tax income and a decrease in income tax benefit from stock option exercises.

Investing Activities. In 2005, cash provided by investing activities from continuing operations of \$4.93 billion reflected the \$5.4 billion special dividend received from New Viacom in the fourth quarter of 2005 as well as proceeds from dispositions of \$279.6 million, principally from the sale of television and radio stations. These proceeds were partially offset by capital expenditures of \$375.6 million and acquisitions of \$462.9 million, primarily reflecting the acquisition of KOVR-TV in Sacramento and KIFR-FM, a San Francisco radio station. Capital expenditures increased \$113.4 million, or 43%, to \$375.6 million in 2005 from \$262.2 million principally reflecting additional broadcasting equipment and investments in infrastructures in preparation of the Separation on December 31, 2005. Net cash expenditures for investing activities from continuing operations of \$245.1 million primarily for investment in systems upgrades and building improvements for the year ended December 31, 2004 principally reflected capital expenditures of \$262.2 million. Net cash expenditures for investing activities from continuing operations of \$267.8 million in 2003 primarily reflected capital expenditures of \$234.1 million primarily for broadcasting equipment and outdoor advertising structures.

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Capital expenditures for 2006 are anticipated to be in the range of \$375 million to \$400 million.

Financing Activities. In 2005, cash flow used for financing activities from continuing operations of \$7.15 billion principally reflected the purchase of Company stock for \$5.56 billion, repayment of notes and debentures of \$1.44 billion and dividend payments of \$451.3 million. These uses were partially offset by proceeds from the exercise of employee stock options of \$317.5 million. In 2004, cash flow used for financing activities from continuing operations of \$2.92 billion principally reflected the purchase of Company stock for \$2.50 billion and dividend payments of \$415.2 million. These uses were partially offset by the exercise of employee stock options of \$119.6 million. Net cash flow used for financing activities from continuing operations of \$1.01 billion for 2003 principally reflected the purchase of Company stock for \$945.1 million, the repayment of notes and debentures of \$765.4 million, the net repayment of bank debt, including commercial paper, of \$162.1 million and the payment of \$104.6 million of dividends. These uses were partially offset by proceeds from the issuance of notes and debentures of \$736.5 million and from the exercise of employee stock options of \$245.2 million.

Stock Purchase Program and Cash Dividends

In 2005, on a trade date basis, Former Viacom purchased 79.6 million shares of class B common stock for approximately \$5.46 billion. As of December 31, 2005, there was approximately \$579.8 million remaining under the \$8.0 billion purchase program. The Company does not currently expect to make purchases under its stock purchase program during 2006. In 2004, on a trade date basis, Former Viacom purchased 34.2 million shares of class B common stock for approximately \$2.53 billion.

As a result of the Separation, all Former Viacom share and per share data have been adjusted to reflect the one share for .5 share conversion.

The Former Viacom declared a quarterly cash dividend on its common stock during each of the four quarters of 2005 and 2004 for a total of \$440.9 million in 2005 and \$427.0 million in 2004.

On January 25, 2006, the Company declared a quarterly cash dividend of \$.16 per share payable on April 1, 2006. CBS Corp. currently expects to continue to pay a regular cash dividend to its stockholders. Based on the number of shares of CBS Corp. Class A and Class B Common Stock outstanding after the Separation, a \$.16 per share quarterly dividend declaration for each of the four quarters of 2006 would result in approximately \$480 million of annual dividends.

Acquisitions and Dispositions

In January 2006, the Company announced its intention to divest Paramount Parks and to complete the divestiture in the second half of 2006.

On January 5, 2006, the Company completed the acquisition of CSTV Networks, Inc., a cable network and online digital sports media company, for a purchase price of approximately \$325 million, comprised of 10.2 million shares of CBS Corp. Class B Common Stock and \$49 million in cash.

During the fourth quarter of 2005, the Company acquired KIFR-FM, a San Francisco radio station, for approximately \$95 million.

During the second quarter of 2005, the Company acquired KOVR-TV, a Sacramento television station for approximately \$285.0 million.

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Capital Structure

At December 31,	2005	2004
Notes payable to banks	\$ 7.2	\$ 5.9
Senior debt—4.625%-8.875% due 2005—2051	7,919.9	9,421.4
Other notes	1.0	17.9
Obligations under capital leases	125.4	471.8
Total debt	8,053.5	9,917.0
Less other discontinued operations debt	153.2	553.4
Less current portion of long-term debt	747.1	12.1
Total long-term debt from continuing operations, net of current portion	\$ 7,153.2	\$ 9,351.5

Total debt of \$8.05 billion at December 31, 2005 and \$9.92 billion at December 31, 2004 was 27% and 19%, respectively, as a percentage of total capitalization of the Company.

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

The Company's total debt included, as of December 31, 2005 and December 31, 2004, respectively, (i) an aggregate unamortized premium of \$31.8 million and \$35.3 million and (ii) the net change in the carrying value of the debt relating to fair value hedges of \$(8.5) million and \$17.4 million.

On January 30, 2006, the Company redeemed, at maturity, all of the outstanding 6.4% senior notes for \$800.0 million.

For the years ended December 31, 2005 and 2004, the following debt maturities, redemptions and repurchases occurred:

Debt Maturities

May 20, 2005, 7.15% senior notes, \$500.0 million

June 1, 2005, 7.75% senior notes, \$951.0 million

Debt Redemptions

July 15, 2004, all of the outstanding Go Outdoor Systems Holdings S.A. 10.50% senior subordinated notes due 2009 at 105.25% of principal

During 2004, the Company acquired SportsLine.com, which had outstanding \$16.9 million 5% convertible subordinated notes due 2006. These notes were redeemed in January 2005.

Debt Repurchases

For the years ended December 31, 2005 and 2004, the Company repurchased approximately \$21.2 million and \$20.0 million of its debt, respectively.

The Company's scheduled maturities of long-term debt at face value, including discontinued operations debt and excluding commercial paper and capital leases, outstanding at December 31, 2005 were as follows:

	2006	2007	2008	2009	2010	2011 and thereafter
Long-term debt	\$ 804.6	\$ 700.7	\$.8	\$.8	\$ 1,637.7	\$ 4,760.2

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CBS Corp. Credit Agreement

As of December 31, 2005, the Company had a \$3.0 billion revolving credit facility due December 2010 (the "Credit Facility"). The Company, at its option, may also borrow in certain foreign currencies up to specified limits under the Credit Facility. Borrowing rates under the facility are determined at the Company's option at the time of each borrowing and are based generally on the prime rate in the United States or the London Interbank Offer Rate ("LIBOR") plus a margin based on the Company's senior unsecured debt rating. The Company pays a facility fee based on the total amount of the commitments. As of December 31, 2005, the remaining availability under the Credit Facility, net of outstanding letters of credit, was \$2.72 billion.

The Credit Facility contains covenants, which, among other things, require that the Company maintain a minimum interest coverage ratio. At December 31, 2005, the Company was in compliance with all covenants under the Credit Facility.

The primary purpose of the Credit Facility is to support commercial paper borrowings. At December 31, 2005, the Company had no commercial paper borrowings under its \$3.0 billion commercial paper program.

Accounts Receivable Securitization Programs

As of December 31, 2005 and December 31, 2004, respectively, the Company had an aggregate of \$550.0 million and \$1.0 billion outstanding under revolving receivable securitization programs. The decrease reflects \$450.0 million of securitized receivables that are attributable to the New Viacom program since the Separation. The programs result in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable and debt on the Company's Consolidated Balance Sheets. The Company enters into these arrangements because they provide an additional source of liquidity. Proceeds from the programs were used to reduce outstanding borrowings. The terms of the revolving securitization arrangements require that the receivable pools subject to the programs meet certain performance ratios. As of December 31, 2005, the Company was in compliance with the required ratios under the receivable securitization programs.

Liquidity and Capital Resources

The Company believes that its operating cash flows from continuing operations (\$1.91 billion in 2005), cash and cash equivalents (\$1.66 billion at December 31, 2005), borrowing capacity under its committed bank facility (which consisted of availability under the Credit Facility of \$2.72 billion at December 31, 2005), and access to capital markets are sufficient to fund its operating needs, including commitments and contingencies, capital and investing commitments and its financing requirements for the foreseeable future. The funding for commitments to purchase sports programming rights, television and film operations, and talent contracts will come primarily from cash flow from operations.

The Company continually projects anticipated cash requirements, which include capital expenditures, acquisitions, dividends and principal payments on its outstanding indebtedness, as well as cash flows generated from operating activities available to meet these needs. Any net cash funding requirements are financed with short-term borrowings (primarily commercial paper) and long-term debt. Commercial paper borrowings, which also accommodate day-to-day changes in funding requirements, are backed by a committed bank facility that may be utilized in the event that commercial paper borrowings are not available. The Company believes its credit position affords sufficient access to the capital markets to meet the Company's financing requirements.

In accordance with the terms of the Separation Agreement, New Viacom paid to the Company an estimated special dividend of \$5.4 billion. Pursuant to the provisions of the Separation Agreement, the

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estimated special dividend is subject to adjustment. CBS Corp. used the proceeds from the special cash dividend to, among other things, repay outstanding commercial paper, debt outstanding under its revolving Credit Facility and certain fixed rate debt upon maturity in January 2006. On March 14, 2006, the Company submitted to New Viacom an adjustment to increase the estimated special dividend in the amount of approximately \$460 million. The Company and New Viacom have up to 65 days to agree upon the adjustment before any disputed amounts would become subject to a dispute resolution process.

The Company anticipates that future debt maturities will be funded with cash and cash equivalents, and cash flows generated from operating activities and other debt financing. There are no provisions in any of the Company's material financing agreements that would cause an acceleration of the obligation in the event of a downgrade in the Company's debt ratings.

The Company filed a shelf registration statement with the SEC registering debt securities, preferred stock and warrants of CBS Corp. that may be issued for aggregate gross proceeds of \$5.0 billion. The registration statement was first declared effective on January 8, 2001. 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 and capital expenditures, or for such other purposes as may be specified in the applicable prospectus supplement. To date, the Company has issued \$2.385 billion of securities under the shelf registration statement.

As of December 31, 2005, the Company's significant contractual obligations, including payments due by period, were as follows:

	Payments Due by Period				
	Total	2006	2007-2008	2009-2010	2011 and thereafter
Programming and talent commitments (1)	\$ 14,164.3	\$ 3,299.0	\$ 4,392.1	\$ 3,382.9	\$ 3,090.3
Operating leases (2)	1,288.9	253.5	406.1	256.6	372.7
Guaranteed minimum franchise payments (3)	1,822.7	405.7	512.5	351.5	553.0
Purchase obligations (4)	281.3	158.1	68.6	52.0	2.6
Capital lease obligations (including interest) (5)	169.0	21.2	38.6	29.6	79.6
Long-term debt obligations (6)	7,904.8	804.6	701.5	1,638.5	4,760.2
Other long-term contractual obligations (7)	1,115.6	—	720.2	250.7	144.7
Interest commitments on long-term debt (8)	6,338.6	498.3	921.9	856.2	4,062.2

- (1) Programming and talent commitments of the Company include \$9.89 billion for the acquisition of sports programming rights, \$2.86 billion relating to television, radio, and film production and acquisitions and \$897.8 million for talent contracts.
- (2) Includes long-term noncancelable operating lease commitments for office space and equipment, transponders, studio facilities and vehicles.
- (3) The outdoor advertising business has franchise rights entitling it to display advertising on media including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks, masts and stadium signage. Under most of these franchise agreements, the franchisor is entitled to receive the greater of a percentage of the relevant advertising revenues, net of advertising agency fees, or a specified guaranteed minimum annual payment.
- (4) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including open purchase orders.
- (5) Includes capital leases for satellite transponders.
- (6) Long-term debt obligations are presented at face value.
- (7) Long-term contractual obligations including program liabilities and participations due to producers and residuals.
- (8) Future interest based on scheduled debt maturities, excluding capital leases.

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Off-Balance Sheet Arrangements

In connection with the Separation, New Viacom has agreed to indemnify CBS Corp. with respect to obligations related to Blockbuster. Among those obligations are guarantees entered into by Former Viacom of certain Blockbuster store leases which aggregated approximately \$352.9 million at December 31, 2005. Certain leases contain renewal options that can extend the primary lease term and remain covered by the guarantees. These guarantees are secured by a \$150 million Blockbuster letter of credit.

In connection with the July 2005 divestiture of Famous Players, New Viacom has agreed to indemnify CBS Corp. with respect to liabilities associated with Famous Players theater leases.

In the fourth quarter of 2004, the Company sold its 50% equity interest in UCI, which operates movie theaters in Europe, Latin America and Asia. In connection with the Separation, New Viacom has agreed to indemnify CBS Corp. with respect to liabilities associated with certain UCI theater leases. The guarantees entered into by Former Viacom totaled approximately \$152.4 million at December 31, 2005 and are secured by bank guarantees provided by the buyer.

New Viacom also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theatres, LLC and certain of their theater leases were guaranteed by Former Viacom. New Viacom has agreed to indemnify CBS Corp. with respect to obligations under these guarantees. These guarantees totaled approximately \$10.0 million at December 31, 2005.

Additionally, 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. The outstanding letters of credit and surety bonds approximated \$348.2 million at December 31, 2005 and are not recorded on the balance sheet as of December 31, 2005.

Critical Accounting Policies

Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies" ("FRR 60"), suggests companies provide additional disclosure and commentary on those accounting policies considered most critical. FRR 60 considers an accounting policy to be critical if it is important to the Company's financial condition and results of operations, and requires significant judgment and estimates on the part of management in its application. For a summary of the Company's significant accounting policies, including the critical accounting policies discussed below, see the accompanying notes to the consolidated financial statements.

The preparation of the Company's financial statements in conformity with GAAP 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. On an ongoing basis, the Company evaluates its estimates, which are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions. The following accounting policies require significant management judgments and estimates.

- Accounting for the production and distribution of television programming is in accordance with SOP 00-2, which requires management's judgment as it relates to total revenues to be received and costs to be incurred throughout the life of each program. These judgments are used to determine the amortization

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of capitalized production costs, expensing of participation and residual cost and any necessary net realizable value adjustments.

- The Company accounts for its business acquisitions under the purchase method of accounting. The total cost of acquisitions is allocated to the underlying net assets, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the tangible and identifiable intangible net assets acquired is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives, and market multiples, among other items.
- In accordance with SFAS 142, the Company tests goodwill and other intangible assets for impairment during the fourth quarter of each year, and on an interim date should factors or indicators become apparent that would require an interim test. A significant downward revision in the present value of estimated future cash flows for a reporting unit or intangible assets could result in an impairment under SFAS 142 and a non-cash charge would be required.
- Balance sheet reserves and liabilities related to legal issues, restructuring charges and discontinued businesses, including asbestos and environmental matters, require significant judgments and estimates by management. The Company continually evaluates these estimates based on changes in the relevant facts and circumstances and events that may impact estimates. While management believes that the current reserves for matters related to historical and predecessor operations of the Company, including environmental and asbestos are adequate, there can be no assurance that circumstances will not change in future periods.
- Pension benefit obligations and net periodic pension costs are calculated using many actuarial assumptions. Two key assumptions used in accounting for pension liabilities and expenses are the discount rate and expected rate of return on plan assets. The discount rate reflects the rate at which the pension benefit obligations could effectively be settled. The Company determined the discount rate by projecting the plans expected future benefit payments as defined for the projected benefit obligation. Those projected benefit payments are used to construct a high quality bond portfolio with interest and principal payments that provide the cash flows necessary to meet the projected benefit payments. The projected benefit payments are discounted by the weighted average yield of the bond portfolio. The expected long-term returns on plan assets were based upon the target asset allocation and return estimates for equity and debt securities. The expected rate of return for equities was based upon the risk-free rate plus a premium for equity securities. The expected return on debt securities was based upon an analysis of current and historical yields on portfolios of similar quality and duration. For 2005, the unrecognized actuarial loss for pension increased principally as a result of change in mortality rate assumption and lower than expected returns from plan assets. A decrease in the discount rate or a decrease in the expected rate of return on plan assets would increase pension expense. The estimated impact of a 25 basis point change in the discount rate would be a change of approximately \$14 million on 2006 pension expense and will change the projected benefit obligation by approximately \$152 million. The estimated impact of a 25 basis point change in the expected rate of return on plan assets is a change of approximately \$10 million in 2006 pension expense.
- The Company is subject to income taxes in both the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. The Company is continually audited by U.S. federal and state as well as foreign tax authorities. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, the Company believes that its tax reserves reflect the probable outcome of known contingencies. An estimated

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effective tax rate for a year is applied to quarterly operating results. In the event there is a significant or unusual item recognized in the quarterly operating results, the tax attributable to that item is separately calculated and recorded in the same quarter. A number of years may elapse before a tax return containing tax matters, for which a reserve has been established, is audited and finally resolved. During 2004, the Company recognized \$128.4 million of tax benefits related to the resolution of certain prior year tax audits.

Legal Matters

Shareholder Derivative Lawsuits and Demands. Two shareholder derivative lawsuits, consolidated as *In re Viacom Shareholders Derivative Litigation*, were filed in July 2005 in New York State Supreme Court relating to executive compensation and alleged corporate waste. The actions name each member of Former Viacom's Board of Directors, Messrs. Tom Freston and Leslie Moonves (each of whom were executive officers of Former Viacom), and, as a nominal defendant, Former Viacom, alleging that the 2004 compensation of Messrs. Redstone, Freston, and Moonves was excessive and unwarranted and challenging the independence of certain Former Viacom directors. Mr. Redstone is the Company's Executive Chairman of the Board of Directors and Founder and Mr. Moonves is the Company's President and Chief Executive Officer. Mr. Freston is New Viacom's President and Chief Executive Officer. Plaintiffs seek unspecified damages from the members of the Former Viacom Board of Directors for their alleged breach of fiduciary duties, disgorgement of the 2004 compensation paid to the officers of Former Viacom, equitable relief, and attorney fees and expenses. The Company moved to dismiss the complaints and oral argument was heard on February 16, 2006. No decision has been issued by the court. Any liabilities in this matter adverse to the Company and/or New Viacom will be shared equally between the Company and New Viacom. The Company believes that the plaintiffs' positions in these actions are without merit and it intends to vigorously defend itself in the litigation.

The Company has received shareholder demands seeking access to books and records of the Company relating to executive compensation paid to Sumner M. Redstone, Tom Freston and Leslie Moonves, accompanied by statements that such demands are in furtherance of an investigation of possible mismanagement, self-dealing and corporate waste by directors and officers of Former Viacom. Another shareholder demand seeking access to books and records relates to the compensation of Sumner M. Redstone and Mel Karmazin (former Chief Operating Officer of Former Viacom). One of the demands also seeks access to books and records of the Company relating to Sumner M. Redstone's acquisition of a controlling interest in Midway Games Inc. The Company intends to comply with all reasonable requests. Under the Separation Agreement between the Company and New Viacom, liabilities in connection with executive compensation claims relating to officers of Former Viacom are shared equally by the Company and New Viacom.

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.

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Claims are frequently filed and/or settled in large 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 December 31, 2005, the Company had pending approximately 101,170 asbestos claims, as compared with approximately 112,140 as of December 31, 2004 and approximately 112,280 as of December 31, 2003. Of the claims pending as of December 31, 2005, approximately 70,910 were pending in state courts, 27,640 in federal courts and approximately 2,620 were third party claims. During 2005, the Company received approximately 11,470 new claims and closed or moved to an inactive docket approximately 22,440 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. To date, the Company has not been liable for any third party claims. The Company's total costs for the years 2005 and 2004 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately \$37.2 million and \$58.4 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 primarily 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 small percentage of asbestos claims pending at December 31, 2005. 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.

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.

On an ongoing basis, the Company defends itself in a multitude of 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 New Viacom, New Viacom has agreed to defend and indemnify CBS Corp. in certain litigation in which CBS Corp. is named.

Market Risk

The Company is exposed to market risk related to foreign currency exchange rates and interest rates. The Company uses derivative financial instruments to modify exposure to risks from fluctuations in foreign currency exchange rates and interest rates. In accordance with its policy, the Company does not use

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derivative instruments unless there is an underlying exposure and therefore, the Company does not hold or enter into financial instruments for speculative trading purposes.

Foreign Exchange Risk

The Company conducts business with companies in various countries outside the United States, resulting in exposure to movements in foreign exchange rates when translating from the foreign local currency to the U.S. dollar. In order to hedge anticipated cash flows and foreign currency balances in such currencies as the British Pound, the Euro, the Canadian Dollar, the Mexican Peso and the Australian Dollar foreign currency forward and option contracts are used. Additionally, the Company designates forward contracts used to hedge future production costs as cash flow hedges, and may designate certain forward contracts as a hedge of the foreign currency exposure of a net investment in a foreign operation. The change in fair value of the non-designated contracts is included in current period results as part of "Other items, net." The Company manages the use of foreign exchange derivatives centrally. At December 31, 2005, the notional value of all foreign exchange contracts was \$221.4 million which represents hedges of underlying foreign currency balances and expected foreign currency cash flows. At December 31, 2004, the notional value of all foreign exchange contracts was \$458.2 million, of which \$8.3 million related to the hedging of future production costs. The remaining \$449.9 million represented hedges of underlying foreign currency balances, expected foreign currency cash flows and investment hedges.

Interest Rate Risk

All of the Company's long-term debt has been issued under fixed interest rate agreements. The Company has entered into fixed-to-floating rate swap agreements for a portion of this debt, which are designated as fair value hedges. These swaps expose the Company to movements in short-term interest rates. Based on the amount of fixed-to-floating rate swaps and receivable securitization programs outstanding at December 31, 2005, a 100 basis point change in interest rates would cause a \$16.3 change to pre-tax earnings. As of December 31, 2005, if all parties were to agree, the swaps could have been terminated by a net payment from the Company of approximately \$9.3 million including accrued interest.

At December 31, 2005, the Company was a party to the following outstanding fair value hedges:

Interest rate swaps totaling \$350 million in notional amount, which matured on January 30, 2006, and (i) received interest on \$200 million at a weighted average rate of approximately 2.78% and paid interest based on three-month LIBOR in advance and (ii) received interest on \$150 million at a weighted average rate of approximately 3.57% and paid interest based on six-month LIBOR in arrears.

Interest rate swaps totaling \$700 million in notional amount, which mature on May 1, 2007, and (i) receive interest on \$400 million at 5.11% and pay interest based on three-month LIBOR in advance and (ii) receive interest on \$300 million at a weighted average rate of approximately 5.35% and pay interest based on three-month LIBOR in arrears.

Interest rate swaps totaling \$300 million in notional amount, which mature on May 15, 2018, receive interest at a weighted average rate of approximately 4.55% and pay interest based on three-month LIBOR in advance.

At December 31, 2005 and 2004, the Company did not have any interest rate cash flow hedges outstanding.

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Credit Risk

The Company continually monitors its positions with, and credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company does not anticipate nonperformance by the counterparties.

The Company's receivables do not represent significant concentrations of credit risk at December 31, 2005, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

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, serves as the Executive Chairman of the Board of Directors for both CBS Corp. and New Viacom.

On October 28, 2004, Former Viacom entered into an agreement (the "NAIRI Agreement") with NAI and NAIRI, Inc. ("NAIRI"), a wholly-owned subsidiary of NAI, pursuant to which Former Viacom agreed to buy, and NAI and NAIRI agreed to sell, a number of shares of Class B Common Stock each month such that the ownership percentage of Class A Common Stock and Class B Common Stock (considered as a single class) held by NAI and/or NAIRI would not increase as a result of purchases of shares of Former Viacom Common Stock under the \$8.0 billion stock purchase program announced in October 2004. Pursuant to this agreement, Former Viacom recorded the purchase of 9.2 million shares of Former Viacom Class B Common Stock from NAIRI for \$628.9 million in 2005. All Former Viacom share and per share data have been adjusted to reflect the Share Conversion. The Company does not currently anticipate making purchases under this stock purchase program during 2006.

New Viacom. CBS Corp., through its normal course of business, is involved in transactions with companies owned by or affiliated with New Viacom. CBS Corp., through its Television segment, licenses its television products to New Viacom, primarily MTV Networks and BET. In addition, CBS Corp. recognizes advertising revenues for media spending placed by various subsidiaries of New Viacom, primarily Paramount Pictures. CBS Corp.'s total revenues from these transactions were \$173.6 million, \$378.2 million and \$186.8 million for the years ended December 31, 2005, 2004 and 2003, respectively. Simon & Schuster and Paramount Parks are also involved in transactions with New Viacom that have not been material in any of the periods presented.

CBS Corp., through Showtime Networks and CBS Television, purchases motion picture programming from New Viacom, primarily Paramount Pictures. The costs of these purchases are initially recorded as inventory and amortized over the life of the contract or projected useful life of the programming. Paramount Pictures also distributes certain television products on behalf of CBS Television in the home entertainment market. In addition, CBS Corp. places advertisements with various subsidiaries of New Viacom. The total purchases from these transactions were \$154.9 million, \$157.4 million and \$221.2 million for the years ended December 31, 2005, 2004 and 2003, respectively.

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Transactions with New Viacom and its subsidiaries, through the normal course of business, are settled in cash. The following table presents the amounts due from or due to New Viacom and its subsidiaries in the normal course of business as reflected in CBS Corp.'s Consolidated Balance Sheets:

At December 31,	2005	2004
Amounts due from New Viacom		
Receivables	\$ 235.8	\$ 204.5
Other assets (Receivables, non-current)	225.2	349.2
Total amounts due from New Viacom	\$ 461.0	\$ 553.7
Amounts due to New Viacom		
Accounts payable	\$ 3.4	\$ 2.7
Program rights	64.7	64.1
Other liabilities (Program rights, non-current)	41.2	43.4
Total amounts due to New Viacom	\$ 109.3	\$ 110.2

In connection with the Separation, CBS Corp. and New Viacom entered into various agreements including the Separation Agreement, the Tax Matters Agreement and a transition services agreement.

Separation Agreement. The Separation Agreement identified assets transferred, liabilities assumed and contracts assigned to CBS Corp. by New Viacom and to New Viacom by CBS Corp. in the Separation, and described when and how these transfers, assumptions and assignments were to occur. Neither CBS Corp. nor New Viacom made any representations or warranties with respect to any aspect of their respective assets, liabilities or businesses. The Separation Agreement also set forth certain agreements between CBS Corp. and New Viacom with respect to the period following the Separation. The Separation Agreement was executed on December 19, 2005.

Tax Matters Agreement. The Tax Matters Agreement sets forth the responsibilities of each of CBS Corp. and New Viacom with respect to, among other things, liabilities for federal, state, local and foreign income taxes for periods before and including the merger, the preparation and filing of income tax returns for such periods, disputes with taxing authorities regarding income taxes for such periods and indemnification for income taxes that would become due if the merger were taxable.

Transition Services Agreement. In connection with the Separation Agreement, CBS Corp. provides New Viacom and New Viacom provides CBS Corp. with various support services for certain of their respective businesses including data center, payroll and uplink services for various periods subsequent to the date of Separation. No amounts have been reflected in the accompanying Consolidated Statements of Operations as the Separation occurred on December 31, 2005.

Other Related Parties—The Company owned approximately 18% in Westwood One, Inc. ("Westwood One") as of December 31, 2005, which is accounted for as an equity investment. Most of CBS Radio's stations are affiliated with Westwood One, and Westwood One distributes nationally certain of the Company's radio programming. In connection with these arrangements, the Company receives affiliation fees as well as programming cost reimbursements and, in certain instances, shares in revenue from the sale by Westwood One of CBS Radio's programming. In addition, certain employees of CBS Radio serve as officers of Westwood One for which the Company receives a management fee. CBS Television also enters into programming agreements with Westwood One. Revenues from these arrangements were approximately \$81.3 million, \$82.6 million and \$82.1 million in 2005, 2004 and 2003, respectively.

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

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Recent Pronouncements

In May 2005, the FASB issued SFAS No. 154 "Accounting Changes and Error Corrections" ("SFAS 154"), a replacement of APB Opinion No. 20, "Accounting Changes", and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements", effective for fiscal years beginning after December 15, 2005. SFAS 154 changes the requirements for the accounting and reporting of a voluntary change in accounting principle as well as the changes required by an accounting pronouncement which does not include specific transition provisions. The Company does not expect the implementation of SFAS 154 to have a significant impact on the Company's consolidated financial position, results of operations or cash flows.

On April 14, 2005, the SEC issued a ruling that amended the effective date for implementing SFAS No. 123 (revised 2004) "Share-Based Payment" ("SFAS 123R"). SFAS 123R revises SFAS No. 123 "Accounting for Stock-based Compensation" ("SFAS 123") and supersedes APB Opinion No. 25 "Accounting for Stock Issues to Employees." SFAS 123R requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on grant-date fair value of the award. That cost will be recognized over the vesting period during which an employee is required to provide service in exchange for the award. Effective January 1, 2006, the Company adopted SFAS 123R and, accordingly, will recognize compensation cost for equity based compensation for all new or modified grants after the date of adoption. In addition, the Company will recognize the unvested portion of the grant-date fair value of awards made prior to the adoption based on the fair values previously calculated for disclosure purposes. At December 31, 2005, the aggregate value of unvested options as determined using a Black-Scholes option valuation model was \$83.0 million, which will be expensed over the remaining vesting period of these options.

On March 8, 2005, the Compensation Committee of the Board of Directors of the Company approved the acceleration of the vesting of unvested stock options having an exercise price of \$38.00 (not adjusted for the Share Conversion) or greater granted under the Company's 2000 and 1997 Long-Term Management Incentive Plans. Stock option awards granted from 1999 through 2004 are subject to this acceleration which was effective as of March 8, 2005. Since these options had exercise prices in excess of the then current market value and were not fully achieving their original objectives of incentive compensation and employee retention, the Company expected the acceleration to have a positive effect on employee morale, retention and perception of option value. The acceleration also eliminated future compensation expense the Company would otherwise recognize in its Consolidated Statements of Operations under SFAS 123R.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Response to this is included in "Management's Discussion and Analysis of Results of Operations and Financial Condition—Market Risk."

To the Board of Directors and
Stockholders of CBS Corporation:

We have completed integrated audits of CBS Corporation's December 31, 2005 and 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2005, and an audit of its December 31, 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of CBS Corporation and its subsidiaries (the "Company") at December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, the Company adopted EITF Topic No. D-108, "Use of the Residual Method to Value Acquired Assets Other Than Goodwill", as of December 31, 2004, changing the method for valuing FCC licenses for purposes of impairment testing.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in Management's Statement of Responsibility For Financial Reporting appearing under Item 8, that the Company maintained effective internal control over financial reporting as of December 31, 2005 based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control—Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other

procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/S/ PRICEWATERHOUSECOOPERS LLP

New York, New York
March 16, 2006

CBS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	2005	Year Ended December 31, 2004	2003
Revenues	\$ 14,536.4	\$ 14,547.3	\$ 13,554.5
Expenses:			
Operating	8,671.8	8,643.6	8,165.4
Selling, general and administrative	2,699.4	2,552.5	2,376.1
Impairment charges (Note 3)	9,484.4	17,997.1	—
Depreciation and amortization	498.7	508.6	501.7
Total expenses	21,354.3	29,701.8	11,043.2
Operating income (loss)	(6,817.9)	(15,154.5)	2,511.3
Interest expense	(720.5)	(694.0)	(716.1)
Interest income	21.4	21.8	9.2
Other items, net	5.3	25.1	21.4
Earnings (loss) from continuing operations before income taxes, equity in earnings (loss) of affiliated companies, minority interest and cumulative effect of accounting changes	(7,511.7)	(15,801.6)	1,825.8
Provision for income taxes	(808.1)	(608.9)	(726.5)
Equity in earnings (loss) of affiliated companies, net of tax	(1.5)	19.2	18.3
Minority interest, net of tax	(.5)	(.6)	(.7)
Net earnings (loss) from continuing operations before cumulative effect of accounting changes	(8,321.8)	(16,391.9)	1,116.9
Discontinued operations (Note 2):			
Earnings from discontinued operations before income taxes	2,237.8	917.0	1,170.3
Income taxes, net of minority interest	(1,005.1)	(674.9)	(851.8)
Net earnings from discontinued operations	1,232.7	242.1	318.5
Net earnings (loss) before cumulative effect of accounting changes	(7,089.1)	(16,149.8)	1,435.4
Cumulative effect of accounting changes, net of minority interest and tax (Note 1)	—	(1,312.4)	(18.5)
Net earnings (loss)	\$ (7,089.1)	\$ (17,462.2)	\$ 1,416.9
Basic earnings (loss) per common share:			
Net earnings (loss) from continuing operations before cumulative effect of accounting changes	\$ (10.54)	\$ (19.12)	\$ 1.28
Net earnings from discontinued operations	\$ 1.56	\$.28	\$.37
Net earnings (loss) before cumulative effect of accounting changes	\$ (8.98)	\$ (18.84)	\$ 1.65
Cumulative effect of accounting changes	\$ —	\$ (1.53)	\$ (.02)
Net earnings (loss)	\$ (8.98)	\$ (20.37)	\$ 1.62
Diluted earnings (loss) per common share:			
Net earnings (loss) from continuing operations before cumulative effect of accounting changes	\$ (10.54)	\$ (19.12)	\$ 1.27
Net earnings from discontinued operations	\$ 1.56	\$.28	\$.36
Net earnings (loss) before cumulative effect of accounting changes	\$ (8.98)	\$ (18.84)	\$ 1.63
Cumulative effect of accounting changes	\$ —	\$ (1.53)	\$ (.02)
Net earnings (loss)	\$ (8.98)	\$ (20.37)	\$ 1.61
Weighted average number of common shares outstanding:			
Basic	789.7	857.2	872.0
Diluted	789.7	857.2	880.4
Dividends per common share	\$..56	\$..50	\$..24

See notes to consolidated financial statements.

CBS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)

	At December 31,	
	2005	2004
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,655.3	\$ 778.2
Receivables, less allowances of \$147.7 (2005) and \$152.6 (2004)	2,733.2	2,476.5
Inventory (Note 6)	976.3	749.7
Deferred tax assets, net (Note 12)	468.9	201.5
Prepaid expenses	212.3	163.8
Other current assets	669.9	680.8
Current assets of discontinued operations	79.6	2,443.0
Total current assets	6,795.5	7,493.5
Property and Equipment:		
Land	500.8	506.4
Buildings	689.7	684.2
Capital leases	209.2	190.8
Advertising structures	1,528.1	1,492.5
Equipment and other	2,182.3	2,022.0
	5,110.1	4,895.9
Less accumulated depreciation and amortization	1,877.3	1,662.9
Net property and equipment	3,232.8	3,233.0
Inventory (Note 6)	1,884.4	1,839.7
Goodwill (Note 3)	18,904.3	28,253.3
Intangible assets (Note 3)	10,514.2	10,372.9
Other assets	1,575.8	1,405.1
Other assets of discontinued operations	122.6	15,404.8
Total Assets	\$ 43,029.6	\$ 68,002.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 596.4	\$ 390.6
Accrued expenses	723.8	747.8
Accrued compensation	373.2	366.6
Participants' share, residuals and royalties payable	867.9	680.0
Program rights	862.4	731.5
Deferred income	292.4	294.9
Income taxes payable	84.2	172.9
Current portion of long-term debt (Note 9)	747.1	12.1
Other current liabilities	740.7	798.0
Current liabilities of discontinued operations	90.5	2,685.1
Total current liabilities	5,378.6	6,879.5
Long-term debt (Note 9)	7,153.2	9,351.5
Pension and postretirement benefit obligations (Note 13)	2,401.1	2,045.5
Deferred tax liabilities, net (Note 12)	2,115.1	1,791.8
Other liabilities	3,751.7	3,896.9
Other liabilities of discontinued operations	491.2	2,001.9
Commitments and contingencies (Note 14)		
Minority interest	1.7	10.9
Stockholders' Equity:		
CBS Corp. Class A Common Stock, par value \$.001 per share; 375.0 shares authorized; 65.7 shares issued	.1	—
Former Viacom Class A Common Stock, par value \$.02 per share; 375.0 shares authorized; 66.7 shares issued	—	1.3
CBS Corp. Class B Common Stock, par value \$.001 per share; 5,000.0 shares authorized; 695.0 shares issued	.7	—
Former Viacom Class B Common Stock, \$.02 per share 5,000.0 shares authorized; 868.9 shares issued	—	17.4
Additional paid-in capital	44,304.4	66,027.7
Retained deficit	(21,836.4)	(14,747.3)
Accumulated other comprehensive loss (Note 1)	(397.5)	(356.0)
	22,071.3	50,943.1
Less treasury stock, at cost	334.3	8,918.8
Total Stockholders' Equity	21,737.0	42,024.3
Total Liabilities and Stockholders' Equity	\$ 43,029.6	\$ 68,002.3

See notes to consolidated financial statements.

CBS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	2005	Year Ended December 31, 2004	2003
Operating Activities:			
Net earnings (loss)	\$ (7,089.1)	\$ (17,462.2)	\$ 1,416.9
Less: Net earnings from discontinued operations	1,232.7	242.1	318.5
Less: Cumulative effect of accounting changes, net of minority interest and tax	—	(1,312.4)	(18.5)
Net earnings (loss) from continuing operations before cumulative effect of accounting changes	(8,321.8)	(16,391.9)	1,116.9
Adjustments to reconcile net earnings (loss) from continuing operations before cumulative effect of accounting changes to net cash flow from operating activities:			
Depreciation and amortization	498.7	508.6	501.7
Impairment charges	9,484.4	17,997.1	—
Equity compensation	31.8	—	—
Net gain on sale of investments	(44.0)	(45.3)	(2.7)
Equity in (earnings) loss of affiliated companies, net of tax	1.5	(19.2)	(18.3)
Distributions from affiliated companies	9.5	12.6	1.7
Minority interest, net of tax	.5	.6	.7
Amortization of deferred financing costs	8.4	9.8	10.0
Change in operating assets and liabilities:			
(Increase) decrease in receivables	41.3	(129.9)	95.3
(Increase) decrease in inventory and related program and participation liabilities, net	(71.1)	95.4	(249.1)
(Increase) decrease in other assets	(191.9)	(189.6)	142.6
Increase (decrease) in accounts payable and accrued expenses	163.6	(270.2)	(480.6)
Increase in income taxes payable and net deferred tax liabilities	286.6	174.8	651.7
Decrease in deferred income	(6.8)	(41.7)	(151.3)
Other, net	18.9	(60.4)	(32.2)
Net cash flow provided by operating activities from continuing operations	1,909.6	1,650.7	1,586.4
Net cash flow provided by operating activities from discontinued operations	1,627.4	1,989.9	1,911.0
Net cash flow provided by operating activities	3,537.0	3,640.6	3,497.4
Investing Activities:			
Acquisitions, net of cash acquired	(462.9)	(64.0)	(57.6)
Capital expenditures	(375.6)	(262.2)	(234.1)
Investments in and advances to affiliated companies	(29.5)	(3.4)	(16.8)
Special dividend received from New Viacom	5,400.0	—	—
Proceeds from dispositions	279.6	17.1	10.4
Proceeds from sale of investments	123.4	70.2	32.2
Other, net	(2.1)	(2.8)	(1.9)
Net cash flow provided by (used for) investing activities from continuing operations	4,932.9	(245.1)	(267.8)
Net cash flow used for investing activities from discontinued operations	(165.1)	(288.6)	(1,594.6)
Net cash flow provided by (used for) investing activities	4,767.8	(533.7)	(1,862.4)
Financing Activities:			
Proceeds from exercise of stock options	317.5	119.6	245.2
Proceeds from issuance of notes and debentures	—	—	736.5
Repayments to banks, including commercial paper, net	(1.6)	(26.1)	(162.1)
Repayment of notes and debentures	(1,440.3)	(80.3)	(765.4)
Payment of capital lease obligations	(13.5)	(12.8)	(10.8)
Purchase of Company common stock	(5,562.6)	(2,503.3)	(945.1)
Dividends	(451.3)	(415.2)	(104.6)
Other, net	—	(.9)	—
Net cash flow used for financing activities from continuing operations	(7,151.8)	(2,919.0)	(1,006.3)
Net cash flow used for financing activities from discontinued operations	(425.9)	(110.4)	(409.4)
Net cash flow used for financing activities	(7,577.7)	(3,029.4)	(1,415.7)
Net increase in cash and cash equivalents	727.1	77.5	219.3
Cash and cash equivalents at beginning of year (includes \$150.0 (2005), \$293.1 (2004) and \$197.0 (2003) of discontinued operations cash)	928.2	850.7	631.4
Cash and cash equivalents at end of year (includes \$0 (2005), \$150.0 (2004) and \$293.1 (2003) of discontinued operations cash)	\$ 1,655.3	\$ 928.2	\$ 850.7

See notes to consolidated financial statements.

CBS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND
COMPREHENSIVE INCOME (LOSS)
(In millions)

	Year Ended December 31,					
	2005		2004		2003	
	Shares	Amount	Shares	Amount	Shares	Amount
Class A Common Stock:						
Balance, beginning of year	66.7	\$ 1.3	66.8	\$ 1.3	68.7	\$ 1.4
Conversion of A shares into B shares	—	—	(.1)	—	(1.9)	(.1)
Retirement of Treasury Stock	(1.0)	—	—	—	—	—
Change in par value to \$.001	—	(1.2)	—	—	—	—
Balance, end of year	65.7	.1	66.7	1.3	66.8	1.3
Class B Common Stock:						
Balance, beginning of year	868.9	17.4	865.4	17.3	858.0	17.1
Exercise of stock options	8.4	.2	3.4	.1	5.5	.1
Conversion of A shares into B shares	—	—	.1	—	1.9	.1
Retirement of Treasury Stock	(182.3)	(3.7)	—	—	—	—
Change in par value to \$.001	—	(13.2)	—	—	—	—
Balance, end of year	695.0	.7	868.9	17.4	865.4	17.3
Additional Paid-In Capital:						
Balance, beginning of year		66,027.7		65,840.3		65,597.8
Exercise of stock options, including tax benefit		423.9		170.5		322.6
Vesting of restricted stock units		31.8		—		—
Retirement of Treasury Stock		(14,021.8)		—		—
Dividends		(440.9)		—		—
Change in par value to \$.001		14.4		—		—
Spin-off of New Viacom		(7,730.7)		—		—
Adjustments for stock options and share issuances from prior acquisitions		—		20.7		—
Reversal of deferred taxes attributable to accelerated stock options from prior acquisitions		—		(3.8)		(66.0)
Reduction of equity interest in subsidiary and affiliated companies		—		—		(14.1)
Balance, end of year		44,304.4		66,027.7		65,840.3
Retained Earnings (deficit):						
Balance, beginning of year		(14,747.3)		3,141.9		1,934.0
Net earnings (loss)		(7,089.1)		(17,462.2)		1,416.9
Dividends		—		(427.0)		(209.0)
Balance, end of year		(21,836.4)		(14,747.3)		3,141.9
Accumulated Other Comprehensive Income (Loss):						
Balance, beginning of year		(356.0)		(351.2)		(580.5)
Other comprehensive income (loss)		(41.5)		(4.8)		229.3
Balance, end of year		(397.5)		(356.0)		(351.2)
Treasury Stock, at cost:						
Balance, beginning of year	112.9	(8,918.8)	64.9	(5,444.6)	53.3	(4,482.0)
Class B Common Stock purchased	79.6	(5,456.2)	34.2	(2,529.7)	11.8	(981.4)
Stock received for Blockbuster split-off	—	—	14.0	(963.0)	—	—
Issuance of stock for deferred compensation	(.2)	15.2	(.2)	18.5	(.2)	18.8
Retirement of Treasury Stock	(183.3)	14,025.5	—	—	—	—
Balance, end of year	9.0	(334.3)	112.9	(8,918.8)	64.9	(5,444.6)
Total Stockholders' Equity		\$ 21,737.0		\$ 42,024.3		\$ 63,205.0

CBS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND
 COMPREHENSIVE INCOME (LOSS) (CONT'D)
 (In millions)

	Year Ended December 31,					
	2005		2004		2003	
	Shares	Amount	Shares	Amount	Shares	Amount
Comprehensive Income (Loss):						
Net earnings (loss)		\$ (7,089.1)		\$ (17,462.2)		\$ 1,416.9
Other Comprehensive Income (Loss) from continuing operations, net of tax:						
Minimum pension liability adjustment		(96.1)		(105.7)		42.6
Cumulative translation adjustments		54.7		71.2		64.7
Change in fair value of cash flow hedges		—		(.5)		(2.1)
Unrealized gain (loss) on securities		(22.4)		19.8		1.2
Reclassification adjustment for net realized (gains) losses		22.3		(18.1)		5.7
Total Other Comprehensive Income (Loss) from continuing operations, net of tax		(41.5)		(33.3)		112.1
Other Comprehensive Income from discontinued operations, net of tax		—		28.5		117.2
Total Other Comprehensive Income (Loss), net of tax		(41.5)		(4.8)		229.3
Total Comprehensive Income (Loss)		\$ (7,130.6)		\$ (17,467.0)		\$ 1,646.2

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**

The Separation—The separation of former Viacom Inc. ("Former Viacom") into two publicly traded entities, CBS Corporation (together with its consolidated subsidiaries unless the context otherwise requires, the "Company" or "CBS Corp.") and new Viacom Inc. ("New Viacom") was completed on December 31, 2005 (the "Separation"). The Separation was accomplished pursuant to a merger in which a subsidiary of Former Viacom was merged with and into Former Viacom, with Former Viacom continuing as the surviving entity. On December 31, 2005, Former Viacom was renamed "CBS Corporation" and each outstanding share of Former Viacom class A common stock was converted into the right to receive .5 of a share of CBS Corporation class A common stock, \$0.001 par value (Class A Common Stock"), and .5 of a share of New Viacom class A common stock and each outstanding share of Former Viacom class B common stock was converted into the right to receive .5 of a share of CBS Corporation class B common stock, \$0.001 par value (Class B Common Stock") and .5 of a share of New Viacom class B common stock. As a result of the one share for .5 share conversion ("Share Conversion"), all Former Viacom share and per share data have been adjusted for all periods presented, unless otherwise indicated.

The Separation is accounted for by the Company as a spin-off of New Viacom. Accordingly, the operations of New Viacom are presented as discontinued operations in the accompanying Consolidated Financial Statements for all periods presented. Included in discontinued operations, in the Consolidated Statements of Operations, are allocations of corporate expenses and Paramount Pictures corporate overhead including accounting, treasury, tax, legal, human resources, information systems and other services, to reflect the utilization of such shared services by New Viacom. These allocations were made using specific identification of costs, and allocation methodologies where specific identification was not determinable. In the opinion of management, the allocation methodologies are reasonable. The corporate expenses of CBS Corp. and New Viacom, operating as separate stand alone entities, may be different from those reflected in the Consolidated Statements of Operations. As a result of the Separation, all assets and liabilities of New Viacom were spun-off by the Company and therefore were not included in the Consolidated Balance Sheet at December 31, 2005. The assets and liabilities of the Company and New Viacom at December 31, 2005 were assigned to each company based upon specific identification of such assets and liabilities as stipulated under the terms of the Separation Agreement.

Principles of Consolidation—The Consolidated Financial Statements include the accounts of CBS Corp. and all of its subsidiaries in which a controlling interest is maintained. Controlling interest is determined by majority ownership interest and the absence of substantive third party participating rights. The Company applies the guidelines set forth in Financial Accounting Standards Board ("FASB") Interpretation No. 46R, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN 46R") in assessing its interests in variable interest entities to decide whether to consolidate that entity. Investments in affiliated companies over which the Company has a significant influence or ownership of more than 20% but less than or equal to 50% but not a controlling interest, are accounted for under the equity method. Investments of 20% or less over which the Company has no significant influence are accounted for under the cost method. All significant intercompany transactions have been eliminated.

Reclassifications—Certain amounts reported for prior years have been reclassified to conform to the current year's presentation.

Use of Estimates—The preparation of the Company's financial statements in conformity with generally accepted accounting principles 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 under different assumptions or conditions.

CBS CORPORATION AND SUBSIDIARIES

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

Cash and Cash Equivalents—Cash and cash equivalents consist of cash on hand and short-term (maturities of three months or less at the date of purchase) highly liquid investments.

Inventory—The Company acquires rights to programming and produces programming to exhibit on its broadcast and cable networks, and broadcast television and radio stations. The costs incurred in acquiring and producing programs are capitalized and amortized over the license period or projected useful life of the programming. Program rights and the related liabilities are recorded at the gross amount of the liabilities when the license period has begun, the cost of the program is determinable, and the program is accepted and available for airing.

Television product (which includes direct production costs, production overhead and acquisition costs) is stated at the lower of amortized cost or net realizable value. Television product costs are amortized, and estimated liabilities for residuals and participations are accrued, for an individual product based on the proportion that current estimated revenues bear to the estimated remaining total lifetime revenues. Estimates for initial domestic syndication and basic cable revenues are not included in the estimated lifetime revenues of network series until such sales are probable. These estimates are periodically reviewed and adjustments, if any, will result in changes to amortization rates and estimated accruals for residuals and participations.

Property and Equipment—Property and equipment is stated at cost. Depreciation is computed by the straight-line method over estimated useful lives as follows:

Buildings (including capital leases)	20 to 40 years
Leasehold improvements	4 to 15 years
Advertising structures	5 to 20 years
Equipment and other (including capital leases)	3 to 20 years

Depreciation expense, including capitalized lease amortization, was \$402.8 million (2005), \$424.6 million (2004) and \$413.9 million (2003). Amortization expense related to capital leases was \$16.6 million (2005), \$14.0 million (2004) and \$10.8 million (2003). Accumulated amortization of capital leases was \$79.9 million at December 31, 2005 and \$63.7 million at December 31, 2004.

Impairment of Long-Lived Assets—The Company assesses long-lived assets and intangible assets, other than goodwill and intangible assets with indefinite lives, for impairment whenever there is an indication that the carrying amount of the asset may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows generated by those assets to their net carrying value. The amount of impairment loss, if any, will generally be measured by the difference between the net book value of the assets and the estimated fair value of the related assets.

Investments in affiliated companies are reviewed for impairment on a quarterly basis by comparing their fair value to their respective carrying amounts each quarter. The Company determines the fair value of its public company investments by reference to their publicly traded stock price. With respect to private company investments, the Company makes its estimate of fair value by considering recent investee equity transactions, discounted cash flow analyses, estimates based on comparable public company operating cash flow multiples and in certain situations, balance sheet liquidation values. If the fair value of the investment has dropped below the carrying amount, management considers several factors when determining whether an other-than-temporary decline in market value has occurred including the length of the time and the extent to which the market value has been below cost, the financial condition and near-term prospects of the issuer, the intent and ability of the Company to retain its investment in the issuer for a period of time

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

sufficient to allow for any anticipated recovery in market value, and other factors influencing the fair market value, such as general market conditions.

Goodwill and Intangible Assets—In accordance with Statement of Financial Accounting Standards ("SFAS") 142 "Goodwill and Other Intangible Assets" ("SFAS 142"), the Company's intangible assets are considered to have finite or indefinite lives and are allocated to various reporting units, which are generally consistent with or one level below the Company's reportable segments. Intangible assets with finite lives, which primarily consist of leasehold and franchise agreements, are generally amortized by the straight-line method over their estimated useful lives, which range from 5 to 40 years. Intangible assets with indefinite lives, which consist primarily of FCC licenses, and goodwill are no longer amortized but are tested for impairment on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. If the carrying amount of goodwill or the intangible asset exceeds its fair value, an impairment loss is recognized as a non-cash charge. Such a charge could have a significant effect on reported net earnings.

Discontinued Operations—The Consolidated Financial Statements of the Company present New Viacom, Famous Players and Blockbuster Inc. ("Blockbuster") as discontinued operations in accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144").

Businesses that have been previously disposed of by the Company prior to January 1, 2002, were accounted for as discontinued operations in accordance with Accounting Principles Board ("APB") Opinion No. 30. Assets and liabilities related to these businesses primarily include aircraft financing leases that are generally expected to liquidate in accordance with contractual terms.

Revenue Recognition—Advertising revenues are recognized in the period during which advertising spots are aired. Subscriber fees for Showtime Networks are recognized in the period the service is provided. Revenues from the sale of outdoor advertising space are recognized ratably over the contract terms. Publishing revenues are recognized when merchandise is shipped.

Television series initially produced for the networks and first-run syndication are generally licensed to domestic and international markets concurrently. The more successful series are later syndicated in domestic markets and sold in certain international markets. The length of the revenue cycle for television series will vary depending on the number of seasons a series remains in active production. Revenues arising from television license agreements are recognized in the period that the television series is available for telecast and therefore may cause fluctuations in operating results.

Sales of Multiple Products or Services—The Company follows Emerging Issues Task Force No. 00-21, "Revenue Arrangements with Multiple Deliverables" for revenue recognition of revenues derived from a single contract that contains multiple products or services.

Advertising—Advertising costs are expensed as incurred. The Company incurred total advertising expenses of \$452.4 million (2005), \$435.2 million (2004) and \$384.2 million (2003).

Sales Returns and Allowances—The Company records a provision for sales returns and allowances at the time of sale based upon historical trends which allow for a percentage of revenue recognized.

Interest—Costs associated with the refinancing or issuance of debt, as well as with debt discount, are expensed as interest over the term of this related debt. The Company may enter into interest rate exchange agreements; the amount to be paid or received under such agreements would be accrued as interest rates change and recognized over the life of the agreements as an adjustment to interest expense.

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

Foreign Currency Translation and Transactions—The Company's foreign subsidiaries' assets and liabilities are translated at exchange rates in effect at the balance sheet date, while results of operations are translated at average exchange rates for the respective periods. The resulting translation gains or losses are included as a separate component of stockholders' equity in accumulated other comprehensive income. Foreign currency transaction gains and losses have been included in "Other items, net" in the Consolidated Statements of Operations.

Provision for Doubtful Accounts—The provision for doubtful accounts charged to expense was \$34.0 million (2005), \$86.0 million (2004) and \$44.4 million (2003).

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 restricted stock units ("RSUs") only in the periods in which such effect would have been dilutive. For the years ended December 31, 2005, 2004 and 2003, respectively, options to purchase 77.2 million, 81.2 million and 30.7 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. For the year ended December 31, 2005, 1.4 million RSUs were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive. All Former Viacom share and per share data have been adjusted to reflect the Share Conversion

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

Year Ended December 31,	2005	2004	2003
Weighted average shares for basic EPS	789.7	857.2	872.0
Dilutive effect of shares issuable under stock-based compensation plans	—	—	8.4
Weighted average shares for diluted EPS	789.7	857.2	880.4

Comprehensive Income (Loss)—As of December 31, 2005, the components of accumulated other comprehensive (loss) are net of the following tax (provision) benefits: \$433.8 million for minimum pension liability adjustment and \$(.7) million for unrealized gain on securities.

	Minimum Pension Liability Adjustment	Cumulative Translation Adjustments	Change in Fair Value of Cash Flow Hedges	Unrealized Gain (Loss) on Securities	Other Comprehensive Income (Loss) from Discontinued Operations	Accumulated Other Comprehensive Income (Loss)
At December 31, 2002	\$ (494.3)	\$ 64.4	\$ 2.6	\$ (7.5)	\$ (145.7)	\$ (580.5)
2003 Activity	42.6	64.7	(2.1)	6.9	117.2	229.3
At December 31, 2003	(451.7)	129.1	.5	(.6)	(28.5)	(351.2)
2004 Activity	(105.7)	71.2	(.5)	1.7	28.5	(4.8)
At December 31, 2004	(557.4)	200.3	—	1.1	—	(356.0)
2005 Activity	(96.1)	54.7	—	(.1)	—	(41.5)
At December 31, 2005	\$ (653.5)	\$ 255.0	\$ —	\$ 1.0	\$ —	\$ (397.5)

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

Stock-based Compensation—On April 14, 2005, the SEC issued a ruling that amended the effective date for implementing SFAS No. 123 (revised 2004) "Share-Based Payment" ("SFAS 123R"). SFAS 123R revises SFAS No. 123 "Accounting for Stock-based Compensation" ("SFAS 123") and supersedes APB Opinion No. 25 "Accounting for Stock Issues to Employees." SFAS 123R requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on grant-date fair value of the award. That cost will be recognized over the vesting period during which an employee is required to provide service in exchange for the award. Effective January 1, 2006, the Company adopted SFAS 123R and, accordingly, will recognize compensation cost for equity based compensation for all new or modified grants after the date of adoption. In addition, the Company will recognize the unvested portion of the grant-date fair value of awards made prior to the adoption based on the fair values previously calculated for disclosure purposes. At December 31, 2005, the aggregate value of unvested options as determined using a Black-Scholes option valuation model was \$83.0 million, which will be expensed over the remaining vesting period of these options.

Prior to the adoption of SFAS 123R the Company followed the disclosure-only provisions of SFAS 123. The Company applied APB Opinion No. 25 "Accounting for Stock Issued to Employees" and, accordingly, did not recognize compensation expense for the stock option grants because the Company typically does not issue options at exercise prices below market value at date of grant.

On March 8, 2005, the Compensation Committee of the Board of Directors approved the acceleration of the vesting of unvested stock options having an exercise price of \$38.00 (not adjusted for the Share Conversion) or greater granted under the Company's 2000 and 1997 Long-Term Management Incentive Plans. Stock option awards granted from 1999 through 2004 are subject to this acceleration which was effective as of March 8, 2005. Since these options had exercise prices in excess of the then current market value and were not fully achieving their original objectives of incentive compensation and employee retention, the Company expected the acceleration to have a positive effect on employee morale, retention and perception of option value. The acceleration also eliminated future compensation expense the Company would otherwise recognize in its Consolidated Statements of Operations under SFAS 123R. Incremental expense of \$277 million (including \$105.9 million in discontinued operations) associated with the acceleration was reflected in the first quarter 2005 proforma disclosure.

The following table reflects the effect on net earnings (loss) from continuing operations and earnings (loss) per share from continuing operations if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation. These pro forma effects may not be representative of future stock compensation expense since the estimated fair value of stock options on the

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

date of grant is amortized to expense over the vesting period, and the vesting of certain options was accelerated on March 8, 2005. See Note 11 for detailed assumptions.

Year Ended December 31,	2005	2004	2003
Net earnings (loss) from continuing operations before cumulative effect of accounting changes	\$ (8,321.8)	\$ (16,391.9)	\$ 1,116.9
Option expense, net of tax	(238.6)	(227.3)	(146.1)
Net earnings (loss) from continuing operations before cumulative effect of accounting changes after option expense	\$ (8,560.4)	\$ (16,619.2)	\$ 970.8
Basic earnings (loss) per share:			
Net earnings (loss) from continuing operations before cumulative effect of accounting changes	\$ (10.54)	\$ (19.12)	\$ 1.28
Net earnings (loss) from continuing operations before cumulative effect of accounting changes after option expense	\$ (10.84)	\$ (19.39)	\$ 1.11
Diluted earnings (loss) per share:			
Net earnings (loss) from continuing operations before cumulative effect of accounting changes	\$ (10.54)	\$ (19.12)	\$ 1.27
Net earnings (loss) from continuing operations before cumulative effect of accounting changes after option expense	\$ (10.84)	\$ (19.39)	\$ 1.10

For the years ended December 31, 2005, 2004 and 2003, if the Company had applied the fair value recognition provision of SFAS 123, an additional expense of \$140.9 million, \$135.2 million and \$106.8 million, respectively, would have been recognized in discontinued operations.

Compensation expense for RSUs is determined based upon the market price of the share underlying the awards on the grant date and expensed over the vesting period. For the year ended December 31, 2005, the Company recorded pre-tax compensation expense of \$32.5 million, including \$14.7 million in discontinued operations, in the Consolidated Statements of Operations.

Accounting Changes—Effective December 31, 2004, the Company adopted Emerging Issues Task Force Topic No. D-108 "Use of the Residual Method to Value Acquired Assets Other Than Goodwill" ("D-108"). D-108 requires companies who have applied the residual value method in the valuation of intangible assets for purposes of impairment testing to use the direct value method. As a result of the adoption, the Company recorded a charge of \$2.18 billion (\$1.31 billion net of tax), or \$1.53 per share, to reduce the intangible asset balances attributable to its television stations' FCC licenses. This charge has been reflected as a cumulative effect of accounting change.

For 2003, the cumulative effect of accounting changes, net of minority interest and tax, of \$18.5 million, or \$.02 per share, resulted from the adoption of SFAS No. 143 "Accounting for Asset Retirement Obligations." The asset retirement obligation was \$37.8 million and \$36.6 million at December 31, 2005 and 2004, respectively.

Derivative Instruments and Hedging Activities—SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended ("SFAS 133") requires all derivatives to be recorded on the balance sheet at fair value. SFAS 133 also established rules for hedging instruments which, depending on the nature of the hedge, require that changes in the fair value of the derivatives either be offset against the change in fair value of assets or liabilities through earnings, or be recognized in other comprehensive income (loss) until the hedged item is recognized in earnings.

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

Recent Pronouncements—In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"), a replacement of APB opinion No. 20, "Accounting Changes" and FASB Statement No. 3 "Reporting Accounting Changes in Interim Financial Statements," effective for fiscal years beginning after December 15, 2005. SFAS 154 changes the requirements for the accounting for and reporting of a voluntary change in accounting principle as well as the changes required by an accounting pronouncement which does not include specific transition provisions. The Company does not expect the implementation of SFAS 154 will have a significant impact on its combined financial position, results of operations or cash flow.

2) DISCONTINUED OPERATIONS

On December 31, 2005, the Separation of Former Viacom into two publicly traded entities, CBS Corp. and New Viacom was completed. CBS Corp. has accounted for the Separation as a spin-off of New Viacom and accordingly, the results have been presented as a discontinued operation in the Company's Consolidated Financial Statements for all periods presented. Included within New Viacom's results were discontinued operations for Famous Players and Blockbuster. Famous Players, a Canadian-based theater chain, was sold for approximately \$400 million in July 2005. Blockbuster was split-off from Former Viacom in 2004.

The following tables set forth the detail of CBS Corp.'s net earnings (loss) from discontinued operations, which are comprised of both New Viacom's results from continuing operations and their discontinued businesses, Famous Players and Blockbuster. Additionally, Eliminations/Other includes eliminations between CBS Corp. and New Viacom, and aircraft financing leases that are generally expected to liquidate in accordance with contractual terms.

Year Ended December 31, 2005	New Viacom	Famous Players	Eliminations/ Other	Total
Revenues from discontinued operations	\$ 9,609.6	\$ 208.0	\$ (328.5)	\$ 9,489.1
Earnings (loss) from discontinued operations	\$ 2,327.7	\$ (25.1)	\$ 16.3	\$ 2,318.9
Loss on disposal of discontinued operations	—	(72.9)	—	(72.9)
Minority interest	(6.6)	(1.6)	—	(8.2)
	2,321.1	(99.6)	16.3	2,237.8
Income tax (provision) benefit, net of minority interest	(1,017.2)	52.7	(40.6)	(1,005.1)
Net earnings (loss) from discontinued operations	\$ 1,303.9	\$ (46.9)	\$ (24.3)	\$ 1,232.7

CBS CORPORATION AND SUBSIDIARIES

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

Year Ended December 31, 2004	New Viacom	Blockbuster	Famous Players	Eliminations/ Other	Total
Revenues from discontinued operations	\$ 8,132.2	\$ 4,528.9	\$ 392.5	\$ (535.6)	\$ 12,518.0
Earnings (loss) from discontinued operations	\$ 2,204.2	\$ (1,404.2)	\$ (11.6)	\$ (86.0)	\$ 702.4
Loss on disposal of discontinued operations	—	(38.2)	—	—	(38.2)
Minority interest	(4.7)	259.7	(2.2)	—	252.8
	2,199.5	(1,182.7)	(13.8)	(86.0)	917.0
Income tax (provision) benefit, net of minority interest	(806.6)	92.4	4.9	34.4	(674.9)
Net earnings (loss) from discontinued operations	\$ 1,392.9	\$ (1,090.3)	\$ (8.9)	\$ (51.6)	\$ 242.1

Year Ended December 31, 2003	New Viacom	Blockbuster	Famous Players	Eliminations/ Other	Total
Revenues from discontinued operations	\$ 7,304.4	\$ 5,911.7	\$ 386.9	\$ (408.0)	\$ 13,195.0
Earnings (loss) from discontinued operations	\$ 1,938.0	\$ (878.8)	\$ 1.0	\$ (43.8)	\$ 1,016.4
Minority interest	(4.5)	160.0	(1.6)	—	153.9
	1,933.5	(718.8)	(.6)	(43.8)	1,170.3
Income tax (provision) benefit, net of minority interest	(786.1)	(83.6)	.2	17.7	(851.8)
Net earnings (loss) from discontinued operations	\$ 1,147.4	\$ (802.4)	\$ (.4)	\$ (26.1)	\$ 318.5

The results of New Viacom include allocations of CBS Corp. corporate expenses and Paramount Pictures corporate overhead including accounting, treasury, tax, legal, human resources, information systems and other services, to reflect the utilization of such shared services by New Viacom. These allocations were made using specific identification of costs, assets and liabilities and reasonable allocation methodologies where specific identification was not determinable. Total corporate costs allocated to New Viacom, excluding separation costs, were approximately \$162.0 million, \$136.2 million and \$112.6 million in 2005, 2004 and 2003, respectively, and are included in discontinued operations in the accompanying Consolidated Statements of Operations. In the opinion of management, the allocation methodologies are reasonable. The corporate expenses of CBS Corp. and New Viacom, operating as separate stand-alone entities, may be different from those reflected in the Consolidated Statements of Operations.

Included in discontinued operations in 2004 and 2003 are non-cash impairment charges of \$1.5 billion (\$1.2 billion, net of minority interest and tax) and \$1.3 billion (\$1.0 billion, net of minority interest and tax), respectively, for the impairment of Blockbuster goodwill and other long-lived assets in accordance with SFAS 142 and SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144").

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

The following table presents the major classes of assets and liabilities of New Viacom and Famous Players:

At December 31, 2004	New Viacom	Famous Players	Eliminations/ Other	Total
Current assets (including cash and cash equivalents of \$148.9 for New Viacom and \$1.1 for Famous Players)	\$ 2,611.7	\$ 14.6	\$ (183.3)	\$ 2,443.0
Goodwill	10,266.9	—	—	10,266.9
Other assets	4,786.8	325.7	25.4	5,137.9
Total Assets	\$ 17,665.4	\$ 340.3	\$ (157.9)	\$ 17,847.8
Current liabilities (including debt of \$53.4 for New Viacom, \$.3 for Famous Players and \$74.0 for Eliminations/Other)	\$ 2,722.7	\$ 62.9	\$ (100.5)	\$ 2,685.1
Long-term debt	291.7	6.0	128.0	425.7
Other liabilities	1,405.3	19.3	151.6	1,576.2
Total Liabilities	\$ 4,419.7	\$ 88.2	\$ 179.1	\$ 4,687.0

The Company's other discontinued operations primarily include aircraft financing leases that are generally expected to liquidate in accordance with contractual terms. The net liability of other discontinued operations is \$379.5 million at December 31, 2005 and \$431.1 million at December 31, 2004, which includes long-term debt of \$153.2 million at December 31, 2005 and \$202.0 million at December 31, 2004.

3) GOODWILL AND INTANGIBLE ASSETS

For the year ended December 31, 2005, the changes in the book value of goodwill by segment were as follows:

	Balance at December 31, 2004	Acquisitions	Dispositions	Impairment	Other Adjustments(a)	Balance at December 31, 2005
Television	\$ 14,639.3	\$ 194.8	\$ (121.4)	\$ (6,437.4)	\$ 260.5	\$ 8,535.8
Radio	8,343.8	.1	(45.7)	(3,047.0)	(57.6)	5,193.6
Outdoor	4,600.1	19.4	(.9)	—	(126.6)	4,492.0
Parks/Publishing	670.1	—	—	—	12.8	682.9
Total	\$ 28,253.3	\$ 214.3	\$ (168.0)	\$ (9,484.4)	\$ 89.1	\$ 18,904.3

(a) Primarily includes foreign currency translation adjustments, purchase price allocations for acquisitions and certain tax-related purchase accounting adjustments.

At December 31, 2005 and December 31, 2004, the Company had approximately \$10.51 billion and \$10.37 billion of intangible assets, respectively. Amortization expense relating to intangible assets was \$95.9 million (2005), \$84.0 million (2004) and \$87.8 million (2003).

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

The Company's intangible assets were as follows:

At December 31, 2005	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:			
Leasehold agreements	\$ 807.7	\$ (327.5)	\$ 480.2
Franchise agreements	507.4	(166.7)	340.7
Other intangible assets	220.2	(107.7)	112.5
Total intangible assets subject to amortization	1,535.3	(601.9)	933.4
FCC licenses	9,568.8	—	9,568.8
Trade names	12.0	—	12.0
Total intangible assets	\$ 11,116.1	\$ (601.9)	\$ 10,514.2

At December 31, 2004	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:			
Leasehold agreements	\$ 775.0	\$ (275.5)	\$ 499.5
Franchise agreements	480.5	(143.8)	336.7
Other intangible assets	191.4	(84.2)	107.2
Total intangible assets subject to amortization	1,446.9	(503.5)	943.4
FCC licenses	9,429.5	—	9,429.5
Total intangible assets	\$ 10,876.4	\$ (503.5)	\$ 10,372.9

The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each of the next five succeeding years to be as follows:

	2006	2007	2008	2009	2010
Amortization expense	\$ 93.7	\$ 85.5	\$ 84.2	\$ 83.0	\$ 79.4

SFAS 142 requires the Company to perform an annual fair value-based impairment test of goodwill. The Company performed its annual impairment test as of October 31, 2005 concurrently with its annual budgeting process which begins in the fourth quarter each year. The first step of the test examines whether or not the book value of each of the Company's reporting units exceeds its fair value. If the book value for a reporting unit exceeds its fair value, the second step of the test is required to compare the implied fair value of that reporting unit's goodwill with the book value of the goodwill. The Company's reporting units are generally consistent with or one level below the operating segments underlying the reportable segments identified in Note 15. As a result of the 2005 annual impairment test, the Company recorded an impairment charge of \$9.48 billion in the fourth quarter of 2005. The \$9.48 billion reflects charges to reduce the carrying value of goodwill at the CBS Television reporting unit of \$6.44 billion and the Radio reporting unit of \$3.05 billion.

During 2005, traded values decreased for both the television and radio broadcasting industries. Broadcast advertising spending is closely correlated to the U.S. economy, which has been negatively impacted by, among other things, higher interest rates and energy prices. In addition, a reduction in

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

advertising spending in certain business sectors led to a reduction in forecasted cash flows and long-term growth rates. As a result, the Company reduced its revenue, operating profit and cash flow projections for the CBS Television and Radio reporting units to reflect current market conditions.

The estimated fair values of the CBS Television and Radio reporting units were computed principally based upon the present value of future cash flows (Discounted Cash Flow Method) and both the traded and transaction values of comparable businesses (Market Comparable Method). The Discounted Cash Flow Method and Market Comparable Method were weighted equally and resulted in substantially equal fair values.

As a result of the impairment test performed for 2004, the Company recorded an impairment charge of \$18.0 billion in the fourth quarter of 2004. The \$18.0 billion reflected charges to reduce the carrying value of goodwill at the Radio segment of \$10.94 billion and the Outdoor segment of \$7.06 billion as well as a reduction of the carrying value of intangible assets of \$27.8 million related to the FCC licenses at the Radio segment. Several factors have led to a reduction in forecasted cash flows and long-term growth rates for both the Radio and Outdoor reporting units. Radio and Outdoor both fell short of budgeted revenue and operating income growth targets in 2004. Competition from other advertising media, including Internet advertising and cable and broadcast television has reduced Radio and Outdoor growth rates. Also, the emergence of new competitors and technologies has necessitated a shift in management's strategy for the Radio and Outdoor businesses, including changes in composition of the sales force and operating management as well as increased levels of investment in marketing and promotion.

4) SEVERANCE CHARGES

In 2005, a severance charge of \$11.3 million was recorded in selling, general and administrative expenses in the Television segment for organizational changes at Showtime Networks.

In 2004, the Company recorded severance charges of \$28.1 million due to management changes. The severance charges were recorded in selling, general and administrative expenses in the Television segment for \$10.4 million and in Corporate expenses for \$17.7 million.

5) ACQUISITIONS AND DISPOSITIONS

In January 2006, the Company announced its intention to divest Paramount Parks and to complete the divestiture in the second half of 2006.

On January 5, 2006, the Company completed the acquisition of CSTV Networks, Inc., a cable network and online digital sports media company, for a purchase price of approximately \$325 million, comprised of 10.2 million shares of CBS Corp. Class B Common Stock and \$49 million in cash.

During the fourth quarter of 2005, the Company acquired KIFR-FM, a San Francisco radio station, for approximately \$95 million.

During the second quarter of 2005, the Company acquired KOVR-TV, a Sacramento television station, for approximately \$285.0 million.

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

6) INVENTORY

At December 31,	2005	2004
Program rights	\$ 2,054.4	\$ 1,728.1
Television:		
Released (including acquired film libraries)	682.2	681.8
In process and other	48.9	98.4
Publishing, primarily finished goods	68.2	64.0
Other	7.0	17.1
Total Inventory	2,860.7	2,589.4
Less current inventory	976.3	749.7
Total Non-Current Inventory	\$ 1,884.4	\$ 1,839.7

7) 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, serves as the Executive Chairman of the Board of Directors for both CBS Corp. and New Viacom.

On October 28, 2004, Former Viacom entered into an agreement (the "NAIRI Agreement") with NAI and NAIRI, Inc. ("NAIRI"), a wholly-owned subsidiary of NAI, pursuant to which Former Viacom agreed to buy, and NAI and NAIRI agreed to sell, a number of shares of Class B Common Stock each month such that the ownership percentage of Class A Common Stock and Class B Common Stock (considered as a single class) held by NAI and/or NAIRI would not increase as a result of purchases of shares of Former Viacom Common Stock under the \$8.0 billion stock purchase program announced in October 2004. Pursuant to this agreement, Former Viacom recorded the purchase of 9.2 million shares of Former Viacom Class B Common Stock from NAIRI for \$628.9 million in 2005. All Former Viacom share and per share data have been adjusted to reflect the Share Conversion. The Company does not currently anticipate making purchases under this stock purchase program during 2006.

New Viacom. CBS Corp., through its normal course of business, is involved in transactions with companies owned by or affiliated with New Viacom. CBS Corp., through its Television segment, licenses its television products to New Viacom, primarily MTV Networks and BET. In addition, CBS Corp. recognizes advertising revenues for media spending placed by various subsidiaries of New Viacom, primarily Paramount Pictures. CBS Corp.'s total revenues from these transactions were \$173.6 million, \$378.2 million and \$186.8 million for the years ended December 31, 2005, 2004 and 2003, respectively. Simon & Schuster and Paramount Parks are also involved in transactions with New Viacom that have not been material in any of the periods presented.

CBS Corp., through Showtime Networks and CBS Television, purchases motion picture programming from New Viacom, primarily Paramount Pictures. The costs of these purchases are initially recorded as inventory and amortized over the life of the contract or projected useful life of the programming. Paramount Pictures also distributes certain television products on behalf of CBS Television in the home entertainment market. In addition, CBS Corp. places advertisements with various subsidiaries of New Viacom. The total purchases from these transactions were \$154.9 million, \$157.4 million and \$221.2 million for the years ended December 31, 2005, 2004 and 2003, respectively.

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

Transactions with New Viacom and its subsidiaries, through the normal course of business, are settled in cash. The following table presents the amounts due from or due to New Viacom and its subsidiaries in the normal course of business as reflected in CBS Corp.'s Consolidated Balance Sheets:

At December 31,	2005	2004
Amounts due from New Viacom		
Receivables	\$ 235.8	\$ 204.5
Other assets (Receivables, non-current)	225.2	349.2
Total amounts due from New Viacom	\$ 461.0	\$ 553.7
Amounts due to New Viacom		
Accounts payable	\$ 3.4	\$ 2.7
Program rights	64.7	64.1
Other liabilities (Program rights, non-current)	41.2	43.4
Total amounts due to New Viacom	\$ 109.3	\$ 110.2

In connection with the Separation, CBS Corp. and New Viacom entered into various agreements including the Separation Agreement, the Tax Matters Agreement and a transition services agreement.

Separation Agreement. The Separation Agreement identified assets transferred, liabilities assumed and contracts assigned to CBS Corp. by New Viacom and to New Viacom by CBS Corp. in the Separation, and described when and how these transfers, assumptions and assignments were to occur. Neither CBS Corp. nor New Viacom made any representations or warranties with respect to any aspect of their respective assets, liabilities or businesses. The Separation Agreement also set forth certain agreements between CBS Corp. and New Viacom with respect to the period following the Separation. The Separation Agreement was executed on December 19, 2005.

Tax Matters Agreement. The Tax Matters Agreement sets forth the responsibilities of each of CBS Corp. and New Viacom with respect to, among other things, liabilities for federal, state, local and foreign income taxes for periods before and including the merger, the preparation and filing of income tax returns for such periods, disputes with taxing authorities regarding income taxes for such periods and indemnification for income taxes that would become due if the merger were taxable.

Transition Services Agreement. In connection with the Separation Agreement, CBS Corp. provides New Viacom and New Viacom provides CBS Corp. with various support services for certain of their respective businesses including data center, payroll and uplink services for various periods subsequent to the date of Separation. No amounts have been reflected in the accompanying Consolidated Statements of Operations as the Separation occurred on December 31, 2005.

Other Related Parties—The Company owned approximately 18% in Westwood One, Inc. ("Westwood One") as of December 31, 2005, which is accounted for as an equity investment. Most of CBS Radio's stations are affiliated with Westwood One, and Westwood One distributes nationally certain of the Company's radio programming. In connection with these arrangements, the Company receives affiliation fees as well as programming cost reimbursements and, in certain instances, shares in revenue from the sale by Westwood One of CBS Radio's programming. In addition, certain employees of CBS Radio serve as officers of Westwood One for which the Company receives a management fee. CBS Television also enters

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

into programming agreements with Westwood One. Revenues from these arrangements were approximately \$81.3 million, \$82.6 million and \$82.1 million in 2005, 2004 and 2003, respectively.

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

8) INVESTMENTS IN AFFILIATED COMPANIES

The Company accounts for its investments in affiliated companies over which the Company has significant influence or ownership of more than 20% but less than or equal to 50%, under the equity method. Such investments principally include but are not limited to the Company's interest in Quetzal (34% owned) and Sundance Channel (37% owned). Additionally, the Company owned approximately 18% in Westwood One, Inc. ("Westwood One") at December 31, 2005, which is accounted for as an equity investment. Certain employees of CBS Radio serve as officers of Westwood One resulting in significant influence over its operations.

For equity investments, a difference typically exists between the initial investment and the proportionate share in the underlying net assets of the investee. The unamortized difference was \$9.8 million at December 31, 2005 and \$44.2 million at December 31, 2004.

Based upon quoted market prices at December 31, 2005 and December 31, 2004, respectively, the aggregate market value of the Company's publicly traded investments was approximately \$299.6 million and \$612.6 million which was not below the total carrying value on the Consolidated Balance Sheet.

During 2005, the Company sold its investment in MarketWatch.com for \$101.5 million and recorded a gain on the sale of \$65.6 million in "Other Items, net" in the Consolidated Statement of Operations. Also in 2005, the Company recorded non-cash charges of \$67.9 million in "Other Items, net" and \$20.7 million (net of tax) in "Equity in earnings (loss) of affiliated companies, net of tax" to reflect other-than-temporary declines in the market value of certain radio investments.

At December 31, 2005 and 2004, respectively, the Company had \$46.9 million and \$92.3 million of cost investments that are included as a component of "Other assets" in the Consolidated Balance Sheets. At December 31, 2005 the mark-to-market adjustments in fair value for the publicly traded cost investments were \$1.0 million, net of tax and were recorded as a decrease in accumulated other comprehensive income (loss).

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

9) BANK FINANCING AND DEBT

Long-term debt consists of the following (a):

At December 31,	2005	2004
Notes payable to banks	\$ 7.2	\$ 5.9
7.15% Senior Notes due 2005	—	500.0
7.75% Senior Notes due 2005	—	952.5
6.40% Senior Notes due 2006	799.7	800.6
5.625% Senior Notes due 2007	703.0	725.0
7.70% Senior Notes due 2010	1,650.8	1,666.9
6.625% Senior Notes due 2011	996.2	995.5
8.625% Debentures due 2012	248.9	248.7
5.625% Senior Notes due 2012	599.4	599.3
8.875% Notes due 2014	98.6	101.8
7.625% Senior Debentures due 2016	199.3	199.2
4.625% Senior Notes due 2018	286.7	288.6
7.875% Debentures due 2023	224.1	229.0
7.125% Senior Notes due 2023 (b)	52.2	52.2
7.875% Senior Debentures due 2030	1,279.3	1,280.5
5.50% Senior Debentures due 2033	446.7	446.6
7.25% Senior Notes due 2051	335.0	335.0
Other notes	1.0	17.9
Obligations under capital leases	125.4	471.8
Total debt	8,053.5	9,917.0
Less other discontinued operations debt (Note 2)	153.2	553.4
Less current portion of long-term debt	747.1	12.1
Total long-term debt from continuing operations, net of current portion	\$ 7,153.2	\$ 9,351.5

(a) Unless otherwise noted, the long-term debt instruments are issuances of CBS Corp. and are guaranteed by CBS Operations Inc. (formerly known as Viacom International, Inc.).
(b) Issue of CBS Broadcasting Inc., a wholly owned subsidiary of CBS Corp., which is not guaranteed.

The Company's total debt included, as of December 31, 2005 and December 31, 2004, respectively, (i) an aggregate unamortized premium of \$31.8 million and \$35.3 million and (ii) the net change in the carrying value of the debt relating to fair value hedges of \$(8.5) million and \$17.4 million.

For the years ended December 31, 2005 and 2004, the following debt maturities, redemptions and repurchases occurred:

Debt Maturities

May 20, 2005, 7.15% senior notes, \$500.0 million

June 1, 2005, 7.75% senior notes, \$951.0 million

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

Debt Redemptions

July 15, 2004, all of the outstanding Go Outdoor Systems Holdings S.A 10.50% senior subordinated notes due 2009 at 105.25% of principal

During 2004, the Company acquired SportsLine.com, which had outstanding \$16.9 million 5% convertible subordinated notes due 2006. These notes were redeemed in January 2005.

Debt Repurchases

For the years ended December 31, 2005 and 2004, the Company repurchased approximately \$21.2 million and \$20.0 million of its debt, respectively.

The Company's scheduled maturities of long-term debt at face value, including discontinued operations debt and excluding commercial paper and capital leases, outstanding at December 31, 2005 were as follows:

	2006	2007	2008	2009	2010	2011 and thereafter
Long-term debt	\$ 804.6	\$ 700.7	\$.8	\$.8	\$ 1,637.7	\$ 4,760.2

CBS Corp. Credit Agreement

As of December 31, 2005, the Company had a \$3.0 billion revolving credit facility due December 2010 (the "Credit Facility"). The Company, at its option, may also borrow in certain foreign currencies up to specified limits under the Credit Facility. Borrowing rates under the facility are determined at the Company's option at the time of each borrowing and are based generally on the prime rate in the United States or the London Interbank Offer Rate ("LIBOR") plus a margin based on the Company's senior unsecured debt rating. The Company pays a facility fee based on the total amount of the commitments. As of December 31, 2005, the remaining availability under the Credit Facility, net of outstanding letters of credit, was \$2.72 billion.

The Credit Facility contains covenants, which, among other things, require that the Company maintain a minimum interest coverage ratio. At December 31, 2005, the Company was in compliance with all covenants under the Credit Facility.

The primary purpose of the Credit Facility is to support commercial paper borrowings. At December 31, 2005, the Company had no commercial paper borrowings under its \$3.0 billion commercial paper program.

Accounts Receivable Securitization Programs

As of December 31, 2005 and December 31, 2004, respectively, the Company had an aggregate of \$550.0 million and \$1.0 billion outstanding under revolving receivable securitization programs. The decrease reflects \$450.0 million of securitized receivables that are attributable to the New Viacom program since the Separation. The programs result in the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable and debt on the Company's Consolidated Balance Sheets. The Company enters into these arrangements because they provide an additional source of liquidity. Proceeds from the programs were used to reduce outstanding

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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borrowings. The terms of the revolving securitization arrangements require that the receivable pools subject to the programs meet certain performance ratios. As of December 31, 2005, the Company was in compliance with the required ratios under the receivable securitization programs.

10) FINANCIAL INSTRUMENTS

The Company's carrying value of financial instruments approximates fair value, except for differences with respect to the notes and debentures and certain differences related to other financial instruments that are not significant. At December 31, 2005, the carrying value of the senior debt and senior subordinated debt was \$7.9 billion and the fair value, which is estimated based on quoted market prices and includes accrued interest, was \$8.6 billion.

The Company uses derivative financial instruments to modify its exposure to market risks from changes in foreign exchange rates and interest rates. The Company does not hold or enter into financial instruments for speculative trading purposes. The foreign exchange hedging instruments used are spot, forward and option contracts. The foreign exchange contracts have principally been used to hedge the British Pound, the Euro, the Canadian Dollar, the Mexican Peso and the Australian Dollar. The Company designates forward contracts used to hedge future production costs as cash flow hedges. Additionally, the Company enters into non-designated forward contracts to hedge non-dollar denominated cash flows and foreign currency balances. The changes in fair value of the non-designated contracts are included in current period earnings as part of "Other items, net."

All of the Company's long-term debt has been issued under fixed interest rate agreements. The Company has entered into fixed-to-floating rate swap agreements for a portion of this debt, which are designated as fair value hedges. These swaps expose the Company to movements in short-term interest rates. As of December 31, 2005, if all parties were to agree, the swaps could have been terminated by a net payment from the Company of approximately \$9.3 million including accrued interest.

At December 31, 2005, the Company was a party to the following outstanding fair value hedges:

Interest rate swaps totaling \$350 million in notional amount, which matured on January 30, 2006, and (i) received interest on \$200 million at a weighted average rate of approximately 2.78% and paid interest based on three-month LIBOR in advance and (ii) received interest on \$150 million at a weighted average rate of approximately 3.57% and paid interest based on six-month LIBOR in arrears.

Interest rate swaps totaling \$700 million in notional amount, which mature on May 1, 2007, and (i) receive interest on \$400 million at 5.11% and pay interest based on three-month LIBOR in advance and (ii) receive interest on \$300 million at a weighted average rate of approximately 5.35% and pay interest based on three-month LIBOR in arrears.

Interest rate swaps totaling \$300 million in notional amount, which mature on May 15, 2018, receive interest at a weighted average rate of approximately 4.55% and pay interest based on three-month LIBOR in advance.

At December 31, 2005 and 2004, the Company did not have any interest rate cash flow hedges outstanding.

At December 31, 2005, the notional value of all foreign exchange contracts was \$221.4 million which represented hedges of underlying foreign currency balances and expected foreign currency cash flows. At December 31, 2004, the notional value of all foreign exchange contracts was \$458.2 million, of which

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

\$8.3 million related to the hedging of future production costs. The remaining \$449.9 million represented hedges of underlying foreign currency balances, expected foreign currency cash flows and investment hedges.

The Company continually monitors its positions with, and credit quality of, the financial institutions which are counterparties to its financial instruments. The Company is exposed to credit loss in the event of nonperformance by the counterparties to the agreements. However, the Company does not anticipate nonperformance by the counterparties.

The Company's receivables do not represent significant concentrations of credit risk at December 31, 2005, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

11) STOCKHOLDERS' EQUITY

Separation—The separation of Former Viacom into two publicly traded entities, CBS Corp. and New Viacom was completed on December 31, 2005 (the "Separation"). The Separation was accomplished pursuant to a merger in which a subsidiary of Former Viacom was merged with and into Former Viacom, with Former Viacom continuing as the surviving entity. On December 31, 2005, Former Viacom was renamed "CBS Corporation" and each outstanding share of Former Viacom class A common stock was converted into the right to receive .5 of a share of CBS Corp. Class A Common Stock and .5 of a share of New Viacom class A common stock and each outstanding share of Former Viacom class B common stock was converted into the right to receive .5 of a share of CBS Corp. Class B Common Stock and .5 of a share of New Viacom class B common stock. As a result of the one share for .5 share conversion ("Share Conversion"), all Former Viacom share and per share data have been adjusted for all periods presented, unless otherwise indicated.

At the time of the Separation, each of Class A Common Stock and Class B Common Stock was issued with par value of \$.001 per share.

In general, CBS Corp. Class A Common Stock and CBS Corp. Class B Common Stock have the same economic rights except voting rights. Holders of CBS Corp. Class A Common Stock are entitled to one vote per share with respect to all matters on which the holders of CBS Corp. common stock are entitled to vote. Holders of CBS Corp. Class B Common Stock do not have any voting rights, except as required by law.

Treasury Stock—Immediately prior to the separation, each share of class A and class B common stock held by the Company as treasury stock was automatically canceled except 9.0 million shares held for benefit plans. As a result, the Company cancelled 1.0 million shares of class A common stock and 182.3 million shares of class B common stock.

Stock Purchase Program—Under its stock purchase programs, Former Viacom purchased shares of its class B common stock for each of the years as follows: 79.6 million shares for \$5.46 billion (2005), 34.2 million shares for \$2.53 billion (2004) and 11.8 million shares for \$981.4 million (2003).

Dividends—During each of the four quarters of 2005 and 2004, Former Viacom declared dividends on its class A and class B common stock resulting in total dividends of \$440.9 million in 2005 and \$427.0 million in 2004. Dividend declarations in 2005 were recorded as a reduction to additional paid-in capital as the Company had an accumulated deficit balance.

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

Conversion Rights—Holders of Class A Common Stock have the right to convert their shares to Class B Common Stock at any time. Conversions of Former Viacom's class A shares into class B shares for the years ended December 31, 2004 and 2003 were .1 million and 1.9 million shares, respectively. There were no conversions of class A shares into class B shares in 2005.

Long-Term Incentive Plans—The Company has Long-Term Incentive Plans (the "Plans") under which stock options and RSUs were issued.

The purpose of the Plans is to benefit and advance the interests of the Company by rewarding certain employees for their contributions to the financial success of the Company and thereby motivating them to continue to make such contributions in the future. The Plans provide for awards of stock options, stock appreciation rights, restricted and unrestricted shares, restricted share units, phantom shares, dividend equivalents, performance awards and other equity-related awards and cash payments. The stock options and RSUs generally vest over a three-to five-year period from the date of grant. Options granted in 2005 generally expire eight years from the date of grant and options granted prior to 2005 expire ten years after the date of grant. The Company has reserved a total of 131,969,268 shares of CBS Corp. Class B Common Stock for future exercise of stock options and RSUs outstanding as of December 31, 2005.

On the effective date of the Separation, all outstanding unexercised options to purchase shares of Former Viacom class B common stock and all outstanding unsettled RSUs of Former Viacom class B common stock held by an individual who was a current employee or director of Former Viacom immediately prior to the effective date was converted into options to purchase shares of class B common stock and RSUs of class B common stock, respectively, of the company to which the individual provided services immediately following the effective date. For certain individuals who will provide services to both companies immediately following the Separation, their Former Viacom Stock Options and RSUs will be converted such that they will receive an equal number of options and RSUs of CBS Corp. and New Viacom class B common stock. Options to purchase shares of Former Viacom class B common stock were converted in a manner designed to preserve their intrinsic value. RSUs were converted in a manner designed to preserve their fair value. To accomplish this, adjustments were made to the number of options and the option exercise prices, and the number of RSUs. As a result, each outstanding stock option to purchase shares of Former Viacom class B common stock and RSU of Former Viacom class B common stock held by an employee who continued to provide service to CBS Corp. after the Separation was converted into 1.273438 stock options to purchase shares of CBS Corp. Class B Common Stock and 1.273438 RSUs of CBS Corp. Class B Common Stock, respectively. Each outstanding stock option to purchase shares of Former Viacom class B common stock and RSU of Former Viacom class B common stock held by an employee who continued to provide service to New Viacom after the Separation was transferred to New Viacom and converted into .792802 stock options to purchase shares of New Viacom class B common stock and .792802 RSUs of New Viacom class B common stock, respectively. Additionally, each outstanding stock option to purchase shares of Former Viacom class B common stock and RSU of Former Viacom class B common stock held by an employee who continued to provide service to both CBS Corp. and New Viacom was converted to .488609 options to purchase shares of both CBS Corp. Class B Common Stock and New Viacom class B common stock and .488609 RSUs of both CBS Corp. Class B Common Stock and New Viacom class B common stock, respectively ("Stock Option and RSU Conversion").

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

The following tables summarize the Company's stock option activity under the Plans. The options outstanding and weighted-average exercise prices in the "Historical" table reflect historical Former Viacom options and related weighted average exercise prices not adjusted for the Share Conversion and then giving effect to the Separation and Stock Option Conversion at December 31, 2005. The "After Share Conversion" table presents historical activities of Former Viacom options and related weighted average exercise prices retroactively giving effect to the one share for .5 share conversion. Accordingly, all option data was reduced by one-half and all corresponding per-share data was multiplied by two.

	Historical		After Share Conversion	
	Options Outstanding	Weighted-Average Exercise Price	Options Outstanding	Weighted-Average Exercise Price
Balance at December 31, 2002	138,385,262	\$ 37.13	69,192,631	\$ 74.26
Granted	23,759,956	39.57	11,879,978	79.15
Exercised	(11,170,461)	22.01	(5,585,230)	44.03
Canceled	(3,565,898)	45.35	(1,782,950)	90.69
Balance at December 31, 2003	147,408,859	38.47	73,704,429	76.94
Granted	28,295,741	39.32	14,147,871	78.64
Exercised	(6,738,220)	17.74	(3,369,110)	35.49
Canceled	(6,546,556)	43.67	(3,273,278)	87.33
Balance at December 31, 2004	162,419,824	39.27	81,209,912	78.54
Granted	18,146,549	36.68	9,073,275	73.35
Exercised	(16,744,137)	18.95	(8,372,069)	37.90
Canceled	(9,348,044)	42.85	(4,674,022)	85.70
Balance at December 31, 2005—before Separation	154,474,192	40.95	77,237,096	81.90
Spin-off of New Viacom	(50,895,198)	40.67	(25,447,599)	81.34
Balance at December 31, 2005—before Stock Option Conversion	103,578,994	41.09	51,789,497	\$ 82.17
Conversion to stock options to purchase CBS Corp. Class B Common Stock	26,550,984			
Balance at December 31, 2005—after Stock Option Conversion	130,129,978	\$ 32.29		

Stock options exercisable at year end were as follows:

December 31, 2003 (before Stock Option and RSU Conversion)	46,747,714
December 31, 2004 (before Stock Option and RSU Conversion)	53,774,247
December 31, 2005 (after Stock Option and RSU Conversion)	108,031,858

The stock options and RSUs available for future grant under the Plans were as follows:

At December 31, 2003 (before Stock Option and RSU conversion)	18,011,822
At December 31, 2004 (before Stock Option and RSU conversion)	68,986,156
At December 31, 2005 (after Stock Option and RSU conversion)	96,274,034



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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The weighted-average fair value of each option as of the grant date was \$10.25, \$17.95 and \$18.49 in 2005, 2004 and 2003, respectively (not adjusted for the Share Conversion). The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2005	2004	2003
Expected dividend yield	.77%	.61%	.55%
Expected stock price volatility	24.11%	38.88%	39.54%
Risk-free interest rate	3.91%	4.09%	3.58%
Expected life of options (years)	5.5	7.3	6.8

In anticipation of the adoption of SFAS 123R in January 2006, the Company reviewed and updated the methodology for determining certain Black Scholes assumptions during 2005 to be consistent with valuation methodologies prescribed by SFAS 123R. Accordingly, the volatility assumption, which was previously based on historical volatility, was determined using a combination of the historical volatility, implied volatility of traded options and forward looking estimates of volatility provided by third party financial institutions, based on traded options. The expected term was reduced slightly for 2005 based on the application of the simplified method provided in SEC Staff Accounting Bulletin No. 107. Additionally, the lower expected term also reflects the reduction in the term until expiration for 2005 grants to 8 years from 10 years as used in previous years.

The following table summarizes information concerning outstanding and exercisable stock options to purchase CBS Corp. Class B Common Stock under the Plans at December 31, 2005. This information reflects the impact of the Separation as the number of options and the exercise price is shown after the Stock Option and RSU Conversion.

Range of Exercise Price	Outstanding after Separation			Exercisable after Separation	
	Number of Options	Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
\$ 2 to 9.99	200,532	.21	\$ 9.37	200,532	\$ 9.37
10 to 19.99	8,090,436	1.13	\$ 14.58	8,090,436	\$ 14.58
20 to 29.99	31,740,260	5.77	\$ 27.08	12,968,300	\$ 24.67
30 to 39.99	63,580,692	5.45	\$ 32.41	60,254,532	\$ 32.51
40 to 49.99	26,246,858	3.68	\$ 43.73	26,246,858	\$ 43.73
50 to 59.99	271,200	3.56	\$ 54.51	271,200	\$ 54.51
	130,129,978			108,031,858	

Beginning in 2005, the Company granted awards of RSUs to employees. Compensation expense for RSUs is determined based upon the market price of the shares underlying the awards on the grant date and expensed over the vesting period. RSUs generally vest over a four year period, however, RSU awards granted to certain senior executives vest over a one year period based on the achievement of certain performance conditions. For the year ended December 31, 2005, the Company recorded pre-tax compensation expense of \$32.5 million, including \$14.7 million in discontinued operations, in the Consolidated Statement of Operations. During 2005, the Company granted 1.5 million RSUs, including .8 million held by future employees of CBS Corp. and .7 million held by future employees of New Viacom. At December 31, 2005, upon conversion to RSUs for CBS Corp. Class B Common Stock, there were 1.8 million RSUs outstanding at a weighted average grant date fair value of \$29.30.

CBS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
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12) INCOME TAXES

The U.S. and foreign components of earnings (loss) from continuing operations before income taxes, equity in earnings (loss) of affiliated companies, minority interest and cumulative effect of accounting changes were as follows:

Year Ended December 31,	2005	2004	2003
United States	\$ (7,809.1)	\$ (16,042.7)	\$ 1,677.5
Foreign	297.4	241.1	148.3
Total	\$ (7,511.7)	\$ (15,801.6)	\$ 1,825.8

The components of the provision for income taxes were as follows:

Year Ended December 31,	2005	2004	2003
Current:			
Federal	\$ 462.8	\$ 299.8	\$ 131.4
State and local	93.0	24.7	63.4
Foreign	78.3	41.1	33.1
	634.1	365.6	227.9
Deferred	174.0	243.3	498.6
Provision for income taxes	\$ 808.1	\$ 608.9	\$ 726.5

The equity in earnings (loss) of affiliated companies are shown net of tax on the Company's Consolidated Statements of Operations. The tax (provisions) benefits relating to earnings (loss) from equity investments in 2005, 2004, and 2003 were \$1.0 million, (\$13.0) million, and (\$11.3) million, respectively, which represented an effective tax rate of 39.9%, 40.3%, and 38.2%.

The 2004 cumulative effect of accounting change of \$1.3 billion was net of a tax benefit of \$871.3 million. The 2003 cumulative effect of accounting change of \$18.5 million was net of a tax benefit of \$11.5 million and net of minority interest.

In 2005 and 2004, respectively, \$106.6 million and \$50.7 million of income tax benefit was recorded as a component of stockholders' equity as a result of exercised stock options.

The difference between income taxes as expected at the U.S. federal statutory income tax rate of 35% and the provision for income taxes is summarized as follows:

Year Ended December 31,	2005	2004	2003
Taxes on income at U.S. federal statutory rate	\$ (2,629.1)	\$ (5,530.6)	\$ 639.0
State and local taxes, net of federal tax benefit	94.9	(766.0)	83.4
Effect of foreign operations	8.0	(26.8)	.5
Impairment charges	3,298.6	7,066.3	—
Audit settlements	—	(128.4)	—
Realization of additional stock basis	—	(31.0)	—
Other, net	35.7	25.4	3.6
Total income taxes	\$ 808.1	\$ 608.9	\$ 726.5

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The following is a summary of the components of the deferred tax accounts:

Year Ended December 31,	2005	2004
Deferred tax assets:		
Provision for expense and losses	\$ 921.0	\$ 1,309.3
Postretirement and other employee benefits	1,039.6	843.7
Tax credit and loss carryforwards	256.0	256.8
Other	74.3	351.8
Total deferred tax assets	2,290.9	2,761.6
Valuation allowance	(127.7)	(198.8)
Net deferred tax assets	\$ 2,163.2	\$ 2,562.8
Deferred tax liabilities:		
Property, equipment and intangible assets	\$ (3,697.7)	\$ (4,153.1)
Lease portfolio	(297.1)	(240.4)
Total deferred tax liabilities	\$ (3,994.8)	\$ (4,393.5)
Deferred tax liabilities, net	\$ (1,831.6)	\$ (1,830.7)

At December 31, 2005 and 2004, respectively, the Company had net current deferred tax assets of \$468.9 million and \$201.5 million. At December 31, 2005 and 2004, respectively, the Company had non-current deferred income tax liabilities of \$2,300.5 million and \$2,032.2 million. The Company included in "Other liabilities of discontinued operations" in 2005 and 2004, respectively, non-current deferred income tax liabilities of \$185.4 million and \$240.4 million for its retained liabilities of discontinued business. For 2004, this item also included the deferred tax assets for New Viacom of \$448.6 million.

At December 31, 2005, the Company had net operating loss carryforwards for federal, state and local, and foreign jurisdiction of approximately \$554.8 million, which expire in various years from 2007 through 2025, and capital loss carryforwards of \$163.6 million which expire in 2009.

The 2005 and 2004 deferred tax assets were reduced by a valuation allowance of \$127.7 million and \$198.8 million, respectively, principally relating to tax benefits of net operating losses which are not expected to be realized.

The Company's share of the undistributed earnings of foreign subsidiaries not included in its consolidated federal income tax return that could be subject to additional income taxes if remitted was approximately \$2.2 billion at December 31, 2005 and at December 31, 2004. No provision has been recorded for the U.S. or foreign taxes that could result from the remittance of such undistributed earnings since the Company intends to distribute only the portion of such earnings which would be offset by U.S. foreign tax credits, and intends to reinvest the remainder outside the U.S. indefinitely. For this portion it is not practicable to estimate the amount of such deferred taxes.

The IRS is currently examining the years 2000 through 2003. The Company believes that adequate provision has been made for income taxes for all open periods through December 31, 2005.

13) PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company and certain of its subsidiaries have principally non-contributory pension plans covering specific groups of employees. The benefits for certain plans are based primarily on an employee's years of

CBS CORPORATION AND SUBSIDIARIES
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service and average pay near retirement. Benefits under other plans are based primarily on an employee's pay for each year that the employee participates in the plan. Participating employees are vested in the plans after five years of service. The Company's policy for all pension plans is to fund amounts in accordance with the Employee Retirement Income Security Act of 1974, the Internal Revenue code of 1986 and the applicable rules and regulations. Plan assets consist principally of equity securities, marketable bonds and U.S. government securities. The Company's Class B Common Stock represents approximately 2.2% and 2.3% of the plan assets' fair values at December 31, 2005 and 2004, respectively.

In addition, the Company sponsors health and welfare plans that provide certain postretirement health care and life insurance benefits to retired employees and their covered dependents. Retiring employees are eligible for these benefits if they meet certain age and service requirements at the time of their retirement. Most of the plans are contributory and contain cost-sharing features such as deductibles and coinsurance which are adjusted annually. Claims are paid either through certain trusts funded by the Company or by the Company's own funds.

The Company uses a December 31 measurement date for all pension and other postretirement benefit plans. The following table sets forth the change in benefit obligation for the Company's benefit plans:

At December 31,	Pension Benefits		Postretirement Benefits	
	2005	2004	2005	2004
Change in benefit obligation:				
Benefit obligation, beginning of year	\$ 5,428.1	\$ 5,325.6	\$ 1,249.9	\$ 1,242.9
Service cost	39.2	36.2	2.4	2.3
Interest cost	296.1	300.9	68.8	71.6
Actuarial loss/(gain)	198.7	225.8	(134.3)	11.2
Benefits paid	(482.8)	(484.6)	(100.0)	(92.7)
Business combinations	—	8.0	—	—
Participants' contributions	.3	.2	11.3	14.6
Amendments	7.5	—	—	—
Cumulative translation adjustments	3.3	16.0	—	—
Benefit obligation, end of year	\$ 5,490.4	\$ 5,428.1	\$ 1,098.1	\$ 1,249.9

The following table sets forth the change in plan assets for the Company's benefit plans:

At December 31,	Pension Benefits		Postretirement Benefits	
	2005	2004	2005	2004
Change in plan assets:				
Fair value of plan assets, beginning of year	\$ 4,287.0	\$ 4,291.3	\$ 98.5	\$ 96.0
Actual return on plan assets	200.6	288.3	3.1	.8
Employer contributions	51.1	171.2	12.5	79.8
Benefits paid	(482.8)	(484.6)	(100.0)	(92.7)
Business combinations	—	5.5	—	—
Participants' contributions	.3	.2	11.3	14.6
Cumulative translation adjustments	5.2	15.1	—	—
Fair value of plan assets, end of year	\$ 4,061.4	\$ 4,287.0	\$ 25.4	\$ 98.5

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The accrued pension and postretirement costs recognized in the Company's Consolidated Balance Sheets were computed as follows:

At December 31,	Pension Benefits			Postretirement Benefits	
	2005	2004		2005	2004
Funded status	\$ (1,429.0)	\$ (1,141.1)	\$	(1,072.7)	\$ (1,151.4)
Unrecognized transition obligation	(.5)	.7		—	—
Unrecognized prior service cost (benefit)	16.4	9.6		(3.4)	(4.1)
Unrecognized actuarial loss	1,228.0	992.8		16.2	155.4
Accrued pension liability	\$ (185.1)	\$ (138.0)	\$	(1,059.9)	\$ (1,000.1)

Amounts recognized in the Consolidated Balance Sheets:

Accrued liability	\$ (1,341.2)	\$ (1,045.4)	\$	(1,059.9)	\$ (1,000.1)
Prepaid benefits cost	60.1	12.7		—	—
Intangible assets	8.7	11.0		—	—
Accumulated other comprehensive pre-tax loss(1)	1,087.3	883.7		—	—
Net liability recognized	\$ (185.1)	\$ (138.0)	\$	(1,059.9)	\$ (1,000.1)

(1) Reflects a minimum liability increase of \$203.6 million in 2005 and an increase of \$169.5 million in 2004.

The accumulated benefit obligation for all defined pension plans was \$5,376.2 million and \$5,302.9 million at December 31, 2005 and 2004, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets is set forth below:

At December 31,	2005	2004
Projected benefit obligation	\$ 5,221.2	\$ 5,361.2
Accumulated benefit obligation	\$ 5,114.2	\$ 5,235.3
Fair value of plan assets	\$ 3,780.0	\$ 4,200.9

Net periodic cost for the Company's pension and postretirement benefit plans consists of the following:

At December 31,	Pension Benefits			Postretirement Benefits		
	2005	2004	2003	2005	2004	2003
Components of net periodic cost:						
Service cost	\$ 39.2	\$ 36.2	\$ 34.7	\$ 2.4	\$ 2.3	\$ 2.1
Interest cost	296.1	300.9	323.5	68.8	71.6	79.8
Expected return on plan assets	(285.2)	(282.2)	(287.3)	(1.0)	(1.0)	(2.0)
Amortization of transition obligation	.1	.1	.1	—	—	—
Amortization of prior service cost	1.2	1.2	1.2	(.6)	(.5)	(.9)
Recognized actuarial loss	52.9	33.2	41.0	2.7	2.2	5.3
Net periodic cost	\$ 104.3	\$ 89.4	\$ 113.2	\$ 72.3	\$ 74.6	\$ 84.3

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	Pension Benefits		Postretirement Benefits	
	2005	2004	2005	2004
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate	5.7%	5.7%	5.8%	5.8%
Rate of compensation increase	3.5%	3.5%	N/A	N/A
Weighted-average assumptions used to determine net periodic cost for years ended December 31:				
Discount rate	5.7%	6.0%	5.8%	6.0%
Expected long-term return on plan assets	7.0%	7.0%	2.0%	2.0%
Rate of compensation increase	3.5%	3.5%	N/A	N/A

N/A—not applicable

The discount rate reflects the rate at which the pension benefit obligations could effectively be settled. The Company determined the discount rate by projecting the plans expected future benefit payments as defined for the projected benefit obligation. Those projected benefit payments are used to construct a high quality bond portfolio with interest and principal payments that provide the cash flows necessary to meet the projected benefit payments. The projected benefit payments are discounted by the weighted average yield of the bond portfolio.

The expected long-term returns on plan assets were based upon the target asset allocation and return estimates for equity and debt securities. The expected rate of return for equities was based upon the risk-free rate plus a premium for equity securities. The expected return on debt securities was based upon an analysis of current and historical yields on portfolios of similar quality and duration.

In May 2004, FASB issued FASB Staff Position No. 106-2, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (FSP 106-2) in response to the Medicare Prescription Drug, Improvement Modernization Act of 2003. This Act is related to prescription drug benefits under Medicare as well as a federal subsidy to sponsors of retiree healthcare benefit plans. The effect of this federal subsidy was reflected in the accumulated postretirement benefit obligation as of December 31, 2005 assuming that the Company will continue to provide a prescription drug benefit to retirees that is at least actuarially equivalent to Medicare Part D and that the Company will receive the federal subsidy. The accumulated postretirement medical benefit obligations at December 31, 2005, decreased by approximately \$127.0 million due to the effect of the federal subsidy.

The following assumptions were also used in accounting for postretirement benefits:

	2005	2004
Projected health care cost trend rate for participants of age 65 and below	9.0%	9.0%
Projected health care cost trend rate for participants above age 65	10.0%	10.0%
Ultimate trend rate	5.0%	5.0%
Year ultimate trend rate is achieved for participants of age 65 and below	2014	2013
Year ultimate trend rate is achieved for participants above age 65	2016	2015

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Assumed health care cost trend rates could have a significant effect on the amounts reported for the postretirement health care plan. A one percentage point change in assumed health care cost trend rates would have the following effects:

	One Percentage Point Increase		One Percentage Point Decrease	
Effect on total of service and interest cost components	\$	3.5	\$	(3.2)
Effect on the accumulated postretirement benefit obligation	\$	42.7	\$	(37.3)

The asset allocations for the Company's retirement benefit trusts for the qualified pension benefit plans are based upon an analysis of the timing and amount of projected benefit payments, the expected returns and risk of the asset classes and the correlation of those returns. The Company's largest retirement benefit trust, which accounted for 75% of assets at December 31, 2005 is invested approximately 75% in a diversified portfolio of high quality fixed income instruments with a duration that approximates the duration of the liabilities covered by that trust. The Company's other trusts are invested approximately 57% in equity securities and 43% in fixed income securities, including cash. All equity portfolios are diversified between U.S and non-U.S. equities and include small and large capitalization equities.

The percentage of asset allocations of the Company's pension and postretirement benefit plans at December 31, 2005 and 2004, by asset category were as follows:

Plan Assets at December 31,	Pension Assets		Post Retirement Benefit Assets	
	2005	2004	2005	2004
Equity securities	32.6%	29.6%	—%	—%
Debt securities	62.5%	62.9%	18.5%	4.6%
Cash and other	4.9%	7.5%	81.5%	95.4%
Total	100.0%	100.0%	100.0%	100.0%

Future Benefit Payments

The estimated future benefit payments are as follows:

	2006	2007	2008	2009	2010	2011-2015
Pension	\$ 492.5	\$ 486.2	\$ 474.2	\$ 466.3	\$ 455.9	2,069.3
Postretirement	\$ 99.5	\$ 102.8	\$ 104.4	\$ 105.0	\$ 104.6	475.2

The Company expects to contribute \$100 million to the pension plans and \$74 million to its other postretirement benefit plans in 2006.

The Company contributes to multi-employer plans that provide pension and health and welfare benefits to certain employees under collective bargaining agreements. The contributions to these plans were \$31.5 million (2005) and \$30.3 million (2004). In addition, the Company has defined contribution plans for the benefit of substantially all employees meeting certain eligibility requirements. Employer contributions to such plans were \$37.4 million, \$34.0 million and \$31.2 million for the years ended December 31, 2005, 2004 and 2003, respectively.

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14) COMMITMENTS AND CONTINGENCIES

The Company's commitments not recorded on the balance sheet primarily consist of programming and talent commitments, operating lease arrangements, purchase obligations for goods and services and guaranteed minimum franchise payments. These arrangements result from the Company's normal course of business and represent obligations that are payable over several years.

Programming and talent commitments of the Company, estimated to aggregate approximately \$14.16 billion as of December 31, 2005, included \$9.89 billion for the acquisition of sports programming rights, \$2.86 billion relating to television, radio, and film production and acquisitions and \$897.8 million for talent contracts. A majority of such fees are payable over several years, as part of the normal course of business.

The Company has long-term noncancelable operating lease commitments for office space and equipment, transponders, studio facilities and vehicles. The Company also enters into capital leases for satellite transponders. At December 31, 2005, future operating lease payments are estimated to aggregate \$1.29 billion.

The Company also has purchase obligations which include agreements to purchase goods or services in the future that totaled \$281.3 million as of December 31, 2005.

CBS Corp.'s outdoor advertising business has franchise rights entitling it to display advertising on media including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks, masts and stadium signage. Under most of these franchise agreements, the franchiser is entitled to receive the greater of a percentage of the relevant advertising revenues, net of advertising agency fees, or a specified guaranteed minimum annual payment.

At December 31, 2005, minimum rental payments under noncancelable leases and minimum franchise payments are as follows:

	Capital	Leases Operating	Guaranteed Minimum Franchise Payments
2006	\$ 21.2	\$ 253.5	\$ 405.7
2007		20.7	271.3
2008		17.9	186.7
2009		14.8	160.0
2010		14.8	96.6
2011 and thereafter		79.6	372.7
Total minimum payments	\$ 169.0	\$ 1,288.9	\$ 1,822.7
Less amounts representing interest		(43.6)	
Present value of net minimum payments	\$ 125.4		

Future minimum operating lease payments have been reduced by future minimum sublease income of \$15.5 million. Rent expense amounted to \$334.3 million (2005), \$313.2 million (2004) and \$292.4 million (2003).

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

In connection with the Separation, New Viacom has agreed to indemnify CBS Corp. with respect to obligations related to Blockbuster. Among those obligations are guarantees entered into by Former Viacom of certain Blockbuster store leases which aggregated approximately \$352.9 million at December 31, 2005. Certain leases contain renewal options that can extend the primary lease term and remain covered by the guarantees. These guarantees are secured by a \$150 million Blockbuster letter of credit.

In connection with the July 2005 divestiture of Famous Players, New Viacom has agreed to indemnify CBS Corp. with respect to liabilities associated with Famous Players theater leases.

In the fourth quarter of 2004, the Company sold its 50% equity interest in UCI, which operates movie theaters in Europe, Latin America and Asia. In connection with the separation, New Viacom has agreed to indemnify CBS Corp. with respect to liabilities associated with certain UCI theater leases. The guarantees entered into by Former Viacom totaled approximately \$152.4 million at December 31, 2005 and are secured by bank guarantees provided by the buyer.

New Viacom also owns a 50% interest in WF Cinema Holdings, L.P. and Grauman's Theatres, LLC and certain of their theater leases were guaranteed by Former Viacom. New Viacom has agreed to indemnify CBS Corp. with respect to obligations under these guarantees. These guarantees totaled approximately \$10.0 million at December 31, 2005.

Additionally, 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. The outstanding letters of credit and surety bonds approximated \$348.2 million at December 31, 2005 and are not recorded on the balance sheet as of December 31, 2005.

In the course of its business, the Company both provides and receives the benefit of 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

Shareholder Derivative Lawsuits and Demands. Two shareholder derivative lawsuits, consolidated as *In re Viacom Shareholders Derivative Litigation*, were filed in July 2005 in New York State Supreme Court relating to executive compensation and alleged corporate waste. The actions name each member of Former Viacom's Board of Directors, Messrs. Tom Freston and Leslie Moonves (each of whom were executive officers of Former Viacom), and, as a nominal defendant, Former Viacom, alleging that the 2004 compensation of Messrs. Redstone, Freston, and Moonves was excessive and unwarranted and challenging the independence of certain Former Viacom directors. Mr. Redstone is the Company's Executive Chairman of the Board of Directors and Founder and Mr. Moonves is the Company's President and Chief Executive Officer. Mr. Freston is New Viacom's President and Chief Executive Officer. Plaintiffs seek unspecified damages from the members of the Former Viacom Board of Directors for their alleged breach of fiduciary duties, disgorgement of the 2004 compensation paid to the officers of Former Viacom, equitable relief, and attorney fees and expenses. The Company moved to dismiss the complaints and oral argument was heard on February 16, 2006. No decision has been issued by the court. Any liabilities in this

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matter adverse to the Company and/or New Viacom will be shared equally between the Company and New Viacom. The Company believes that the plaintiffs' positions in these actions are without merit and it intends to vigorously defend itself in the litigation.

The Company has received shareholder demands seeking access to books and records of the Company relating to executive compensation paid to Sumner M. Redstone, Tom Freston and Leslie Moonves, accompanied by statements that such demands are in furtherance of an investigation of possible mismanagement, self-dealing and corporate waste by directors and officers of Former Viacom. Another shareholder demand seeking access to books and records relates to the compensation of Sumner M. Redstone and Mel Karmazin (former Chief Operating Officer of Former Viacom). One of the demands also seeks access to books and records of the Company relating to Sumner M. Redstone's acquisition of a controlling interest in Midway Games Inc. The Company intends to comply with all reasonable requests. Under the Separation Agreement between the Company and New Viacom, liabilities in connection with executive compensation claims relating to officers of Former Viacom are shared equally by the Company and New Viacom.

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 large 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 December 31, 2005, the Company had pending approximately 101,170 asbestos claims, as compared with approximately 112,140 as of December 31, 2004 and approximately 112,280 as of December 31, 2003. Of the claims pending as of December 31, 2005, approximately 70,910 were pending in state courts, 27,640 in federal courts and approximately 2,620 were third party claims. During 2005, the Company received approximately 11,470 new claims and closed or moved to an inactive docket approximately 22,440 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. To date, the Company has not been liable for any third party claims. The Company's total costs for the years 2005 and 2004 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately \$37.2 million and \$58.4 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.

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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.

On an ongoing basis, the Company defends itself in a multitude of 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 New Viacom, New Viacom has agreed to defend and indemnify CBS Corp. in certain litigation in which CBS Corp. is named.

15) REPORTABLE SEGMENTS

The following tables set forth the Company's financial performance by reportable operating segment. The Company's reportable operating segments have been determined in accordance with the Company's internal management structure, which is organized based upon products and services. The accounting policies of the segments are the same as those described in Note 1—Summary of Significant Accounting Policies.

Year Ended December 31,	2005	2004	2003
Revenues:			
Television	\$ 9,325.2	\$ 9,448.5	\$ 8,680.5
Radio	2,114.8	2,096.1	2,097.6
Outdoor	1,949.3	1,880.2	1,748.3
Parks/Publishing	1,187.1	1,160.8	1,069.3
Eliminations	(40.0)	(38.3)	(41.2)
Total Revenues	\$ 14,536.4	\$ 14,547.3	\$ 13,554.5

Revenues generated between segments primarily reflect advertising sales. These transactions are recorded at fair market value as if the sales were to third parties and are eliminated in consolidation.

Year Ended December 31,	2005	2004	2003
Intercompany revenues:			
Television	\$ 5.3	\$ 5.7	\$ 6.6
Radio	17.3	19.3	20.1
Outdoor	17.4	13.3	14.5
Total Intercompany Revenues	\$ 40.0	\$ 38.3	\$ 41.2

The Company presents Segment Operating Income before depreciation and amortization and SFAS 142 impairment charges ("Segment OIBDA before SFAS 142 Impairment Charges") as the primary measure of profit and loss for its operating segments. The Company believes the presentation of Segment OIBDA before SFAS 142 Impairment Charges is relevant and useful for the investors because it allows investors to view segment performance in a manner similar to the method used by the Company's management and enhances their ability to understand the Company's operating performance.

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Year Ended December 31,	2005	2004	2003
Segment OIBDA before SFAS 142 Impairment Charges:			
Television	\$ 1,824.7	\$ 1,981.2	\$ 1,656.5
Radio	925.0	948.2	1,002.4
Outdoor	469.9	453.9	423.8
Parks/Publishing	184.8	180.2	148.1
Corporate	(120.5)	(98.5)	(71.3)
Residual costs	(118.7)	(113.8)	(146.5)
SFAS 142 Impairment charges	(9,484.4)	(17,997.1)	—
Depreciation and amortization	(498.7)	(508.6)	(501.7)
Operating Income (Loss)	(6,817.9)	(15,154.5)	2,511.3
Interest expense	(720.5)	(694.0)	(716.1)
Interest income	21.4	21.8	9.2
Other items, net	5.3	25.1	21.4
Earnings (loss) from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	(7,511.7)	(15,801.6)	1,825.8
Provision for income taxes	(808.1)	(608.9)	(726.5)
Equity in earnings (loss) of affiliated companies, net of tax	(1.5)	19.2	18.3
Minority interest, net of tax	(.5)	(.6)	(.7)
Net earnings (loss) from continuing operations before cumulative effect of accounting changes	(8,321.8)	(16,391.9)	1,116.9
Earnings from discontinued operations	2,237.8	917.0	1,170.3
Income taxes, net of minority interest	(1,005.1)	(674.9)	(851.8)
Net earnings from discontinued operations	1,232.7	242.1	318.5
Net earnings (loss) before cumulative effect of accounting change	(7,089.1)	(16,149.8)	1,435.4
Cumulative effect of accounting changes, net of minority interest and tax	—	(1,312.4)	(18.5)
Net Earnings (Loss)	\$ (7,089.1)	\$ (17,462.2)	\$ 1,416.9

Year Ended December 31,	2005	2004	2003
Operating Income (Loss):			
Television	\$ (4,791.5)	\$ 1,807.5	\$ 1,481.5
Radio	(2,154.1)	(10,023.5)	975.0
Outdoor	260.5	(6,824.5)	207.9
Parks/Publishing	117.6	111.2	77.5
Segment Total	(6,567.5)	(14,929.3)	2,741.9
Corporate	(131.7)	(111.4)	(84.1)
Residual costs	(118.7)	(113.8)	(146.5)
Total Operating Income (Loss)	\$ (6,817.9)	\$ (15,154.5)	\$ 2,511.3

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Year Ended December 31,	2005	2004	2003
Depreciation and Amortization:			
Television	\$ 178.8	\$ 173.7	\$ 175.0
Radio	32.1	29.9	27.4
Outdoor	209.4	223.1	215.9
Parks/Publishing	67.2	69.0	70.6
Corporate	11.2	12.9	12.8
Total Depreciation and Amortization	\$ 498.7	\$ 508.6	\$ 501.7

Year Ended December 31,	2005	2004	2003
Capital Expenditures:			
Television	\$ 197.2	\$ 118.5	\$ 115.6
Radio	37.7	38.2	14.1
Outdoor	68.4	56.5	58.1
Parks/Publishing	52.8	48.9	46.2
Corporate	19.5	.1	.1
Total Capital Expenditures	\$ 375.6	\$ 262.2	\$ 234.1

Information regarding the Company's consolidated revenues by type is as follows:

Revenues by Type			
Year Ended December 31,	2005	2004	2003
Advertising sales	\$ 10,415.7	\$ 10,180.6	\$ 9,403.7
Television license fees	1,277.2	1,622.1	1,583.0
Affiliate fees	992.1	968.5	959.3
Publishing	763.6	750.9	693.5
Parks operations	423.5	409.9	375.8
Other (a)	664.3	615.3	539.2
Total	\$ 14,536.4	\$ 14,547.3	\$ 13,554.5

(a) Other primarily includes revenues from home entertainment from television and cable product sales and royalties and fees.

At December 31,	2005	2004
Total Assets:		
Television	\$ 20,197.1	\$ 26,126.9
Radio	11,088.9	14,313.6
Outdoor	7,151.7	7,262.6
Parks/Publishing	1,901.1	1,894.8
Corporate	2,565.0	1,984.8
Discontinued Operations	202.2	17,847.8
Eliminations	(76.4)	(1,428.2)
Total Assets	\$ 43,029.6	\$ 68,002.3

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Information regarding the Company's operations by geographic area is as follows:

Year Ended December 31,	2005	2004	2003
Revenues(a):			
United States	\$ 12,804.9	\$ 12,929.6	\$ 12,105.0
International	1,731.5	1,617.7	1,449.5
Total Revenues	\$ 14,536.4	\$ 14,547.3	\$ 13,554.5
At December 31,			
	2005	2004	
Long-lived Assets(b):			
United States	\$ 34,325.5	\$ 57,250.4	
International	1,553.0	2,660.7	
Total Long-lived Assets	\$ 35,878.5	\$ 59,911.1	

Transactions within the Company between geographic areas are not significant.

(a) Revenue classifications are based on customers' locations.

(b) Reflects total assets from both continuing and discontinued operations less current assets, non-current deferred tax assets and investments in affiliated companies.

16) OTHER ITEMS, NET

For 2005, "Other items, net" of \$5.3 million principally reflected a net gain of \$86.2 million from the sale of investments and businesses, and foreign exchange gains of \$10.9 million, partially offset by losses associated with securitizing trade receivables of \$23.8 million and a non-cash charge of \$67.9 million to reflect other-than-temporary declines in the market value of certain of the Company's radio investments.

For 2004, "Other items, net" of \$25.1 million principally reflected foreign exchange gains of \$25.9 million and a net gain on the sale of investments and businesses of \$32.5 million, partially offset by a non-cash charge of \$21.7 million associated with other-than-temporary declines in the Company's investments and losses associated with securitizing trade receivables of \$11.6 million.

For 2003, "Other items, net" of \$21.4 million principally consisted of foreign exchange gains of \$14.8 million, net gains on the disposition of investments of \$14.8 million and an insurance recoupment of \$5.6 million partially offset by losses of \$9.1 million associated with securitizing trade receivables and a non-cash charge of approximately \$5.0 million associated with other-than-temporary declines in the market value of several investments.

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17) SUPPLEMENTAL CASH FLOW INFORMATION

Year Ended December 31,	2005	2004	2003
Cash paid for interest, net of amounts capitalized:			
Continuing operations	\$ 659.6	\$ 613.2	\$ 647.5
Discontinued operations	19.8	32.6	51.4
Total	\$ 679.4	\$ 645.8	\$ 698.9
Cash paid for income taxes:			
Continuing operations	\$ 520.3	\$ 416.6	\$ 328.3
Discontinued operations	962.6	768.4	605.6
Total	\$ 1,482.9	\$ 1,185.0	\$ 933.9
Non-cash investing and financing activities			
Equipment acquired under capitalized leases for:			
Continuing operations	\$ 18.6	\$ 48.0	\$ 2.2
Discontinued operations	93.6	91.9	58.1
Total	\$ 112.2	\$ 139.9	\$ 60.3
Fair value of assets acquired	\$ 473.6	\$ 112.1	\$ 59.2
Fair value of liabilities assumed	(10.7)	(50.3)	(1.6)
Minority interest	—	2.2	—
Cash paid, net of cash acquired	(462.9)	(64.0)	(57.6)
Impact on stockholders' equity	\$ —	\$ —	\$ —

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18) QUARTERLY FINANCIAL DATA (unaudited):

2005 (a)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (b)	Total Year
Revenues:					
Television	\$ 2,395.1	\$ 2,284.2	\$ 2,154.9	\$ 2,491.0	\$ 9,325.2
Radio	462.8	566.5	542.0	543.5	2,114.8
Outdoor	429.1	499.3	493.5	527.4	1,949.3
Parks/Publishing	167.6	319.1	424.1	276.3	1,187.1
Eliminations	(6.8)	(11.4)	(11.7)	(10.1)	(40.0)
Total Revenues	\$ 3,447.8	\$ 3,657.7	\$ 3,602.8	\$ 3,828.1	\$ 14,536.4
Segment OIBDA before SFAS 142 Impairment Charges:					
Television	\$ 412.0	\$ 547.5	\$ 421.0	\$ 444.2	\$ 1,824.7
Radio	197.2	280.5	232.6	214.7	925.0
Outdoor	69.3	134.9	118.2	147.5	469.9
Parks/Publishing	(3.9)	32.9	115.3	40.5	184.8
Corporate	(18.9)	(26.8)	(36.3)	(38.5)	(120.5)
Residual costs	(29.7)	(29.6)	(29.7)	(29.7)	(118.7)
SFAS 142 impairment charges	—	—	—	(9,484.4)	(9,484.4)
Depreciation and amortization	(120.9)	(122.3)	(124.0)	(131.5)	(498.7)
Operating Income (Loss)	\$ 505.1	\$ 817.1	\$ 697.1	\$ (8,837.2)	\$ (6,817.9)
Operating Income (Loss):					
Television	\$ 370.2	\$ 505.5	\$ 376.0	\$ (6,043.2)	\$ (4,791.5)
Radio	189.5	272.9	225.2	(2,841.7)	(2,154.1)
Outdoor	16.5	81.7	65.9	96.4	260.5
Parks/Publishing	(19.8)	16.0	98.2	23.2	117.6
Corporate	(21.6)	(29.4)	(38.5)	(42.2)	(131.7)
Residual costs	(29.7)	(29.6)	(29.7)	(29.7)	(118.7)
Total Operating Income (Loss)	\$ 505.1	\$ 817.1	\$ 697.1	\$ (8,837.2)	\$ (6,817.9)
Net earnings (loss) from continuing operations	\$ 225.0	\$ 387.5	\$ 305.7	\$ (9,240.0)	\$ (8,321.8)
Net earnings (loss)	\$ 585.0	\$ 753.8	\$ 708.5	\$ (9,136.4)	\$ (7,089.1)
Basic earnings (loss) per common share:					
Net earnings (loss) from continuing operations	\$.28	\$.48	\$.39	\$ (12.13)	\$ (10.54)
Net earnings (loss)	\$.72	\$.94	\$.90	\$ (12.00)	\$ (8.98)
Diluted earnings (loss) per common share:					
Net earnings (loss) from continuing operations	\$.28	\$.48	\$.39	\$ (12.13)	\$ (10.54)
Net earnings (loss)	\$.72	\$.94	\$.90	\$ (12.00)	\$ (8.98)
Dividends per common share	\$.14	\$.14	\$.14	\$.14	\$.56
Weighted average number of common shares outstanding:					
Basic	812.5	800.1	785.1	761.6	789.7
Diluted	817.7	804.5	789.0	761.6	789.7

(a) The Separation of Former Viacom into two publicly traded entities, CBS Corp. and New Viacom, was completed on December 31, 2005. Each outstanding share of Former Viacom common stock was converted into .5 of a share of CBS Corp. Common Stock and .5 of a share of New Viacom common stock, and as a result, all share and per share data of Former Viacom have been adjusted for all periods presented. CBS Corp. has accounted for the Separation as a spin-off of New Viacom, and accordingly, the results of New Viacom have been presented as discontinued operation in CBS Corp.'s Consolidated Financial Statements for all periods presented. Included with New Viacom's results were discontinued operations for Famous Players.

(b) As described in Note 3 to the Company's Consolidated Financial Statements, the Company recorded a non-cash impairment charge of \$9.48 billion (9.46 billion, net of tax), or \$12.42 per diluted share in the fourth quarter of 2005, related to the reductions of the carrying amount of goodwill of Television and Radio to their respective estimated fair values.

CBS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

2004(a)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(b)(c)	Total Year
Revenues:					
Television	\$ 2,502.0	\$ 2,286.8	\$ 2,202.8	\$ 2,456.9	\$ 9,448.5
Radio	455.1	561.3	529.3	550.4	2,096.1
Outdoor	403.3	484.0	478.7	514.2	1,880.2
Parks/Publishing	158.8	332.6	428.7	240.7	1,160.8
Eliminations	(6.7)	(7.5)	(10.7)	(13.4)	(38.3)
Total Revenues	\$ 3,512.5	\$ 3,657.2	\$ 3,628.8	\$ 3,748.8	\$ 14,547.3
Segment OIBDA before SFAS 142 Impairment Charges:					
Television	\$ 432.7	\$ 632.7	\$ 508.1	\$ 407.7	\$ 1,981.2
Radio	206.5	275.0	228.7	238.0	948.2
Outdoor	68.0	134.1	114.4	137.4	453.9
Parks/Publishing	—	44.2	110.7	25.3	180.2
Corporate	(13.5)	(38.1)	(20.4)	(26.5)	(98.5)
Residual costs	(28.4)	(28.5)	(28.5)	(28.4)	(113.8)
SFAS 142 impairment charges	—	—	—	(17,997.1)	(17,997.1)
Depreciation and amortization	(124.6)	(130.2)	(127.0)	(126.8)	(508.6)
Operating Income (Loss)	\$ 540.7	\$ 889.2	\$ 786.0	\$ (17,370.4)	\$ (15,154.5)
Operating Income (Loss):					
Television	\$ 390.4	\$ 588.1	\$ 465.7	\$ 363.3	\$ 1,807.5
Radio	199.2	266.5	221.9	(10,711.1)	(10,023.5)
Outdoor	13.8	77.6	57.6	(6,973.5)	(6,824.5)
Parks/Publishing	(17.5)	26.8	92.8	9.1	111.2
Corporate	(16.8)	(41.3)	(23.5)	(29.8)	(111.4)
Residual costs	(28.4)	(28.5)	(28.5)	(28.4)	(113.8)
Total Operating Income (Loss)	\$ 540.7	\$ 889.2	\$ 786.0	\$ (17,370.4)	\$ (15,154.5)
Net earnings (loss) from continuing operations before cumulative effect of accounting change	\$ 263.8	\$ 444.3	\$ 424.5	\$ (17,524.5)	\$ (16,391.9)
Net earnings (loss) before cumulative effect of accounting change	\$ 710.5	\$ 753.8	\$ (487.6)	\$ (17,126.5)	\$ (16,149.8)
Net earnings (loss)	\$ 710.5	\$ 753.8	\$ (487.6)	\$ (18,438.9)	\$ (17,462.2)
Basic earnings (loss) per common share					
Net earnings (loss) from continuing operations before cumulative effect of accounting change	\$.30	\$.52	\$.49	\$ (20.90)	\$ (19.12)
Net earnings (loss) before cumulative effect of accounting change	\$.82	\$.87	\$ (.57)	\$ (20.43)	\$ (18.84)
Net earnings (loss)	\$.82	\$.87	\$ (.57)	\$ (21.99)	\$ (20.37)
Diluted earnings (loss) per common share					
Net earnings (loss) from continuing operations before cumulative effect of accounting change	\$.30	\$.51	\$.49	\$ (20.90)	\$ (19.12)
Net earnings (loss) before cumulative effect of accounting change	\$.81	\$.87	\$ (.56)	\$ (20.43)	\$ (18.84)
Net earnings (loss)	\$.81	\$.87	\$ (.56)	\$ (21.99)	\$ (20.37)
Dividends per common share	\$.12	\$.12	\$.12	\$.14	\$.50
Weighted average number of common shares outstanding:					
Basic	865.5	862.1	862.8	838.5	857.2
Diluted	872.3	868.0	867.4	838.5	857.2

- (a) The Separation of Former Viacom into two publicly traded entities, CBS Corp. and New Viacom, was completed on December 31, 2005. Each outstanding share of Former Viacom common stock was converted into .5 of a share of CBS Corp. Common Stock and .5 of a share of New Viacom common stock, and as a result, all share and per share data of Former Viacom have been adjusted for all periods presented. CBS Corp. has accounted for the Separation as a spin-off of New Viacom, and accordingly, the results of New Viacom have been presented as discontinued operations in CBS Corp.'s Consolidated Financial Statements for all periods presented. Included within New Viacom's results were discontinued operations for Famous Players and Blockbuster.
- (b) As described in Note 3 to the Company's Consolidated Financial Statements, the Company recorded a non-cash impairment charge of \$18.0 billion (\$17.89 billion, net of tax), or \$21.33 per diluted share in the fourth quarter of 2004, related to the reductions of the carrying amount of goodwill and intangible assets of Radio and Outdoor to their respective estimated fair values.
- (c) As described in Note 1 to the Company's Consolidated Financial Statements, the Company recorded a charge of \$2.18 billion (\$1.31 billion, net of tax) to reduce intangible asset balances attributable to its television stations' FCC licenses as a cumulative effect of accounting change.

CBS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

19) 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 9). The following condensed consolidating financial statements present the results of operations, financial position and cash flows of CBS Corp., CBS Operations Inc. (formerly known as Viacom International 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 Year Ended December 31, 2005				
	CBS Corp.	CBS Operations Inc.	Non- Guarantor Affiliates	Eliminations	CBS Corp. Consolidated
Revenues	\$ 185.8	\$ 64.3	\$ 14,286.3	\$ —	\$ 14,536.4
Expenses:					
Operating	88.8	43.8	8,539.2	—	8,671.8
Selling, general and administrative	155.6	151.5	2,393.4	(1.1)	2,699.4
Impairment charge	—	—	9,484.4	—	9,484.4
Depreciation and amortization	5.0	5.8	487.9	—	498.7
Total expenses	249.4	201.1	20,904.9	(1.1)	21,354.3
Operating loss	(63.6)	(136.8)	(6,618.6)	1.1	(6,817.9)
Interest income (expense), net	(812.4)	(193.9)	307.2	—	(699.1)
Other items, net	51.9	(2.0)	42.4	(87.0)	5.3
Loss from continuing operations before income taxes, equity in earnings (loss) of affiliated companies and minority interest	(824.1)	(332.7)	(6,269.0)	(85.9)	(7,511.7)
Benefit (provision) for income taxes	328.8	132.7	(1,269.6)	—	(808.1)
Equity in earnings (loss) of affiliated companies, net of tax	(6,664.9)	(637.1)	1.0	7,299.5	(1.5)
Minority interest, net of tax	—	—	(.5)	—	(.5)
Net loss from continuing operations	(7,160.2)	(837.1)	(7,538.1)	7,213.6	(8,321.8)
Net earnings (loss) from discontinued operations	71.1	2,082.3	(939.1)	18.4	1,232.7
Net earnings (loss)	\$ (7,089.1)	\$ 1,245.2	\$ (8,477.2)	\$ 7,232.0	\$ (7,089.1)

CBS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

Statement of Operations For the Year Ended December 31, 2004						
	CBS Corp.	CBS Operations Inc.	Non- Guarantor Affiliates	Eliminations	CBS Corp. Consolidated	
Revenues	\$ 209.5	\$ 62.1	\$ 14,275.7	\$ —	\$ 14,547.3	
Expenses:						
Operating	87.0	66.0	8,490.6	—	8,643.6	
Selling, general and administrative	152.1	117.0	2,283.4	—	2,552.5	
Impairment charge	—	—	17,997.1	—	17,997.1	
Depreciation and amortization	5.0	7.7	495.9	—	508.6	
Total expenses	244.1	190.7	29,267.0	—	29,701.8	
Operating loss	(34.6)	(128.6)	(14,991.3)	—	(15,154.5)	
Interest income (expense), net	(759.2)	(197.9)	284.9	—	(672.2)	
Other items, net	10.0	1.0	154.1	(140.0)	25.1	
Loss from continuing operations before income taxes, equity in earnings (loss) of affiliated companies, minority interest and cumulative effect of accounting change	(783.8)	(325.5)	(14,552.3)	(140.0)	(15,801.6)	
Benefit (provision) for income taxes	312.7	134.1	(1,055.7)	—	(608.9)	
Equity in earnings (loss) of affiliated companies, net of tax	(16,991.1)	(150.2)	(5.7)	17,166.2	19.2	
Minority interest, net of tax	—	—	(.6)	—	(.6)	
Net loss from continuing operations before cumulative effect of accounting change	(17,462.2)	(341.6)	(15,614.3)	17,026.2	(16,391.9)	
Net earnings (loss) from discontinued operations	—	1,097.1	(801.2)	(53.8)	242.1	
Net earnings (loss) before cumulative effect of accounting change	(17,462.2)	755.5	(16,415.5)	16,972.4	(16,149.8)	
Cumulative effect of accounting change, net of minority interest and tax	—	—	(1,312.4)	—	(1,312.4)	
Net earnings (loss)	\$ (17,462.2)	\$ 755.5	\$ (17,727.9)	\$ 16,972.4	\$ (17,462.2)	

CBS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)

Statement of Operations For the Year Ended December 31, 2003						
	CBS Corp.	CBS Operations Inc.	Non- Guarantor Affiliates	Eliminations	CBS Corp. Consolidated	
Revenues	\$ 195.4	\$ 53.4	\$ 13,305.7	\$ —	\$ 13,554.5	
Expenses:						
Operating	84.3	61.8	8,019.3	—	8,165.4	
Selling, general and administrative	183.8	92.1	2,100.2	—	2,376.1	
Depreciation and amortization	5.3	5.4	491.0	—	501.7	
Total expenses	273.4	159.3	10,610.5	—	11,043.2	
Operating income (loss)	(78.0)	(105.9)	2,695.2	—	2,511.3	
Interest income (expense), net	(729.9)	(198.8)	221.8	—	(706.9)	
Other items, net	(15.5)	9.3	77.3	(49.7)	21.4	
Earnings (loss) from continuing operations before income taxes, equity in earnings of affiliated companies, minority interest and cumulative effect of accounting change	(823.4)	(295.4)	2,994.3	(49.7)	1,825.8	
Benefit (provision) for income taxes	328.6	127.0	(1,182.1)	—	(726.5)	
Equity in earnings of affiliated companies, net of tax	1,911.7	197.8	17.9	(2,109.1)	18.3	
Minority interest, net of tax	—	—	(.7)	—	(.7)	
Net earnings from continuing operations before cumulative effect of accounting change	1,416.9	29.4	1,829.4	(2,158.8)	1,116.9	
Net earnings (loss) from discontinued operations	—	944.0	(633.4)	7.9	318.5	
Net earnings before cumulative effect of accounting change	1,416.9	973.4	1,196.0	(2,150.9)	1,435.4	
Cumulative effect of accounting change, net of minority interest and tax	—	(3.3)	(15.2)	—	(18.5)	
Net earnings	\$ 1,416.9	\$ 970.1	\$ 1,180.8	\$ (2,150.9)	\$ 1,416.9	

CBS CORPORATION AND SUBSIDIARIES

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

	Balance Sheet At December 31, 2005				
	CBS Corp.	CBS Operations Inc.	Non- Guarantor Affiliates	Eliminations	CBS Corp. Consolidated
Assets					
Cash and cash equivalents	\$ 1,153.0	\$ —	\$ 502.3	\$ —	\$ 1,655.3
Receivables, net	40.1	17.0	2,676.1	—	2,733.2
Inventory	7.0	7.4	961.9	—	976.3
Prepaid expenses and other current assets	143.3	70.3	1,151.7	(14.2)	1,351.1
Current assets of discontinued operations	79.6	—	—	—	79.6
Total current assets	1,423.0	94.7	5,292.0	(14.2)	6,795.5
Property and equipment	51.0	30.8	5,028.3	—	5,110.1
Less accumulated depreciation and amortization	14.1	15.0	1,848.2	—	1,877.3
Net property and equipment	36.9	15.8	3,180.1	—	3,232.8
Inventory	11.6	52.2	1,820.6	—	1,884.4
Goodwill	100.3	63.0	18,741.0	—	18,904.3
Intangible assets	—	—	10,514.2	—	10,514.2
Investments in consolidated subsidiaries	36,344.9	4,011.6	—	(40,356.5)	—
Other assets	143.6	23.2	1,409.0	—	1,575.8
Other assets of discontinued operations	122.6	—	—	—	122.6
Total Assets	\$ 38,182.9	\$ 4,260.5	\$ 40,956.9	\$ (40,370.7)	\$ 43,029.6
Liabilities and Stockholders' Equity					
Accounts payable	\$ 1.9	\$ 119.1	\$ 475.4	\$ —	\$ 596.4
Accrued expenses and other	534.8	100.0	2,456.4	(14.5)	3,076.7
Participants' share, residuals and royalties payable	—	5.6	862.3	—	867.9
Current portion of long-term debt	729.5	—	17.6	—	747.1
Current liabilities of discontinued operations	72.5	14.1	3.9	—	90.5
Total current liabilities	1,338.7	238.8	3,815.6	(14.5)	5,378.6
Long-term debt	7,037.2	—	116.0	—	7,153.2
Other liabilities	2,456.3	890.5	4,920.9	.2	8,267.9
Other liabilities of discontinued operations	507.6	—	(16.4)	—	491.2
Intercompany payables	1,387.8	(4,954.4)	(9,190.4)	12,757.0	—
Minority interest	—	—	1.7	—	1.7
Stockholders' Equity:					
Preferred Stock	—	—	128.2	(128.2)	—
Common Stock	.8	122.8	1,135.9	(1,258.7)	.8
Additional paid-in capital	44,217.4	—	61,434.8	(61,347.8)	44,304.4
Retained earnings (deficit)	(17,898.5)	8,080.8	(21,616.6)	9,597.9	(21,836.4)
Accumulated other comprehensive income (loss)	(530.1)	(118.0)	227.2	23.4	(397.5)
Less treasury stock, at cost	25,789.6	8,085.6	41,309.5	(53,113.4)	22,071.3
	334.3	—	—	—	334.3
Total Stockholders' Equity	25,455.3	8,085.6	41,309.5	(53,113.4)	21,737.0
Total Liabilities and Stockholders' Equity	\$ 38,182.9	\$ 4,260.5	\$ 40,956.9	\$ (40,370.7)	\$ 43,029.6

CBS CORPORATION AND SUBSIDIARIES

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

Balance Sheet At December 31, 2004										
	CBS Corp.		CBS Operations Inc.		Non- Guarantor Affiliates		Eliminations		CBS Corp. Consolidated	
Assets										
Cash and cash equivalents	\$	569.2	\$.4	\$	208.6	\$	—	\$	778.2
Receivables, net		45.1		17.8		2,697.6		(284.0)		2,476.5
Inventory		8.2		7.6		874.4		(140.5)		749.7
Prepaid expenses and other current assets		75.4		52.3		924.2		(5.8)		1,046.1
Current assets of discontinued operations		50.7		1,032.7		1,361.9		(2.3)		2,443.0
Total current assets		748.6		1,110.8		6,066.7		(432.6)		7,493.5
Property and equipment		51.6		25.1		4,819.2		—		4,895.9
Less accumulated depreciation and amortization		10.5		16.0		1,636.4		—		1,662.9
Net property and equipment		41.1		9.1		3,182.8		—		3,233.0
Inventory		14.4		59.2		1,778.3		(12.2)		1,839.7
Goodwill		100.3		63.0		28,090.0		—		28,253.3
Intangible assets		—		—		10,374.7		(1.8)		10,372.9
Investments in consolidated subsidiaries		50,737.5		11,891.7		—		(62,629.2)		—
Other assets		179.8		6.5		1,502.2		(283.4)		1,405.1
Other assets of discontinued operations		227.9		4,424.8		12,833.7		(2,081.6)		15,404.8
Total Assets	\$	52,049.6	\$	17,565.1	\$	63,828.4	\$	(65,440.8)	\$	68,002.3
Liabilities and Stockholders' Equity										
Accounts payable	\$	2.5	\$	19.5	\$	372.1	\$	(3.5)	\$	390.6
Accrued expenses and other		770.0		309.9		2,043.6		(11.8)		3,111.7
Participants' share, residuals and royalties payable		—		5.8		777.7		(103.5)		680.0
Current portion of long-term debt		—		—		12.1		—		12.1
Current liabilities of discontinued operations		89.3		722.8		2,044.4		(171.4)		2,685.1
Total current liabilities		861.8		1,058.0		5,249.9		(290.2)		6,879.5
Long-term debt		9,219.4		—		132.1		—		9,351.5
Other liabilities		2,637.1		303.8		5,900.8		(1,107.5)		7,734.2
Intercompany payables		(7,113.3)		6,203.5		(6,781.6)		7,691.4		—
Other liabilities of discontinued operations		572.4		1,256.0		442.2		(268.7)		2,001.9
Minority interest		—		—		10.9		—		10.9
Stockholders' Equity:										
Preferred Stock		—		—		128.2		(128.2)		—
Common Stock		18.7		122.8		1,162.3		(1,285.1)		18.7
Additional paid-in capital		66,027.7		1,924.1		92,863.5		(94,787.6)		66,027.7
Retained earnings (deficit)		(10,809.4)		6,835.6		(13,139.4)		2,365.9		(14,747.3)
Accumulated other comprehensive income (loss)		(446.0)		(138.7)		215.5		13.2		(356.0)
Total Stockholders' Equity		54,791.0		8,743.8		81,230.1		(93,821.8)		50,943.1
Less treasury stock, at cost		8,918.8		—		22,356.0		(22,356.0)		8,918.8
Total Stockholders' Equity		45,872.2		8,743.8		58,874.1		(71,465.8)		42,024.3
Total Liabilities and Stockholders' Equity	\$	52,049.6	\$	17,565.1	\$	63,828.4	\$	(65,440.8)	\$	68,002.3

CBS CORPORATION AND SUBSIDIARIES

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

Statement of Cash Flows
For the Year Ended December 31, 2005

	CBS Corp.	CBS Operations Inc.	Non- Guarantor Affiliates	Eliminations	CBS Corp. Consolidated
Net cash flow provided by (used for) operating activities	\$ (1,569.0)	\$ 2,345.7	\$ 2,760.3	\$ —	\$ 3,537.0
Investing activities:					
Acquisitions, net of cash acquired	—	—	(462.9)	—	(462.9)
Capital expenditures	—	(19.6)	(356.0)	—	(375.6)
Investments in and advances to affiliated companies	(1.0)	—	(28.5)	—	(29.5)
Special dividend received from New Viacom	5,400.0	—	—	—	5,400.0
Proceeds from dispositions	—	—	279.6	—	279.6
Proceeds from sale of investments	102.1	7.7	13.6	—	123.4
Other, net	(.2)	—	(1.9)	—	(2.1)
Net cash flow provided by (used for) investing activities from continuing operations	5,500.9	(11.9)	(556.1)	—	4,932.9
Net cash flow from investing activities from discontinued operations	—	(320.2)	155.1	—	(165.1)
Net cash flow provided by (used for) investing activities	5,500.9	(332.1)	(401.0)	—	4,767.8
Financing activities:					
Proceeds from exercise of stock options	317.5	—	—	—	317.5
Proceeds from (repayments to) banks, including commercial paper, net	(3.2)	—	1.6	—	(1.6)
Repayment of notes and debentures	(1,423.4)	—	(16.9)	—	(1,440.3)
Payment of capital lease obligations	—	—	(13.5)	—	(13.5)
Purchase of Company common stock	(5,562.6)	—	—	—	(5,562.6)
Dividends	(451.3)	—	—	—	(451.3)
Increase (decrease) in intercompany payables	4,014.6	(1,928.9)	(2,085.7)	—	—
Net cash flow used for financing activities from continuing operations	(3,108.4)	(1,928.9)	(2,114.5)	—	(7,151.8)
Net cash flow from financing activities from discontinued operations	(239.7)	(95.9)	(90.3)	—	(425.9)
Net cash flow used for financing activities	(3,348.1)	(2,024.8)	(2,204.8)	—	(7,577.7)
Net increase (decrease) in cash and cash equivalents	583.8	(11.2)	154.5	—	727.1
Cash and cash equivalents at beginning of year	569.2	11.2	347.8	—	928.2
Cash and cash equivalents at end of year	\$ 1,153.0	\$ —	\$ 502.3	\$ —	\$ 1,655.3

CBS CORPORATION AND SUBSIDIARIES

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

Statement of Cash Flows For the Year Ended December 31, 2004					
	CBS Corp.	CBS Operations Inc.	Non- Guarantor Affiliates	Eliminations	CBS Corp. Consolidated
Net cash flow provided by (used for) operating activities	\$ (1,706.7)	\$ 1,195.4	\$ 4,151.9	\$ —	\$ 3,640.6
Investing activities:					
Acquisitions, net of cash acquired	—	—	(64.0)	—	(64.0)
Capital expenditures	—	—	(262.2)	—	(262.2)
Investments in and advances to affiliated companies	(2.0)	—	(1.4)	—	(3.4)
Proceeds from dispositions	—	—	17.1	—	17.1
Proceeds from sale of investments	47.9	—	22.3	—	70.2
Other, net	—	(.2)	(2.6)	—	(2.8)
Net cash flow provided by (used for) investing activities from continuing operations	45.9	(.2)	(290.8)	—	(245.1)
Net cash flow from investing activities from discontinued operations	6.1	617.5	(912.2)	—	(288.6)
Net cash flow provided by (used for) investing activities	52.0	617.3	(1,203.0)	—	(533.7)
Financing activities:					
Proceeds from exercise of stock options	119.6	—	—	—	119.6
Repayments to banks, including commercial paper, net	(24.5)	—	(1.6)	—	(26.1)
Repayment of notes and debentures	(20.1)	—	(60.2)	—	(80.3)
Payment of capital lease obligations	—	—	(12.8)	—	(12.8)
Purchase of Company common stock	(2,503.3)	—	—	—	(2,503.3)
Dividends	(415.2)	—	—	—	(415.2)
Increase (decrease) in intercompany payables	4,854.9	(1,816.0)	(3,038.9)	—	—
Other, net	—	—	(.9)	—	(.9)
Net cash flow provided by (used for) financing activities from continuing operations	2,011.4	(1,816.0)	(3,114.4)	—	(2,919.0)
Net cash flow from financing activities from discontinued operations	—	(12.3)	(98.1)	—	(110.4)
Net cash flow provided by (used for) financing activities	2,011.4	(1,828.3)	(3,212.5)	—	(3,029.4)
Net increase (decrease) in cash and cash equivalents	356.7	(15.6)	(263.6)	—	77.5
Cash and cash equivalents at beginning of year	212.5	26.8	611.4	—	850.7
Cash and cash equivalents at end of year	\$ 569.2	\$ 11.2	\$ 347.8	\$ —	\$ 928.2

CBS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Tabular dollars in millions, except per share amounts)Statement of Cash Flows
For the Year Ended December 31, 2003

	CBS Corp.	CBS Operations Inc.	Non- Guarantor Affiliates	Eliminations	CBS Corp. Consolidated
Net cash flow provided by (used for) operating activities	\$ (1,449.9)	\$ 945.2	\$ 4,002.1	\$ —	\$ 3,497.4
Investing activities:					
Acquisitions, net of cash acquired	—	—	(57.6)	—	(57.6)
Capital expenditures	—	—	(234.1)	—	(234.1)
Investments in and advances to affiliated companies	(16.7)	(.8)	.7	—	(16.8)
Proceeds from dispositions	—	.2	10.2	—	10.4
Proceeds from sale of investments	1.6	25.2	5.4	—	32.2
Other, net	—	—	(1.9)	—	(1.9)
Net cash flow provided by (used for) investing activities from continuing operations	(15.1)	24.6	(277.3)	—	(267.8)
Net cash flow from investing activities from discontinued operations	(40.6)	(1,282.9)	(271.1)	—	(1,594.6)
Net cash flow used for investing activities	(55.7)	(1,258.3)	(548.4)	—	(1,862.4)
Financing activities:					
Proceeds from exercise of stock options	245.2	—	—	—	245.2
Proceeds from issuance of notes and debentures	735.3	—	1.2	—	736.5
Repayments to banks, including commercial paper, net	(155.8)	—	(6.3)	—	(162.1)
Repayment of notes and debentures	(609.7)	(155.4)	(.3)	—	(765.4)
Payment of capital lease obligations	—	—	(10.8)	—	(10.8)
Purchase of Company common stock	(945.1)	—	—	—	(945.1)
Dividends	(104.6)	—	—	—	(104.6)
Increase (decrease) in intercompany payables	2,315.9	459.3	(2,775.2)	—	—
Net cash flow provided by (used for) financing activities from continuing operations	1,481.2	303.9	(2,791.4)	—	(1,006.3)
Net cash flow from financing activities from discontinued operations	—	(12.4)	(397.0)	—	(409.4)
Net cash flow provided by (used for) financing activities	1,481.2	291.5	(3,188.4)	—	(1,415.7)
Net increase (decrease) in cash and cash equivalents	(24.4)	(21.6)	265.3	—	219.3
Cash and cash equivalents at beginning of year	236.9	48.4	346.1	—	631.4
Cash and cash equivalents at end of year	\$ 212.5	\$ 26.8	\$ 611.4	\$ —	\$ 850.7

Item 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.*

None.

Item 9A. *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 Rule 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act")) were effective, based on the evaluation of these controls and procedures required by Rule 13a-15(b) or 15d-15(b) of the Exchange Act. 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.

Management's Statement of Responsibility For Financial Reporting is incorporated herein by reference to Item 8 on page II-34 of this report.

Item 9B. *Other Information.*

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required by this item with respect to the Company's directors is contained in the CBS Corporation Proxy Statement for the Company's 2006 Annual Meeting of Stockholders (the "Proxy Statement") under the headings "CBS Corporation's Board of Directors," "Item 1—Election of Directors," and "Section 16(a) Beneficial Ownership Reporting Compliance," which information is incorporated herein by reference.

The information required by this item with respect to the Company's executive officers is (i) contained in the Proxy Statement under the headings "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" and (ii) included in Part I of this Form 10-K under the caption "Executive Officers of the Company," which information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this item is contained in the Proxy Statement under the headings "Director Compensation" and "Executive Compensation," which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by this item is contained in the Proxy Statement under the headings "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information," which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information required by this item is contained in the Proxy Statement under the heading "Related Party Transactions," which information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this item is contained in the Proxy Statement under the heading "Services Provided by the Independent Auditor and Fees Paid," which information is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a)

1. *Financial Statements.*

The financial statements of the Company filed as part of this report on Form 10-K are listed on the Index on page F-1.

2. *Financial Statement Schedules.*

The financial statement schedule required to be filed by Item 8 of this Form 10-K is listed on the Index on page F-1.

3. *Exhibits.*

The exhibits listed in Item 15(b) of this Part IV are filed or incorporated by reference as part of this Form 10-K. The Index to Exhibits is on page E-1.

(b) *Exhibits.*

The exhibits listed in Item 15(b) of this Part IV are filed or incorporated by reference as part of this Form 10-K. The Index to Exhibits in on page E-1.

*	Director	March 16, 2006
<hr/>		
Bruce Gordon		
*	Director	March 16, 2006
<hr/>		
Shari Redstone		
*	Director	March 16, 2006
<hr/>		
Sumner M. Redstone		
*	Director	March 16, 2006
<hr/>		
Ann N. Reese		
*	Director	March 16, 2006
<hr/>		
Judith A. Sprieser		
*	Director	March 16, 2006
<hr/>		
Robert D. Walter		
*By: <u> /s/ LOUIS J. BRISKMAN</u>		March 16, 2006
<hr/>		
Louis J. Briskman		
<i>Attorney-in-Fact</i>		
<i>for Directors</i>		

INDEX TO EXHIBITS
ITEM 15(b)

Effective December 31, 2005, Former Viacom was renamed CBS Corporation and New Viacom Corp. was renamed Viacom Inc. Former Viacom's filings made with the Securities and Exchange Commission may be found under "CBS Corp" or the ticker symbol "CBS" through www.sec.gov.

Exhibit No.	Description of Document
(2)	Plan of acquisition, reorganization, arrangement, liquidation or succession
(a)	Agreement and Plan of Merger, dated as of November 21, 2005, among Former Viacom, New Viacom Corp. and Viacom Merger Sub Inc. (incorporated by reference to Annex A to the Prospectus-Information Statement that is a part of Amendment No. 1 to the Registration Statement on Form S-4 of Former Viacom filed on November 23, 2005) (File No. 333-128821).
(b)	Separation Agreement dated as of December 19, 2005 by and between Former Viacom and New Viacom Corp. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Former Viacom filed December 21, 2005) (File No. 001-09553).
(3)	Articles of Incorporation and By-laws
(a)	Amended and Restated Certificate of Incorporation of CBS Corporation effective December 31, 2005 (filed herewith).
(b)	Amended and Restated By-laws of CBS Corporation effective December 31, 2005 (filed herewith).
(4)	Instruments defining the rights of security holders, including indentures The instruments defining the rights of holders of the long-term debt securities of CBS Corporation and its subsidiaries are omitted pursuant to section (b)(4)(iii)(A) of Item 601 of Regulation S-K. CBS Corporation hereby agrees to furnish copies of these instruments to the Securities and Exchange Commission upon request.
(10)	Material Contracts
(a)	Tax Matters Agreement dated as of December 30, 2005 by and between Former Viacom and New Viacom Corp. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of CBS Corporation filed January 5, 2006) (File No. 001-09553).
(b)	Former Viacom 1994 Long-Term Management Incentive Plan (as amended and restated through November 1, 1996) (incorporated by reference to Exhibit 10(b) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 1996) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Former Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 2002) (File No. 001-09553).*
(c)	Former Viacom 1997 Long-Term Management Incentive Plan (as amended and restated through May 25, 2000) (incorporated by reference to Exhibit B to Former Viacom's Proxy Statement dated June 5, 2000) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Former Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 2002) (File No. 001-09553).*

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(b).

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- (i) Form of Agreement for Stock Options granted under the 1997 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Former Viacom filed March 14, 2005) (File No. 001-09553).*
 - (ii) Form of Notice to Executive Officers regarding Acceleration of Vesting of "Underwater" Options (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Former Viacom filed March 14, 2005) (File No. 001-09553).*
- (d) Former Viacom 2000 Long-Term Management Incentive Plan (as amended and restated through January 31, 2001) (incorporated by reference to Exhibit 10(d) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 2001) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Former Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 2002) (File No. 001-09553).*
- (i) Form of Certificate and Terms and Conditions for Stock Options granted under the 2000 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Former Viacom filed March 14, 2005) (File No. 001-09553).*
 - (ii) Form of Notice to Executive Officers regarding Acceleration of Vesting of "Underwater" Options (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Former Viacom filed March 14, 2005) (File No. 001-09553).*
- (e) CBS Corporation 2004 Long-Term Management Incentive Plan (as amended and restated as of December 31, 2005) (filed herewith).*
- (i) Form of Certificate and Terms and Conditions for Stock Options under the CBS Corporation 2004 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Former Viacom filed February 1, 2005) (File No. 001-09553).*
 - (ii) Form of Certificate and Terms and Conditions for the Performance-Based Restricted Share Units under the CBS Corporation 2004 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Former Viacom filed February 1, 2005) (File No. 001-09553).*
 - (iii) Form of Certificate and Terms and Conditions for the Performance-Based Restricted Share Units with Time Vesting under the CBS Corporation 2004 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Former Viacom filed February 1, 2005) (File No. 001-09553).*
 - (iv) Form of Deferral Elections for Performance-Based Restricted Share Units under the CBS Corporation 2004 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of Former Viacom filed February 1, 2005) (File No. 001-09553).*
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* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(b).

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- (v) Form of Deferral Elections for Performance-Based Restricted Share Units with Time Vesting under the CBS Corporation 2004 Long-Term Management Incentive Plan (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of Former Viacom filed February 1, 2005) (File No. 001-09553).*
 - (f) CBS Corporation Senior Executive Short-Term Incentive Plan (as amended and restated as of December 31, 2005) (filed herewith).*
 - (g) Summary of CBS Corporation Compensation for Outside Directors (filed herewith).*
 - (h) Former Viacom Deferred Compensation Plan for Non-Employee Directors (as amended and restated as of October 14, 2003) (incorporated by reference to Exhibit 10(e) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 2003) (File No. 001-09553).*
 - (i) CBS Corporation Deferred Compensation Plan for Outside Directors (as amended and restated as of December 31, 2005) (filed herewith).*
 - (i) Form of Election Form for CBS Corporation Deferred Compensation Plan for Non-Employee Directors (incorporated by reference to Exhibit 10 to the Current Report on Form 8-K of Former Viacom filed December 15, 2004) (File No. 001-09553).*
 - (j) Former Viacom Stock Option Plan for Outside Directors (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Former Viacom for the quarter ended June 30, 1993) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Former Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 2002) (File No. 001-09553).*
 - (k) Former Viacom 1994 Stock Option Plan for Outside Directors (incorporated by reference to Exhibit B to Former Viacom's Proxy Statement dated April 28, 1995) (File No. 001-09553) (as amended effective October 10, 2002 by the Amendment to Former Viacom Stock Option Plans) (incorporated by reference to Exhibit 10(bb) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 2002) (File No. 001-09553).*
 - (l) CBS Corporation 2000 Stock Option Plan for Outside Directors (as amended and restated as of December 31, 2005) (filed herewith).*
 - (m) CBS Corporation 2005 RSU Plan for Outside Directors (as amended and restated as of December 31, 2005) (filed herewith).*
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* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(b).

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- (n) CBS Excess 401(k) Plan (as amended and restated as of December 31, 2005) (filed herewith).*
 - (o) CBS Retirement Excess Pension Plan (as amended and restated as of December 31, 2005) (filed herewith).*
 - (p) CBS Excess 401(k) Plan for Designated Senior Executives (as amended and restated as of December 31, 2005) (filed herewith).*
 - (q) CBS Bonus Deferral Plan for Designated Senior Executives (as amended and restated as of December 31, 2005) (filed herewith).*
 - (r) Employment Agreement dated December 29, 2005 between Former Viacom and Sumner M. Redstone (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Former Viacom filed December 30, 2005) (File No. 001-09553).*
 - (s) Employment Agreement dated July 1, 2004 between Former Viacom and Leslie Moonves (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Former Viacom filed July 22, 2004) (File No. 001-09553), as amended by a Letter Agreement dated June 14, 2005 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Former Viacom filed June 14, 2005).*
 - (t) Employment Agreement dated September 6, 2005 between Former Viacom and Louis J. Briskman (incorporated by reference to Exhibit 10.21 to the Registration Statement on Form S-4 of Former Viacom filed November 23, 2005) (File No. 333-128821).*
 - (u) Employment Agreement dated March 1, 2001 between Former Viacom and Susan C. Gordon, as amended by a Letter Agreement dated as of March 1, 2001, as amended by a Letter Agreement dated as of March 16, 2001, as amended by a Letter Agreement dated as of May 1, 2004 (incorporated by reference to Exhibit 10.22 to the Registration Statement on Form S-4 of Former Viacom filed November 23, 2005) (File No. 333-128821).*
 - (v) Employment Agreement dated August 15, 2005 between Former Viacom and Fredric G. Reynolds (incorporated by reference to Exhibit 10.23 to the Registration Statement on Form S-4 of Former Viacom filed November 23, 2005) (File No. 333-128821).*
 - (w) CBS Corporation plans assumed by Former Viacom after the merger with former CBS Corporation, consisting of the following:
 - (i) CBS Corporation 1991 Long-Term Incentive Plan (as amended as of July 28, 1999) (incorporated by reference to Exhibit 10.15 to the Quarterly Report on Form 10-Q of Infinity Broadcasting Corporation for the quarter ended September 30, 1999) (File No. 001-14599).*
 - (ii) CBS Corporation 1993 Long-Term Incentive Plan (as amended as of July 28, 1999) (incorporated by reference to Exhibit 10.16 to the Quarterly Report on Form 10-Q of Infinity Broadcasting Corporation for the quarter ended September 30, 1999) (File No. 001-14599).*
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* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(b).

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- (iii) CBS Supplemental Executive Retirement Plan (as amended as of April 1, 1999) (incorporated by reference to Exhibit 10(h) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 001-00977).*
 - (iv) CBS Bonus Supplemental Executive Retirement Plan (as amended as of April 1, 1999) (incorporated by reference to Exhibit 10(i) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 001-00977).*
 - (v) CBS Supplemental Employee Investment Fund (as amended as of January 1, 1998) (incorporated by reference to Exhibit 10(j) to the Quarterly Report on Form 10-Q of CBS for the quarter ended September 30, 1999) (File No. 001-00977).*
 - (vi) Director's Charitable Giving Program (as amended effective April 30, 1996) (incorporated by reference to Exhibit 10(g) to the Quarterly Report on Form 10-Q of former CBS Corporation (f/k/a Westinghouse Electric Corporation) for the quarter ended June 30, 1996) (File No. 001-00977).*
 - (vii) CBS Corporation Deferred Compensation and Stock Plan for Directors (as amended as of February 24, 2000) (incorporated by reference to Exhibit 10(y)(ix) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 2000) (File No. 001-09553).*
 - (viii) Advisory Director's Plan Termination Fee Deferral Terms and Conditions, Effective April 30, 1996 (As Revised Effective February 24, 2000) (incorporated by reference to Exhibit 10(y)(x) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 2000) (File No. 001-09553).*
 - (ix) Agreement dated March 2, 1999 between former CBS Corporation and Louis J. Briskman (incorporated by reference to Exhibit 10(r) to the Quarterly Report on Form 10-Q of CBS for the quarter ended March 31, 1999) (File No. 001-00977).*
 - (x) Westinghouse Executive Pension Plan (as amended and restated as of December 31, 2005) (filed herewith).*
 - (x) Infinity Broadcasting Corporation ("Infinity") Stock Plan for Directors assumed by Former Viacom after the merger with Infinity (Effective as of February 24, 2000) (incorporated by reference to Exhibit 10(aa)(ii) to the Annual Report on Form 10-K of Former Viacom for the fiscal year ended December 31, 2002) (File No. 001-09553).*
 - (y) Amended and Restated Five-Year Credit Agreement, dated as of December 8, 2005, among Former Viacom; Viacom International Inc.; the Subsidiary Borrowers Parties thereto; the Lenders named therein; JPMorgan Chase Bank, N.A., as Administrative Agent; Citibank, N.A., as Syndication Agent; and Bank of America, N.A., UBS Securities LLC and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch, as Co-Documentation Agents (incorporated by reference to Exhibit 10.1, Annex I to the Current Report on Form 8-K of Former Viacom filed December 14, 2005) (File No. 001-09553).
 - (z) Agreement among Former Viacom, NAIRI, Inc. and National Amusements, Inc. dated as of October 28, 2004 (incorporated by reference to Exhibit 10(a) to the Quarterly Report on Form 10-Q of Former Viacom for the quarter ended September 30, 2004) (File No. 001-09553).
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* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(b).

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- (12) **Statement re. Computations of Ratios (filed herewith).**
- (21) **Subsidiaries of CBS Corporation (filed herewith).**
- (23) **Consents of Experts and Counsel**
- (a) Consent of PricewaterhouseCoopers LLP (filed herewith).
- (24) **Powers of Attorney (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).

* Management contract or compensatory plan required to be filed as an exhibit to this form pursuant to Item 15(b).

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

The following Consolidated Financial Statements and schedule of the registrant and its subsidiaries are submitted herewith as part of this report:

	<u>Reference (Page/s)</u>
Item 15(a)(1) Financial Statements:	
1. Management's Statement of Responsibility for Financial Reporting	II-34
2. Report of Independent Registered Public Accounting Firm	II-35
3. Consolidated Statements of Operations for the years ended December 31, 2005, 2004 and 2003	II-37
4. Consolidated Balance Sheets as of December 31, 2005 and 2004	II-38
5. Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003	II-39
6. Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss) for the years ended December 31, 2005, 2004 and 2003	II-40-II-41
7. Notes to Consolidated Financial Statements	II-42-II-86
Item 15(a)(2) Financial Statement Schedule:	
II. Valuation and qualifying accounts	F-2

All other Schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule.

CBS CORPORATION AND SUBSIDIARIES

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(Millions of dollars)

Col. A	Col. B	Col. C			Col. D	Col. E
Description	Balance at Beginning of Period	Balance Acquired through Acquisitions	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Allowance for doubtful accounts:						
Year ended December 31, 2005	\$ 152.6	\$ —	\$ 34.0	\$ 1.1	\$ 40.0	\$ 147.7
Year ended December 31, 2004	\$ 152.4	\$ —	\$ 86.0	\$ 3.4	\$ 89.2	\$ 152.6
Year ended December 31, 2003	\$ 148.7	\$ —	\$ 44.4	\$.6	\$ 41.3	\$ 152.4
Valuation allowance on deferred tax assets:						
Year ended December 31, 2005	\$ 198.8	\$ —	\$ 6.1	\$ —	\$ 77.2	\$ 127.7
Year ended December 31, 2004	\$ 44.6	\$ —	\$ 155.1	\$ —	\$.9	\$ 198.8
Year ended December 31, 2003	\$ 36.1	\$ —	\$ 8.5	\$ —	\$ —	\$ 44.6
Reserves for inventory obsolescence:						
Year ended December 31, 2005	\$ 22.7	\$ —	\$ 11.4	\$ —	\$ 9.3	\$ 24.8
Year ended December 31, 2004	\$ 23.5	\$ —	\$ 11.9	\$ —	\$ 12.7	\$ 22.7
Year ended December 31, 2003	\$ 27.8	\$ —	\$ 7.0	\$ —	\$ 11.3	\$ 23.5

QuickLinks

[DOCUMENTS INCORPORATED BY REFERENCE](#)

[PART I](#)

[Television Stations](#)

[Radio Stations, Television Stations and Outdoor Advertising Displays](#)

[Risks Related to the Separation](#)

[Part II](#)

[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 Results of Operations and Financial Condition \(Tabular dollars in millions, except per share amounts\)](#)

[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 Results of Operations and Financial Condition \(Tabular dollars in millions, except per share amounts\)](#)

[MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING](#)

[CBS CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS \(In millions, except per share amounts\)](#)

[CBS CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS \(In millions, except per share amounts\)](#)

[CBS CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS \(In millions\)](#)

[CBS CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME](#)

[\(LOSS\) \(In millions\)](#)

[CBS CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME](#)

[\(LOSS\) \(CONT'D\) \(In millions\)](#)

[CBS CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(Tabular dollars in millions, except per share amounts\)](#)

[CBS CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(continued\) \(Tabular dollars in millions, except per share amounts\)](#)

[CBS CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(continued\) \(Tabular dollars in millions, except per share amounts\)](#)

[CBS CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(continued\) \(Tabular dollars in millions, except per share amounts\)](#)

[CBS CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(continued\) \(Tabular dollars in millions, except per share amounts\)](#)

[CBS CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(continued\) \(Tabular dollars in millions, except per share amounts\)](#)

[CBS CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(continued\) \(Tabular dollars in millions, except per share amounts\)](#)

[CBS CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(continued\) \(Tabular dollars in millions, except per share amounts\)](#)

[CBS CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(continued\) \(Tabular dollars in millions, except per share amounts\)](#)

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[CBS CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(continued\) \(Tabular dollars in millions, except per share amounts\)](#)

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**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
CBS CORPORATION**

(Originally incorporated on November 10, 1986 under the name Arsenal Holdings, Inc.)

ARTICLE I

NAME

The name of this Corporation is CBS Corporation.

ARTICLE II

REGISTERED OFFICE AND AGENT FOR SERVICE

The registered office of the Corporation in the State of Delaware is located at Suite 400, 2711 Centerville Road, City of Wilmington, County of New Castle. The name and address of the Corporation's registered agent for service of process in Delaware is:

Corporation Service Company
Suite 400
2711 Centerville Road
Wilmington, Delaware 19808

ARTICLE III

CORPORATE PURPOSES

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

CAPITAL STOCK

(1) *Shares, Classes and Series Authorized.* The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 5,400,000,000 shares. The classes and the aggregate number of shares of stock of each class which the Corporation shall have authority to issue are as follows:

(a) 375,000,000 shares of Class A Common Stock, \$0.001 par value ("Class A Common Stock").

(b) 5,000,000,000 shares of Class B Common Stock, \$0.001 par value ("Class B Common Stock").

(c) 25,000,000 shares of Preferred Stock, \$0.001 par value ("Preferred Stock").

(2) *Powers and Rights of the Class A Common Stock and the Class B Common Stock.* Except as otherwise expressly provided in this Amended and Restated Certificate of Incorporation, all issued and outstanding shares of Class A Common Stock and Class B Common Stock shall be identical and shall entitle the holders thereof to the same rights and powers.

(a) *Voting Rights and Powers.* Except as otherwise provided in this Amended and Restated Certificate of Incorporation or required by law, with respect to all matters upon which stockholders are entitled to vote, the holders of the outstanding shares of Class A Common Stock shall vote together with the holders of any other outstanding shares of capital stock of the Corporation entitled to vote, without regard to class, and every holder of outstanding shares of Class A Common Stock shall be entitled to cast thereon one vote in person or by proxy for each share of Class A Common Stock standing in his name. The holders of shares of Class A Common Stock shall have the relevant class voting rights and powers set forth in Section (3) of this Article IV and in Article IX. Except as otherwise required by law, the holders of outstanding shares of Class B Common Stock shall not be entitled to any votes upon any questions presented to stockholders of the Corporation, including, but not limited to, whether to increase or decrease the number of authorized shares of Class B Common Stock.

(b) *Dividends.* Subject to the rights and preferences of any Preferred Stock set forth in any resolution or resolutions providing for the issuance of such stock as set forth in Section (3) of this Article IV, the holders of Class A Common Stock and Class B Common Stock shall be entitled to receive ratably such dividends, other than Share Distributions (as hereinafter defined), as may from time to time be declared by the Board of Directors out of funds legally available therefor. The Board of Directors may, at its discretion, declare a dividend of any securities of the Corporation or of any other corporation, limited liability company, partnership, joint venture, trust or other legal entity (a "Share Distribution") to the holders of shares of Class A Common Stock and Class B Common Stock (i) on the basis of a ratable distribution of identical securities to holders of shares of Class A Common Stock and Class B Common Stock or (ii) on the basis of a distribution of one class or series of securities to holders of shares of Class A Common Stock and another class or series of securities to holders of Class B Common Stock, *provided* that the securities so distributed (and, if the distribution consists of convertible or exchangeable securities, the securities into which such convertible or exchangeable securities are convertible or for which they are exchangeable) do not differ in any respect other than (x) differences in their rights (other than voting rights and powers) consistent in all material respects with differences between Class A Common Stock and Class B Common Stock and (y) differences in their relative voting rights and powers, with holders of shares of Class A Common Stock receiving the class or series of such securities having the higher relative voting rights or powers (without regard to

whether such voting rights or powers differ to a greater or lesser extent than the corresponding differences in the voting rights or powers of Class A Common Stock and Class B Common Stock provided in Section (2)(a) of this Article IV).

(c) *Distribution of Assets Upon Liquidation.* In the event the Corporation shall be liquidated, dissolved or wound up, whether voluntarily or involuntarily, after there shall have been paid or set aside for the holders of all shares of the Preferred Stock then outstanding the full preferential amounts to which they are entitled under this Article IV or the resolutions, as the case may be, authorizing the issuance of such Preferred Stock, the net assets of the Corporation remaining thereafter shall be divided ratably among the holders of Class A Common Stock and Class B Common Stock.

(d) *Split, Subdivision or Combination.* If the Corporation shall in any manner split, subdivide or combine the outstanding shares of Class A Common Stock or Class B Common Stock, the outstanding shares of the other class of Common Stock shall be proportionally split, subdivided or combined in the same manner and on the same basis as the outstanding shares of the other class of Common Stock have been split, subdivided or combined.

(e) *Conversion.* So long as there are at least 5,000 shares of Class A Common Stock outstanding, each record holder of shares of Class A Common Stock may convert any or all of such shares into an equal number of shares of Class B Common Stock by delivering written notice to the Corporation's transfer agent stating that such record holder desires to convert such shares into the same number of shares of Class B Common Stock and requesting that the Corporation issue all of such Class B Common Stock to the persons named therein, setting forth the number of shares of Class B Common Stock to be issued to each such person (and, in the case of a request for registration in a name other than that of such record holder, providing proper evidence of succession, assignation or authority to transfer), accompanied by payment of documentary, stamp or similar issue or transfer taxes, if any.

(3) *Powers and Rights of the Preferred Stock.* The Preferred Stock may be issued from time to time in one or more series, with such distinctive serial designations as may be stated or expressed in the resolution or resolutions providing for the issuance of such stock adopted from time to time by the Board of Directors; and in such resolution or resolutions providing for the issuance of shares of each particular series, the Board of Directors is also expressly authorized to fix: the right to vote, if any, *provided* that the Corporation shall not issue any Preferred Stock, or Preferred Stock that is convertible into or exchangeable for securities, that, in the aggregate with all other outstanding shares of Preferred Stock, have the ability to elect a number of Directors constituting a majority of the Board of Directors unless the issuance of such Preferred Stock shall have been approved by the holders of a majority of the outstanding shares of Class A Common Stock, voting separately as a class; the consideration for which the shares of such series are to be issued; the number of shares constituting such series, which number may be increased (except as otherwise fixed by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by action of the Board of Directors; the rate of dividends upon shares of such series and the times at which such dividends shall be payable and the preference, if any, which such dividends shall have relative to dividends on

shares of any other class or classes or any other series of stock of the Corporation; whether such dividends shall be cumulative or non-cumulative, and, if cumulative, the date or dates from which dividends on shares of such series shall be cumulative; the rights, if any, which the holders of shares of such series shall have in the event of any voluntary or involuntary liquidation, merger, consolidation, distribution or sale of assets, dissolution or winding up of the affairs of the Corporation; the rights, if any, which the holders of shares of such series shall have to convert such shares into or exchange such shares for shares of any other class or classes or any other series of stock of the Corporation or for any debt securities of the Corporation and the terms and conditions, including, without limitation, price and rate of exchange, of such conversion or exchange; whether shares of such series shall be subject to redemption, and the redemption price or prices and other terms of redemption, if any, for shares of such series including, without limitation, a redemption price or prices payable in shares of Class A Common Stock or Class B Common Stock; the terms and amounts of any sinking fund for the purchase or redemption of shares of such series; and any and all other powers, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof pertaining to shares of such series permitted by law.

(4) *Issuance of Class A Common Stock, Class B Common Stock and Preferred Stock.* The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of Class A Common Stock, Class B Common Stock and Preferred Stock herein authorized in accordance with the terms and conditions set forth in this Amended and Restated Certificate of Incorporation for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration, and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or other action by any of the stockholders of the Corporation, except as otherwise required by law.

ARTICLE V

DIRECTORS

(1) *Power of the Board of Directors.* The property and business of the Corporation shall be controlled and managed by or under the direction of its Board of Directors. In furtherance, and not in limitation, of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized:

(a) To adopt, amend, alter, change or repeal the Bylaws of the Corporation; *provided* that no Bylaws hereafter adopted shall invalidate any prior act of the Directors that would have been valid if such Bylaws had not been adopted;

(b) To determine the rights, powers, duties, rules and procedures that affect the power of the Board of Directors to manage and direct the property, business and affairs of the Corporation, including, without limitation, the power to designate and empower committees of the Board of Directors, to elect, appoint and empower the officers and other agents of the Corporation, and to determine the time and place of, and the notice requirements for, Board meetings, as well as the manner of taking Board action; and

(c) To exercise all such powers and do all such acts as may be exercised by the

Corporation, subject to the provisions of the laws of the State of Delaware, this Amended and Restated Certificate of Incorporation, and the Bylaws of the Corporation.

(2) *Number of Directors.* The number of directors constituting the entire Board of Directors shall be fixed from time to time by resolution of the Board of Directors but shall not be less than three nor more than twenty. Directors shall be elected to hold office until the next annual meeting of stockholders of the Corporation or until their successors are duly elected and shall qualify, unless sooner displaced. As used in this Amended and Restated Certificate of Incorporation, the term "entire Board of Directors" means the total number of Directors fixed in the manner provided in this Article V Section (2) and in the Bylaws.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

(1) *Right to Indemnification.* The Corporation shall indemnify any person who was or is involved in or is threatened to be involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer (including, without limitation, a trustee) of another corporation, limited liability company, partnership, joint venture, trust or other enterprise (such person, an "indemnitee"), to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against judgments, fines, amounts paid in settlement and expenses (including, without limitation, attorneys' fees), actually and reasonably incurred by him in connection with such action, suit or proceeding. Notwithstanding the foregoing, except as provided in Section (7) of this Article VI with respect to proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee, if and only if the Board of Directors authorized the bringing of the action, suit or proceeding (or part thereof) in advance of the commencement of the proceeding.

(2) *Successful Defense.* To the extent that an indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section (1) of this Article VI, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including, without limitation, attorneys' fees) actually and reasonably incurred by him in connection therewith.

(3) *Advance Payment of Expenses.* Expenses (including attorneys' fees) incurred by a present or former Director or officer of the Corporation in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding; *provided, however,* that, to the extent required by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended, a present Director or officer of the Corporation shall be required to submit to the Corporation, prior to the payment of such expenses, an undertaking (an

"undertaking") by or on behalf of such Director or officer to repay such amount if it shall ultimately be determined in a final, non-appealable judicial decision that such Director or officer is not entitled to be indemnified by the Corporation for such expenses as authorized in this Article VI; *provided, further*, that a former Director or officer of the Corporation shall be required to submit to the Corporation, prior to the payment of such expenses, an undertaking to the extent an undertaking would be required of a present Director or officer of the Corporation pursuant to this Section (3).

(4) *Not Exclusive.* The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this Article VI shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any statute, bylaw, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Without limiting the foregoing, the Corporation is authorized to enter into an agreement with any Director or officer of the Corporation providing indemnification for such person against expenses, including, without limitation, attorneys' fees, judgments, fines and amounts paid in settlement that result from any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, including, without limitation, any action, suit or proceeding by or in the right of the Corporation, that arises by reason of the fact that such person is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, to the fullest extent allowed by law, except that no such agreement shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

(5) *Insurance.* The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article VI.

(6) *Certain Definitions.* For the purposes of this Article VI, (a) any Director, officer or employee of the Corporation who shall serve or has served as a director or officer of any other corporation, limited liability company, partnership, joint venture, trust or other enterprise of which the Corporation, directly or indirectly, is or was a stockholder or creditor, or in which the Corporation is or was in any way interested, or (b) any current or former director or officer of any subsidiary corporation, limited liability company, partnership, joint venture, trust or other enterprise wholly owned by the Corporation, shall be deemed to be serving as such director or officer at the request of the Corporation, unless the Board of Directors of the Corporation shall determine otherwise. In all other instances where any person shall serve or has served as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise of which the Corporation is or was a stockholder or creditor, or in which it is or was otherwise interested, if it is not otherwise established that such person is or was serving as such director or officer at the request of the Corporation, the Board of Directors of the Corporation may determine whether such service is or was at the request of the Corporation, and

it shall not be necessary to show any actual or prior request for such service. For purposes of this Article VI, references to a corporation include all constituent corporations absorbed in a consolidation or merger (including any constituent of a constituent) as well as the resulting or surviving corporation so that any person who is or was a director or officer of such a constituent corporation, or is or was serving at the request of such constituent corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VI with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity. For purposes of this Article VI, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a Director or officer of the Corporation which imposes duties on, or involves services by, such Director or officer with respect to an employee benefit plan, its participants, or beneficiaries, and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VI.

(7) *Proceedings to Enforce Rights to Indemnification.* (a) If a claim under Section (1) of this Article VI is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, or a claim under Section (3) of this Article VI is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. Any such written claim under Section (1) of this Article VI shall include such documentation and information as is reasonably available to the indemnitee and reasonably necessary to determine whether and to what extent the indemnitee is entitled to indemnification. Any written claim under Sections (1), (2) and (3) of this Article VI shall include reasonable documentation of the expenses incurred by the indemnitee.

(b) If successful in whole or in part in any suit brought pursuant to Section (7)(a) of this Article VI, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall also be entitled to be paid and indemnified for the expense of prosecuting or defending such suit.

(c) In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the General Corporation Law of the State of Delaware. Neither the failure of the Corporation (including its Directors who are not parties to such action, a committee of such Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Directors who are not

parties to such action, a committee of such Directors, independent legal counsel or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI or otherwise shall be on the Corporation.

(8) *Preservation of Rights.* The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Director or officer of the Corporation, or has ceased to serve at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, and shall inure to the benefit of the heirs, executors and administrators of such a person. Any repeal or modification of this Article VI by the stockholders of the Corporation entitled to vote thereon shall not adversely affect any right or protection of a Director or officer of the Corporation, or any person serving at the request of the Corporation as a director or officer of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, existing at the time of such repeal or modification.

ARTICLE VII

DIRECTOR LIABILITY TO THE CORPORATION

(1) *Limitation on Liability.* A Director's liability to the Corporation for breach of duty to the Corporation or its stockholders shall be limited to the fullest extent permitted by Delaware law. In particular, no Director of the Corporation shall be liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (a) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the General Corporation Law of the State of Delaware, as the same exists or hereafter may be amended, or (d) for any transaction from which the Director derived an improper personal benefit.

(2) *Repeal or Modification.* Any repeal or modification of the foregoing Section (1) by the stockholders of the Corporation entitled to vote thereon shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification.

(3) *Amendment.* If the General Corporation Law of the State of Delaware is amended to authorize corporate action further eliminating or limiting the liability of directors, then a Director of the Corporation shall be free of liability to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended.

ARTICLE VIII

RESERVATION OF RIGHT TO AMEND CERTIFICATE OF INCORPORATION

(1) *Reservation of Right to Amend.* The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of this Amended and Restated Certificate of Incorporation and all rights and powers conferred in this Amended and Restated Certificate of Incorporation on stockholders, directors and officers are subject to this reserved power.

(2) *Construction.* Each reference in this Amended and Restated Certificate of Incorporation to "the Amended and Restated Certificate of Incorporation," "hereunder," "hereof," or words of like import and each reference to the Amended and Restated Certificate of Incorporation set forth in any amendment to the Amended and Restated Certificate of Incorporation shall mean and be a reference to the Amended and Restated Certificate of Incorporation, as supplemented and amended through such amendment to the Amended and Restated Certificate of Incorporation.

ARTICLE IX

VOTING RIGHTS

In addition to any other approval required by law or by this Amended and Restated Certificate of Incorporation, the affirmative vote of a majority of the then outstanding shares of Class A Common Stock, voted separately as a class, shall be necessary to approve any consolidation of the Corporation with another corporation, any merger of the Corporation into another corporation or any merger of any other corporation into the Corporation pursuant to which shares of Common Stock are converted into or exchanged for any securities or any other consideration.

ARTICLE X

STOCK OWNERSHIP AND THE FEDERAL COMMUNICATIONS LAWS

(1) *Restrictions on Stock Ownership or Transfer.* As contemplated by this Article X, the Corporation may restrict the ownership, or proposed ownership, of shares of capital stock of the Corporation by any person if such ownership or proposed ownership (a) is or could be inconsistent with, or in violation of, any provision of the Federal Communications Laws (as hereinafter defined), (b) limits or impairs or could limit or impair any business activities or proposed business activities of the Corporation under the Federal Communications Laws or (c) subjects or could subject the Corporation to any regulation under the Federal Communications Laws to which the Corporation would not be subject but for such ownership or proposed ownership (clauses (a), (b) and (c) collectively, "FCC Regulatory Limitations"). For purposes of this Article X, the term "Federal Communications Laws" shall mean any law of the United States

now or hereafter in effect (and any regulation thereunder), including, without limitation, the Communications Act of 1934, as amended (the "Communications Act"), and regulations thereunder, pertaining to the ownership and/or operation or regulating the business activities of (x) any television or radio station, daily newspaper, cable television system or other medium of mass communications or (y) any provider of programming content to any such medium.

(2) *Requests for Information.* If the Corporation believes that the ownership or proposed ownership of shares of capital stock of the Corporation by any person may result in an FCC Regulatory Limitation, such person shall furnish promptly to the Corporation such information (including, without limitation, information with respect to citizenship, other ownership interests and affiliations) as the Corporation shall request.

(3) *Denial of Rights, Refusal to Transfer.* If (a) any person from whom information is requested pursuant to Section (2) of this Article X should not provide all the information requested by the Corporation, or (b) the Corporation shall conclude that a stockholder's ownership or proposed ownership of, or that a stockholder's exercise of any rights of ownership with respect to, shares of capital stock of the Corporation results or could result in an FCC Regulatory Limitation, then, in the case of either clause (a) or clause (b), the Corporation may (i) refuse to permit the transfer of shares of capital stock of the Corporation to such proposed stockholder, (ii) suspend those rights of stock ownership the exercise of which causes or could cause such FCC Regulatory Limitation, (iii) require the conversion of any or all shares of Class A Common Stock held by such stockholder into an equal number of shares of Class B Common Stock, (iv) redeem such shares of capital stock of the Corporation held by such stockholder in accordance with the terms and conditions set forth in this Section (3), and/or (v) exercise any and all appropriate remedies, at law or in equity, in any court of competent jurisdiction, against any such stockholder or proposed transferee, with a view towards obtaining such information or preventing or curing any situation which causes or could cause an FCC Regulatory Limitation. Any such refusal of transfer or suspension of rights pursuant to clauses (i) and (ii), respectively, of the immediately preceding sentence shall remain in effect until the requested information has been received and the Corporation has determined that such transfer, or the exercise of such suspended rights, as the case may be, will not result in an FCC Regulatory Limitation. The terms and conditions of redemption pursuant to clause (iv) of this Section (3) shall be as follows:

(i) the redemption price of any shares to be redeemed pursuant to this Section (3) shall be equal to the Fair Market Value (as hereinafter defined) of such shares;

(ii) the redemption price of such shares may be paid in cash, Redemption Securities (as hereinafter defined) or any combination thereof;

(iii) if less than all such shares are to be redeemed, the shares to be redeemed shall be selected in such manner as shall be determined by the Board of Directors, which may include selection first of the most recently purchased shares thereof, selection by lot or selection in any other manner determined by the Board of Directors;

(iv) at least 15 days' written notice of the Redemption Date (as hereinafter defined) shall be given to the record holders of the shares selected to be redeemed (unless waived in writing by any such holder); *provided* that the Redemption Date may be the date on which written notice shall be given to record holders if the cash or Redemption Securities necessary to effect the redemption shall have been deposited in trust for the benefit of such record holders and subject to immediate withdrawal by them upon surrender of the stock certificates for their shares to be redeemed;

(v) from and after the Redemption Date, any and all rights of whatever nature in respect of the shares selected for redemption (including, without limitation, any rights to vote or participate in dividends declared on stock of the same class or series as such shares), shall cease and terminate and the holders of such shares shall thenceforth be entitled only to receive the cash or Redemption Securities payable upon redemption; and

(vi) such other terms and conditions as the Board of Directors shall determine.

For purposes of this Section (3):

(A) "Fair Market Value" shall mean, with respect to a share of the Corporation's capital stock of any class or series, the volume weighted average sales price for such a share on the New York Stock Exchange or, if such stock is not listed on such exchange, on the principal U.S. registered securities exchange on which such stock is listed, during the 30 most recent days on which shares of stock of such class or series shall have been traded preceding the day on which notice of redemption shall be given pursuant to this Section (3); *provided, however*, that if shares of stock of such class or series are not traded on any securities exchange, "Fair Market Value" shall be determined by the Board of Directors in good faith; and *provided, further*, that "Fair Market Value" as to any stockholder who purchased his stock within 120 days of a Redemption Date need not (unless otherwise determined by the Board of Directors) exceed the purchase price paid by him.

(B) "Redemption Date" shall mean the date fixed by the Board of Directors for the redemption of any shares of stock of the Corporation pursuant to this Section (3).

(C) "Redemption Securities" shall mean any debt or equity securities of the Corporation, any subsidiary of the Corporation or any other corporation or other entity, or any combination thereof, having such terms and conditions as shall be approved by the Board of Directors and which, together with any cash to be paid as part of the redemption price, in the opinion of any nationally recognized investment banking firm selected by the Board of Directors (which may be a firm which provides other investment banking, brokerage or other services to the Corporation), has a value, at the time notice of redemption is given pursuant to this Section (3), at least equal to the Fair Market Value of the shares to be redeemed pursuant to this Section (3) (assuming, in the case of

Redemption Securities to be publicly traded, such Redemption Securities were fully distributed and subject only to normal trading activity).

(4) *Legends.* The Corporation shall instruct the Corporation's transfer agent that the shares of capital stock of the Corporation are subject to the restrictions set forth in this Article X and such restrictions shall be noted conspicuously on the certificate or certificates representing such capital stock or, in the case of uncertificated securities, contained in the notice or notices sent as required by applicable law.

(5) *Certain Definitions.* For purposes of this Article, the word "person" shall include not only natural persons but partnerships (limited or general), associations, corporations, limited liability companies, joint ventures and other legal entities, and the word "regulation" shall include not only regulations but rules, published policies and published controlling interpretations by an administrative agency or body empowered to administer a statutory provision of the Federal Communications Laws.

ARTICLE XI

CORPORATE OPPORTUNITIES AND CONFLICTS OF INTEREST

(1) *Competing Activities and Corporate Opportunities.* (a) Except as otherwise agreed in writing by the Corporation and Viacom Inc., (i) neither the Corporation nor Viacom Inc. shall have any duty to refrain from engaging directly or indirectly in the same or similar activities or lines of business as the other corporation, doing business with any potential or actual customer or supplier of the other corporation, or employing or engaging or soliciting for employment any officer or employee of the other corporation, and (ii) no officer or director of the Corporation or Viacom Inc. shall be liable to the other corporation or to the other corporation's stockholders for breach of any fiduciary duty by reason of any such activities of the Corporation or Viacom Inc., as the case may be.

(b) In the event that an Interested Person acquires knowledge of a potential corporate transaction or matter that may be a corporate opportunity for both the Corporation and Viacom Inc. (whether such opportunity is proposed by a third party or is conceived of by such Interested Person) (an "Opportunity"),

(i) the Corporation hereby renounces any interest in or expectancy with respect to such Opportunity if such Interested Person (A) presents such Opportunity to Viacom Inc. or (B) does not communicate information regarding such Opportunity to the Corporation because the Interested Person has directed the Opportunity to Viacom Inc., and

(ii) such Interested Person may present such Opportunity to either the Corporation or to Viacom Inc. or to both, as such Interested Person deems appropriate under the circumstances in such Interested Person's sole discretion, and by doing so such Interested Person (A) shall have fully satisfied and fulfilled such person's fiduciary duty to the Corporation and its stockholders with respect to such Opportunity, (B) shall not be liable to the Corporation or its stockholders for breach of any fiduciary duty, or for failure

to act in (or not opposed to) the best interests of the Corporation, or for the derivation of any improper personal benefit if Viacom Inc. pursues or acquires such Opportunity for itself or directs such Opportunity to another person or does not communicate information regarding such Opportunity to the Corporation, and (C) shall be deemed to have acted in good faith and in a manner such person reasonably believes to be in and not opposed to the best interests of the Corporation and its stockholders.

(c) This Article XI shall not limit any protections or defenses available to, or indemnification rights of, any director or officer of the Corporation under this Amended and Restated Certificate of Incorporation or applicable law.

(2) *Definitions.* For purposes of this Article XI only:

(a) "Controlling Stockholder" shall mean any person who has beneficial ownership (as that term is used in Section 13(d) of the Securities Exchange Act of 1934) of 25% or more of the outstanding voting stock or voting power of both the Corporation and Viacom Inc.

(b) "Corporation" shall mean CBS Corporation and all corporations, limited liability companies, partnerships, joint ventures, associations and other entities in which CBS Corporation beneficially owns (directly or indirectly) 50% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or which CBS Corporation otherwise controls.

(c) "Interested Person" shall mean a person who is a director, officer or Controlling Stockholder of the Corporation and is also a director, officer or Controlling Stockholder of Viacom Inc.

(d) "person" means any individual, partnership (whether general, limited or otherwise), corporation, limited liability company or other entity, government, or political subdivision, agency, or instrumentality of a government or any two or more such "persons" acting as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of an issuer.

(e) "Viacom Inc." shall mean Viacom Inc. (formerly named "New Viacom Corp.") and all corporations, limited liability companies, partnerships, joint ventures, associations and other entities in which Viacom Inc. beneficially owns (directly or indirectly) 50% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or which Viacom Inc. otherwise controls.

(3) *Notice.* Any person purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have, and may be charged with, notice of and to have consented to the provisions of this Article XI.

ARTICLE XII

COMPROMISE AND REORGANIZATION

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agrees to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

**AMENDED AND RESTATED
BYLAWS
OF
CBS CORPORATION**

ARTICLE I

OFFICES

Section 1. The registered offices of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Meetings of stockholders may be held at such time and place, within and without the State of Delaware, as shall be stated in the notice of the meeting or in a valid waiver of notice thereof. The annual meeting of stockholders may be held at such place, within or without the State of Delaware, as shall be designated by the board of directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. The annual meeting of stockholders for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting shall be held at such date and hour as shall be determined by the board of directors.

Section 3. Notice of the annual meeting stating the place, date and hour of the meeting shall be given by any lawful means to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, at the principal place of business of the Corporation. The list shall also be produced and kept open at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Amended and Restated Certificate of Incorporation, may be called by the affirmative vote of a majority of the board of directors, the Chairman of the Board, the Chief Executive Officer or the Vice Chair of the Board and shall be called by the Chairman of the Board, the Chief Executive Officer, the Vice Chair of the Board or Secretary at the request in writing of the holders of record of at least 50.1% of the aggregate voting power of all outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, acting together as a single class. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called shall be given by any lawful means not less than ten nor more than sixty days before the date of the meeting to each stockholder of record entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the aggregate voting power of the shares of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Amended and Restated Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the aggregate voting power of the shares of the capital stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by provision of applicable law or of the Amended and Restated Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. At every meeting of the stockholders, each stockholder shall be entitled to vote, in person or by a valid proxy given by the stockholder or his duly authorized attorney-in-fact, each share of the capital stock having voting power held by such stockholder in accordance with the provisions of the Amended and Restated Certificate of Incorporation and, if applicable, the certificate of designations relating thereto, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 11. Any action required to be taken at any annual or special meeting of the stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing (or deemed to be in writing under applicable law), setting forth the action so taken, shall be signed by stockholders (or deemed to be signed by stockholders under applicable law) representing not less than the minimum number of votes that would be necessary to authorize or take such actions at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered and dated as required by law. Prompt notice of the taking of such action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. The Secretary shall file such consents with the minutes of the meetings of the stockholders.

Section 12. At all meetings of stockholders, the chairman of the meeting shall have absolute authority over matters of procedure, and there shall be no appeal from the ruling of the chairman.

Section 13. Attendance of a stockholder, in person or by proxy, at any meeting shall constitute a waiver of notice of such meeting, except where the stockholder, in person or by proxy, attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE III

DIRECTORS

Section 1. The number of directors which shall constitute the entire board of directors shall be fixed as set forth in Article V of the Amended and Restated Certificate of Incorporation.

Section 2. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation then outstanding (other than Common Stock), vacancies in the board of directors for any reason, including by reason of an increase in the authorized number of directors, shall, if occurring prior to the expiration of the term of office in which the vacancy occurs, be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual meeting of stockholders of the Corporation or until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3. The property and business of the Corporation shall be controlled and managed in accordance with the terms of the Amended and Restated Certificate of Incorporation by its board of directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Amended and Restated Certificate of Incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the Corporation, or any committees thereof, may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. A regular annual meeting of the board of directors, including newly elected directors, shall be held in connection with each annual meeting of stockholders at the place of such stockholders' meeting, and no notice of such meeting to the directors shall be necessary in order legally to constitute the meeting, *provided* that a quorum shall be present. If such meeting is held at any other time or place, notice thereof must be given or waived as hereinafter provided for special meetings of the board of directors.

Section 6. Additional regular meetings of the board of directors shall be held on such dates and at such times and at such places as shall from time to time be determined by the board of directors.

Section 7. The Chairman of the Board, the Chief Executive Officer or the Vice Chair of the Board may call a special meeting of the board of directors at any time by giving notice as provided in these bylaws, specifying the business to be transacted at and the purpose or purposes of the meeting, to each member of the board at least twenty-four (24) hours before the time appointed.

Section 8. At all meetings of the board a majority of the entire board of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute, the Amended and Restated Certificate of Incorporation or these bylaws. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission, setting forth the action so taken, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee.

Section 10. Unless otherwise restricted by the Amended and Restated Certificate of Incorporation or these bylaws, members of the board of directors, or any committee thereof, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 11. Designation of Committees. The board of directors may, by resolution passed by a majority of the board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The board of directors may designate one or

more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

Section 12. Vacancies. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member.

Section 13. Powers. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors to the extent provided by Section 141(c) of the General Corporation Law of the State of Delaware as it exists now or may hereafter be amended.

Section 14. Minutes. Each committee of the board of directors shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 15. Unless otherwise restricted by the Amended and Restated Certificate of Incorporation or these bylaws, the board of directors shall have the authority to fix the compensation of directors. All directors may be paid their expenses, if any, of attendance at each meeting of the board of directors, and directors who are not full-time employees of the Corporation may be paid a fixed sum for attendance at each meeting of the board of directors, and/or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation and expenses for attending committee meetings.

REMOVAL OF DIRECTORS

Section 16. Subject to the rights of the holders of any series of Preferred Stock or any other class of capital stock of the Corporation (other than the Common Stock) then outstanding, any or all directors may be removed from office at any time prior to the expiration of his or their term of office, with or without cause, only by the affirmative vote of the holders of record of outstanding shares representing at least a majority of all the aggregate voting power of outstanding shares of capital stock of the Corporation then entitled to vote generally in the election of directors, voting together as a single class at a special meeting of stockholders called expressly for that purpose; *provided* that, any director may be removed from office by the affirmative vote of a majority of the board of directors, at any time prior to the expiration of his term of office, as provided by law, in the event a director is in breach of any agreement between such director and the Corporation relating to such director's service as a director or employee of the Corporation.

ARTICLE IV

NOTICES

Section 1. Whenever, under the provisions of applicable law, the Amended and Restated Certificate of Incorporation or these bylaws, notice is required to be given to (a) any director, it shall be construed to mean oral notice given telephonically or written or printed notice given either personally or by mail, wire or electronic transmission, or (b) any stockholder, it shall be construed to mean written or printed notice given either personally or by mail, wire or electronic transmission in the manner and to the extent provided by Section 232 of the Delaware General Corporation Law, in each case, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage or other charges thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail or at the appropriate office for transmission by wire or, in the case of electronic transmission, at the time specified by Section 232 of the Delaware General Corporation Law.

Section 2. Whenever any notice is required to be given under the provisions of applicable law or of the Amended and Restated Certificate of Incorporation or of these bylaws, a waiver thereof in writing or by electronic transmission, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 3. Attendance at a meeting shall constitute a waiver of notice except where a director or stockholder attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Neither the business to be transacted at, nor the purpose of, any regular meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

ARTICLE V

OFFICERS

Section 1. The officers of the Corporation shall be elected by the board of directors at its first meeting in connection with each annual meeting of the stockholders and shall be a Chief Executive Officer, a Chief Financial Officer and/or a Treasurer and a Secretary. The board of directors may also elect a Chairman of the Board, one or more Vice Chairmen or Vice Chairs of the Board, one or more Presidents and Vice Presidents and one or more Assistant Treasurers and Assistant Secretaries, and such other officers as the board of directors deems appropriate. Any number of offices may be held by the same person. Vice Presidents may be given distinctive designations such as Executive Vice President or Senior Vice President. At the time of election, the board of directors may determine that the Chairman of the Board shall be a Non-Executive Chairman of the Board or that the Vice Chair of the Board shall be a Non-Executive Vice Chair of the Board.

Section 2. The board of directors may elect such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 3. The officers of the Corporation shall hold office until their successors are elected or appointed and qualify or until their earlier resignation or removal. Any officer elected or appointed by the board of directors may be removed at any time with or without cause by the affirmative vote of majority of the board of directors. Any vacancy occurring in any office of the Corporation shall be filled by the board of directors.

CHAIRMAN OF THE BOARD

Section 4. The Chairman of the Board, if any shall be elected, shall preside at all meetings of the board of directors and the stockholders and shall have such other powers and perform such other duties as may from time to time be assigned to him by the board of directors.

VICE CHAIR OF THE BOARD

Section 5. The Vice Chair of the Board, if any shall be elected, or if there be more than one, the Vice Chairs of the Board in order of their election, shall, in the absence of the Chairman of the Board, or in case the Chairman of the Board shall resign, retire, become deceased or otherwise cease or be unable to act, perform the duties and exercise the powers of the Chairman of the Board. In addition, the Vice Chair of the Board shall have such other powers and perform such other duties as may from time to time be assigned to him by the board of directors.

THE CHIEF EXECUTIVE OFFICER

Section 6. The Chief Executive Officer shall be the chief executive officer of the Corporation and shall have the general powers and duties of supervision, management and control of the business and affairs of the Corporation, subject to the control of the board of directors. The Chief Executive Officer shall perform the duties and exercise the powers incident to the office of Chief Executive Officer and shall have such other powers and perform such other duties as may from time to time be assigned to him by the board of directors or these bylaws.

THE PRESIDENT

Section 7. The President, if any shall be elected, shall, under the direction of the Chief Executive Officer, be responsible for the operations of the Corporation and shall have all the powers, rights, functions and responsibilities normally exercised by a president. The President shall have such other powers and perform such other duties as may from time to time be assigned to the President by the Chief Executive Officer, the board of directors or these bylaws.

THE VICE PRESIDENTS

Section 8. The Vice Presidents, if any shall be elected, shall have such powers and perform such duties as may from time to time be assigned to them by the board of directors or the Chief Executive Officer.

THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The Secretary, if any shall be elected, shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees of the board of directors when required. He shall give, or cause to be given, notice of all meetings of the stockholders and the special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or the Chief Executive Officer, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such Assistant Secretary. The board of directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 10. The Assistant Secretary, if any shall be elected, or if there be more than one, the Assistant Secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall have such other powers and perform such other duties as may from time to time be assigned to them by the board of directors, the Chief Executive Officer or the Secretary.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The Treasurer, under the supervision of the Chief Executive Officer, shall have charge of the corporate funds and securities and shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by or at the direction of the board of directors.

Section 12. The Treasurer shall disburse or cause to be disbursed the funds of the Corporation as may be ordered by or at the direction of the Chief Executive Officer or the board of directors, taking proper vouchers for such disbursements, and subject to the supervision of the Chief Executive Officer, shall render to the board of directors, when they or either of them so require, an account of his transactions as Treasurer and of the financial condition of the Corporation.

Section 13. If required by the board of directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books,

papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 14. The Assistant Treasurer, if any shall be elected, or if there shall be more than one, the Assistant Treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the Treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Treasurer and shall have such other powers and perform such other duties as may from time to time be assigned to them by the board of directors, the Chief Financial Officer or the Treasurer.

Section 15. In addition to the corporate officers elected by the board of directors pursuant to this Article V, the Chief Executive Officer may, from time to time, appoint one or more other persons as appointed officers who shall not be deemed to be corporate officers, but may, respectively, be designated with such titles as the Chief Executive Officer may deem appropriate. The Chief Executive Officer may prescribe the powers to be exercised and the duties to be performed by each such appointed officer, may designate the term for which each such appointment is made, and may, from time to time, terminate any or all of such appointments. Such appointments and termination of appointments shall be reported to the board of directors.

ARTICLE VI

TRANSFERS OF STOCK

Section 1. Unless otherwise provided by resolution of the board of directors, each class or series of the shares of capital stock in the Corporation shall be issued in uncertificated form pursuant to the customary arrangements for issuing shares in such form. Shares shall be transferable only on the books of the Corporation by the holder thereof in person or by attorney upon presentment of proper evidence of succession, assignment or authority to transfer in accordance with the customary procedures for transferring shares in uncertificated form.

FIXING RECORD DATE

Section 2. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution, or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meetings, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the board of directors may fix a new record date for the adjourned meeting.

Section 3. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII

INDEMNIFICATION OF EMPLOYEES

Section 1. *Right to Indemnification.* The Corporation shall indemnify any present or former employee of the Corporation who was or is involved in or is threatened to be involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an employee of the Corporation, or is or was serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise (such person, an "indemnitee"), to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against judgments, fines, amounts paid in settlement and expenses (including, without limitation, attorneys' fees), actually and reasonably incurred by him in connection with such action, suit or proceeding. Notwithstanding the foregoing, except as provided in Section 7 of this Article VII with respect to proceedings to enforce rights to indemnification and advancement of expenses, the Corporation shall indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee, if and only if the board of directors authorized the bringing of the action, suit or proceeding (or part thereof) in advance of the commencement of the proceeding.

Section 2. *Successful Defense.* To the extent that an indemnitee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 of this Article VII, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including, without limitation, attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 3. *Advance Payment of Expenses.* Expenses (including attorneys' fees) incurred by an indemnitee in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon such terms and conditions, if any, as the Corporation deems appropriate, by resolution of the board of directors.

Section 4. *Not Exclusive.* The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this Article VII shall not be deemed

exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Without limiting the foregoing, the Corporation is authorized to enter into an agreement with any employee of the Corporation providing indemnification for such person against expenses, including, without limitation, attorneys' fees, judgments, fines and amounts paid in settlement that result from any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, including, without limitation, any action, suit or proceeding by or in the right of the Corporation, that arises by reason of the fact that such person is or was an employee of the Corporation, or is or was serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, to the fullest extent allowed by law, except that no such agreement shall provide for indemnification for any actions that constitute fraud, actual dishonesty or willful misconduct.

Section 5. *Insurance.* The Corporation may purchase and maintain insurance on behalf of any person who is or was an employee of the Corporation, or is or was serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

Section 6. *Certain Definitions.* For the purposes of this Article VII, (a) any employee of the Corporation who shall serve or has served as an employee of any other corporation, limited liability company, partnership, joint venture, trust or other enterprise of which the Corporation, directly or indirectly, is or was a stockholder or creditor, or in which the Corporation is or was in any way interested, or (b) any current or former employee of any subsidiary corporation, limited liability company, partnership, joint venture, trust or other enterprise wholly owned by the Corporation, shall be deemed to be serving as such employee at the request of the Corporation, unless the board of directors of the Corporation shall determine otherwise. In all other instances where any person shall serve or has served as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise of which the Corporation is or was a stockholder or creditor, or in which it is or was otherwise interested, if it is not otherwise established that such person is or was serving as such employee at the request of the Corporation, the board of directors of the Corporation may determine whether such service is or was at the request of the Corporation, and it shall not be necessary to show any actual or prior request for such service. For purposes of this Article VII, references to a corporation include all constituent corporations absorbed in a consolidation or merger (including any constituent of a constituent) as well as the resulting or surviving corporation so that any person who is or was an employee of such a constituent corporation, or is or was serving at the request of such constituent corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VII with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity. For purposes of this Article VII, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person

with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as an employee of the Corporation which imposes duties on, or involves services by, such employee with respect to an employee benefit plan, its participants, or beneficiaries, and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VII.

Section 7. *Proceedings to Enforce Rights to Indemnification.* (a) If a claim under Section 1 of this Article VII is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, or a claim under Section 3 of this Article VII is not paid in full by the Corporation within 30 days after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. Any such written claim under Section 1 of this Article VII shall include such documentation and information as is reasonably available to the indemnitee and reasonably necessary to determine whether and to what extent the indemnitee is entitled to indemnification. Any written claim under Sections 1, 2 and 3 of this Article VII shall include reasonable documentation of the expenses incurred by the indemnitee.

(b) If successful in whole or in part in any suit brought pursuant to Section 7(a) of this Article VII, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking to the extent an undertaking would be required of a present director or officer of the Corporation pursuant to Article VI of the Amended and Restated Certificate of Incorporation of the Corporation (an "undertaking"), the indemnitee shall also be entitled to be paid and indemnified for the expense of prosecuting or defending such suit.

(c) In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the General Corporation Law of the State of Delaware. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not

entitled to be indemnified, or to such advancement of expenses, under this Article VII or otherwise shall be on the Corporation.

Section 8. *Preservation of Rights.* The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be an employee of the Corporation, or has ceased to serve at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, and shall inure to the benefit of the heirs, executors and administrators of such a person. Any repeal or modification of this Article VII by the stockholders of the Corporation entitled to vote thereon shall not adversely affect any right or protection of an employee of the Corporation, or any person serving at the request of the Corporation as an employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise, existing at the time of such repeal or modification.

ARTICLE VIII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Amended and Restated Certificate of Incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of any statute, the Amended and Restated Certificate of Incorporation and these bylaws.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purposes as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money of the Corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the Corporation shall be as specified by the board of directors.

Section 5. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IX

AMENDMENTS

In furtherance of and not in limitation of the powers conferred by statute, the board of directors of the Corporation from time to time may adopt, amend, alter, change or repeal the bylaws of the Corporation; *provided*, that any bylaws adopted, amended, altered, changed or repealed by the board of directors or the stockholders of the Corporation may be amended, altered, changed or repealed by the stockholders of the Corporation. Notwithstanding any other provisions of the Amended and Restated Certificate of Incorporation of the Corporation or these bylaws (and notwithstanding the fact that a lesser percentage may be specified by law, the Amended and Restated Certificate of Incorporation or these bylaws), the affirmative vote of not less than a majority of the aggregate voting power of all outstanding shares of capital stock of the Corporation then entitled to vote generally in this election of directors, voting together as a single class, shall be required for the stockholders of the Corporation to amend, alter, change, repeal or adopt any bylaws of the Corporation.

CBS CORPORATION
2004 LONG-TERM MANAGEMENT INCENTIVE PLAN
(Amended and Restated as of December 31, 2005)

ARTICLE I

GENERAL

Section 1.1 Purpose.

The purpose of the CBS Corporation 2004 Long-Term Management Incentive Plan (the "Plan") is to benefit and advance the interests of CBS Corporation, a Delaware corporation (the "Company"), and its Subsidiaries (as defined below) by rewarding certain employees of the Company and its Subsidiaries for their contributions to the financial success of the Company and its Subsidiaries and thereby motivate them to continue to make such contributions in the future. This Plan replaces the 2000 Long-Term Management Incentive Plan, as amended (the "Predecessor Plan"). From and after the date on which the stockholders of the Company approve the Plan, no further awards shall be made under the Predecessor Plan.

Section 1.2 Definitions.

As used in the Plan, the following terms shall have the following meanings:

- (a) "Administrator" shall mean the individual or individuals to whom the Committee delegates authority under the Plan in accordance with Section 1.3(c).
- (b) "Agreement" shall mean the written agreement or certificate or other documentation governing an Award under the Plan, which shall contain terms and conditions not inconsistent with the Plan and which shall incorporate the Plan by reference.
- (c) "Appreciation Value" shall mean the excess, if any, of the Value of a Phantom Share on the applicable Valuation Date or date of termination of employment or of the Participant's death, Retirement or Permanent Disability (as described in Section 5.5(a) hereof), as the case may be, over the Initial Value of such Phantom Share.
- (d) "Awards" shall mean any Stock Options, Stock Appreciation Rights, Restricted Shares, Restricted Share Units, unrestricted shares of Class B Common Stock, Phantom Shares, Dividend Equivalents, Performance Awards or Other Awards or a combination of any of the above.
- (e) "Board" shall mean the Board of Directors of the Company.
- (f) "Class B Common Stock" shall mean shares of Class B Common Stock, par value \$0.001 per share, of the Company.
- (g) "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto, and the rules and regulations promulgated thereunder.
- (h) "Committee" shall mean the Compensation Committee of the Board (or such other Committee(s) as may be appointed or designated by the Board) to administer the Plan in accordance with Section 1.3 of the Plan.
- (i) "Date of Grant" shall mean the effective date of the grant of an Award as set forth in the applicable Agreement.

- (j) "Dividend Equivalent" means a right to receive a payment based upon the value of the regular cash dividend paid on a specified number of shares of Class B Common Stock as set forth in Section 7.1 hereof. Payments in respect of Dividend Equivalents may be in cash, or, in the discretion of the Committee, in shares of Class B Common Stock or other securities of the Company designated by the Committee or in a combination of cash, shares of Class B Common Stock or such other securities.
- (k) "Earnings Per Share" shall have the meaning provided by GAAP.
- (l) "Effective Date" shall have the meaning set forth in Article XII.
- (m) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, including any successor law thereto.
- (n) "Fair Market Value" of a share of Class B Common Stock on a given date shall be, unless otherwise determined by the Committee, the 4:00 p.m. (New York time) closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by The Wall Street Journal (Northeast edition) or any other authoritative source selected by the Company.
- (o) "Free Cash Flow" shall mean the Company's Operating Income before depreciation and amortization, less cash interest, taxes paid, working capital requirements and capital expenditures.
- (p) "GAAP" shall mean generally accepted accounting principles in the United States.
- (q) "Initial Value" shall mean the value of a Phantom Share as specified by the Committee as of the Date of Grant or the Value of a Phantom Share calculated as of the Date of Grant or such earlier date as the Committee may determine.
- (r) "Net Earnings" shall have the meaning provided in GAAP.
- (s) "Net Earnings from Continuing Operations" shall have the meaning provided in GAAP.
- (t) "Net Revenue" shall have the meaning provided by GAAP.
- (u) "OIBDA" shall mean the Company's Operating Income before depreciation and amortization.
- (v) "OIBDA Without Inter-Company Eliminations" shall mean the Company's Operating Income before depreciation, amortization and inter-company eliminations.
- (w) "Operating Income" shall have the meaning provided by GAAP.
- (x) "Operating Revenue" shall have the meaning provided by GAAP.
- (y) "Other Awards" shall mean any form of award authorized under Section 7.2 of the Plan, other than a Stock Option, Stock Appreciation Right, Restricted Share, Restricted Share Unit, unrestricted share of Class B Common Stock, Phantom Share, Performance Award or Dividend Equivalent.
- (z) "Outstanding Phantom Share" shall mean a Phantom Share granted to a Participant for which the Valuation Date has not yet occurred.
- (aa) "Outstanding Stock Option" shall mean a Stock Option granted to a Participant which has not yet been exercised and which has not yet expired or been terminated in accordance with its terms.
- (bb) "Participant" shall mean any employee who has met the eligibility requirements set forth in Section 1.4 hereof and to whom an Award has been made under the Plan.
- (cc) "Performance Award" shall mean any award of Performance Shares or Performance Units pursuant to Article VI hereof.

- (dd) "Performance Goals" shall have the meaning set forth in Section 6.2 hereof.
- (ee) "Performance Period" shall mean a period of time over which performance is measured as determined by the Committee in its sole discretion.
- (ff) "Performance Share" shall mean an award granted pursuant to Article VI hereof of a share of Class B Common Stock subject to the terms and conditions set forth in the applicable Agreement.
- (gg) "Performance Units" shall mean an award granted pursuant to Article VI hereof, payable in cash, or, in the discretion of the Committee, in shares of Class B Common Stock or other securities of the Company designated by the Committee or in a combination of cash, shares of Class B Common Stock or such other securities, subject to the terms and conditions set forth in the Plan and in the applicable Agreement.
- (hh) "Permanent Disability" shall have the same meaning as such term or a similar term has in the long-term disability policy maintained by the Company or a Subsidiary thereof for the Participant and that is in effect on the date of the onset of the Participant's Permanent Disability, unless the Committee determines otherwise, in its discretion; *provided, however*, with respect to grants of Incentive Stock Options, permanent disability shall have the meaning given it under the rules governing Incentive Stock Options under the Code.
- (ii) "Phantom Share" shall mean a contractual right granted to a Participant pursuant to Article V to receive an amount equal to the Appreciation Value at such time, subject to the terms and conditions set forth in the Plan and the applicable Agreement.
- (jj) "Predecessor Plan" shall have the meaning set forth in Section 1.1 hereof.
- (kk) "Restricted Share" shall mean a share of Class B Common Stock granted to a Participant pursuant to Article III, which is subject to the restrictions set forth in Section 3.3 hereof and to such other terms, conditions and restrictions as are set forth in the Plan and the applicable Agreement.
- (ll) "Restricted Share Unit" shall mean a contractual right granted to a Participant pursuant to Article IV to receive, in the discretion of the Committee, shares of Class B Common Stock, a cash payment equal to the Fair Market Value of Class B Common Stock, or other securities of the Company designated by the Committee or a combination of cash, shares of Class B Common Stock or such other securities, subject to the terms and conditions set forth in the Plan and in the applicable Agreement.
- (mm) "Retirement" shall mean the resignation or termination of employment after attainment of an age and years of service required for payment of an immediate pension pursuant to the terms of any qualified defined benefit retirement plan maintained by the Company or a Subsidiary in which the Participant participates; *provided, however*, that no resignation or termination prior to a Participant's 60th birthday shall be deemed a retirement unless the Committee so determines in its sole discretion; and *provided, further*, that the resignation or termination of employment other than a Termination for Cause after attainment of age 60 shall be deemed a retirement if the Participant does not participate in a qualified defined benefit retirement plan maintained by the Company or any of its Subsidiaries.
- (nn) "Revenue" shall have the meaning provided by GAAP.
- (oo) "Section 162(m)" shall mean Section 162(m) of the Code and the rules and regulations promulgated thereunder from time to time.
- (pp) "Section 162(m) Exception" shall mean the exception under Section 162(m) for "qualified performance-based compensation."

(qq) "Section 162(m) Performance Goals" shall have the meaning set forth in Section 6.2 hereof.

(rr) "Separation" shall mean the separation of former Viacom Inc. into two publicly-traded companies, CBS Corporation and new Viacom Inc., which was completed on December 31, 2005.

(ss) "Stock Appreciation Right" shall mean a contractual right granted to a Participant pursuant to Article II to receive an amount determined in accordance with Section 2.6 of the Plan, subject to such other terms and conditions as are set forth in the Plan and the applicable Agreement.

(tt) "Stock Option" shall mean a contractual right granted to a Participant pursuant to Article II to purchase shares of Class B Common Stock at such time and price, and subject to such other terms and conditions as are set forth in the Plan and the applicable Agreement. Stock Options may be "Incentive Stock Options" within the meaning of Section 422 of the Code or "Non-Qualified Stock Options" which do not meet the requirements of such Code section.

(uu) "Subsidiary" shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, more than 50% of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

(vv) "Substitute Awards" means Awards granted upon assumption of, or in substitution for, outstanding awards previously granted by a company or other entity acquired by the Company or with which the Company combines.

(ww) "Termination for Cause" shall mean a termination of employment with the Company or any of its Subsidiaries which, as determined by the Committee, is by reason of (i) "cause" as such term or a similar term is defined in any employment agreement that is in effect and applicable to the Participant, or (ii) if there is no such employment agreement or if such employment agreement contains no such term, unless the Committee determines otherwise, the Participant's: (A) dishonesty; (B) conviction of embezzlement, fraud or other conduct which would constitute a felony; (C) willful unauthorized disclosure of confidential information; (D) failure, neglect of or refusal to substantially perform the duties of the Participant's employment; or (E) any other act or omission which is a material breach of the Company's policies regarding employment practices or the applicable federal, state and local laws prohibiting discrimination or which is materially injurious to the financial condition or business reputation of the Company or any Subsidiary thereof.

(xx) "Valuation Date" shall mean the date on which the Appreciation Value of a Phantom Share shall be measured and fixed in accordance with Section 5.2(a) hereof.

(yy) The "Value" of a Phantom Share shall be determined by reference to the "average Fair Market Value" of a share of Class B Common Stock. The "average Fair Market Value" on a given date of a share of Class B Common Stock shall be determined over the 30-day period ending on such date or such other period as the Committee may decide shall be applicable to a grant of Phantom Shares, determined by dividing (i) by (ii), where (i) shall equal the sum of the Fair Market Values on each day that the Class B Common Stock was traded and a closing price was reported during such period, and (ii) shall equal the number of days, as determined by the Committee for the purposes of determining the average Fair Market Value for such Phantom Shares, on which the Class B Common Stock was traded and a closing price was reported during such period.

Section 1.3 Administration of the Plan.

(a) *Board or Committee to Administer.* The Plan shall be administered by the Board or by a Committee appointed by the Board, consisting of at least two members of the Board; *provided* that, with respect to any Award that is intended to satisfy the requirements of the Section 162(m) Exception, such Committee shall consist of at least such number of directors as is required from time to time to satisfy the Section 162(m) Exception, and each such Committee member shall satisfy the qualification requirements of such exception; *provided, however*, that, if any such Committee member is found not to have met the qualification requirements of the Section 162(m) Exception, any actions taken or Awards granted by the Committee shall not be invalidated by such failure to so qualify.

(b) *Powers of the Committee.*

(i) The Committee shall adopt such rules as it may deem appropriate in order to carry out the purpose of the Plan. All questions of interpretation, administration and application of the Plan shall be determined by a majority of the members of the Committee then in office, except that the Committee may authorize any one or more of its members, or any officer of the Company, to execute and deliver documents on behalf of the Committee. The determination of such majority shall be final and binding as to all matters relating to the Plan.

(ii) The Committee shall have authority to select Participants from among the class of eligible persons specified in Section 1.4 below, to determine the type of Award to be granted, to determine the number of shares of Class B Common Stock subject to an Award or the cash amount payable in connection with an Award, and to determine the terms and conditions of each Award in accordance with the terms of the Plan. Except as provided in Section 6.4, the Committee shall also have the authority to amend the terms of any outstanding Award or waive any conditions or restrictions applicable to any Award; *provided, however*, that no amendment shall materially impair the rights of the holder thereof without the holder's consent. With respect to any restrictions in the Plan or in any Agreement that are based on the requirements of Section 422 of the Code, the Section 162(m) Exception, the rules of any exchange upon which the Company's securities are listed, or any other applicable law, rule or restriction to the extent that any such restrictions are no longer required, the Committee shall have the sole discretion and authority to grant Awards that are not subject to such restrictions and/or to waive any such restrictions with respect to outstanding Awards.

(c) *Delegation by the Committee.* The Committee may, but need not, from time to time delegate some or all of its authority under the Plan to an Administrator consisting of one or more members of the Committee or of one or more officers of the Company; *provided, however*, that the Committee may not delegate its authority (i) to make Awards to employees (A) who are subject on the date of the Award to the reporting rules under Section 16(a) of the Exchange Act, (B) whose compensation for such fiscal year may be subject to the limit on deductible compensation pursuant to Section 162(m) or (C) who are officers of the Company who are delegated authority by the Committee hereunder, or (ii) to interpret the Plan or any Award, or (iii) under Article X of the Plan. Any delegation hereunder shall be subject to the restrictions and limits that the Committee specifies at the time of such delegation or thereafter. Nothing in the Plan shall be construed as obligating the Committee to delegate authority to an Administrator, and the Committee may at any time rescind the authority delegated to an Administrator appointed hereunder or appoint a new Administrator. At all times, the Administrator appointed under this Section 1.3(c) shall serve in such capacity at the pleasure of the Committee. Any action undertaken by the Administrator in accordance with the Committee's delegation of authority shall have the same force and effect as if undertaken directly by the Committee, and any reference in the Plan to the Committee shall, to the extent consistent with the terms and limitations of such delegation, be deemed to include a reference to the Administrator.

Section 1.4 Eligible Persons.

Awards may be granted to any employee of the Company or any of its Subsidiaries.

Section 1.5 Class B Common Stock Subject to the Plan.

(a) *Plan Limit.* The shares of Class B Common Stock subject to Awards under the Plan shall be made available from authorized but unissued Class B Common Stock, from Class B Common Stock issued and held in the treasury of the Company or, subject to such conditions as the Committee may determine, from shares beneficially owned by one or more stockholders of the Company. Subject to adjustment under Article VIII hereof, the total number of shares of Class B Common Stock available for Awards made on or after January 1, 2006 under the Plan (the "Section 1.5 Limit") is 61,605,522 shares of Class B Common Stock (such number having been adjusted for the Separation), plus any shares added back to this Section 1.5(a) pursuant to Section 1.5(c)(ii).

(b) *Plan Sub-Limits.* Subject to adjustment under Article VIII hereof, the maximum aggregate number of shares of Class B Common Stock that may be issued in conjunction with awards made on or after January 1, 2006 of (i) Restricted Shares, Restricted Share Units, unrestricted shares of Class B Common Stock, Performance Shares and Dividend Equivalents, and (ii) Performance Units and Other Awards but only if the Performance Units or Other Awards are paid or settled in shares of Class B Common Stock, is 34,243,573 shares (such number having been adjusted to account for the Separation), *provided that*, subject to adjustment under Article VIII hereof, no more than 75,000 shares may be issued as unrestricted Class B Common Stock.

(c) *Rules Applicable to Determining Shares Available for Issuance.* For purposes of determining the number of shares of Class B Common Stock that remain available for issuance, the following rules apply:

(i) In connection with the granting of an Award (other than an Award denominated in dollars), the number of shares of Class B Common Stock in respect of which the Award is granted or denominated shall be counted against the Section 1.5 Limit (and, if applicable, the limits set forth in Section 1.5(b)).

(ii) To the extent permitted by law or the rules and regulations of any stock exchange on which the Class B Common Stock is listed, the number of shares of Class B Common Stock that shall be added back to the Section 1.5 Limit (and, if applicable, the limits set forth in Section 1.5(b)) and shall again be available for Awards, shall be the corresponding number of shares of Class B Common Stock that are (A) tendered in payment of the exercise price of an Award or to satisfy a Participant's tax or other withholding obligations with respect to an Award; (B) subject to an Award which for any reason expires or is cancelled, forfeited, or terminated without having been exercised or paid; (C) withheld from any Award to satisfy a Participant's tax or other withholding obligations or to pay the exercise price of an Award; and (D) subject to Awards that are instead settled in cash. Anything to the contrary in this Section 1.5(c) notwithstanding, if an Award is settled in whole or in part by delivery of fewer than the full number of shares of Class B Common Stock subject to such Award, the excess, if any, of the number of shares of Class B Common Stock subject to the Award over the number of shares of Class B Common Stock delivered to the Participant upon exercise or settlement shall not be counted against the Section 1.5 Limit (and, if applicable, the limits set forth in Section 1.5(b)) and shall again be available for Awards.

(iii) Any shares of Class B Common Stock underlying Substitute Awards shall not be counted against the Section 1.5 Limit (and, if applicable, the limits set forth in Section 1.5(b)).

Section 1.6 Section 162(m) Limits on Awards to Participants.

(a) *Limits on Certain Stock Options, Stock Appreciation Rights and Phantom Shares.* The maximum aggregate number of shares of Class B Common Stock that may be granted to any Participant during the five-year period starting on the Effective Date of the Plan with respect to Stock Options, Stock Appreciation Rights or Phantom Shares that are granted at no less than 100% of Fair Market Value on the Date of Grant is 25,468,760 (such number having been adjusted for the Separation) (regardless of whether Stock Appreciation Rights and Phantom Shares are settled in cash, Class B Common Stock, other Company securities or a combination thereof), subject to adjustment pursuant to Article VIII hereof.

(b) *Limits on other Awards.* The maximum amount of Awards (other than those Awards set forth in Section 1.6(a)) intended to qualify for the Section 162(m) Exception that may be awarded to any Participant in respect of any Performance Period is \$50 million (with respect to Awards denominated in cash) and 5,093,752 shares (such number having been adjusted for the Separation) of Class B Common Stock (with respect to Awards denominated in shares of Class B Common Stock), subject to adjustment pursuant to Article VIII hereof. Notwithstanding the preceding sentence, if in respect of any Performance Period, the Committee grants to a Participant Awards having an aggregate dollar value and/or number of shares less than the maximum dollar value and/or number of shares that could be paid or awarded to such Participant based on the degree to which the relevant Performance Goals were attained, the excess of such maximum dollar value and/or number of shares over the aggregate dollar value and/or number of shares actually subject to Awards granted to such Participant shall be carried forward and shall increase the maximum dollar value and/or number of shares that may be awarded to such Participant in respect of the next Performance Period in respect of which the Committee grants to such Participant an Award intended to qualify for the Section 162(m) Exception, subject to adjustment pursuant to Article VIII hereof.

Section 1.7 Agreements.

The Committee shall determine and set forth in an Agreement the terms and conditions of each Award (other than an Award of unrestricted Class B Common Stock). Each Agreement (i) shall state the Date of Grant and the name of the Participant, (ii) shall specify the terms of the Award, (iii) shall be signed by a person designated by the Committee and, if so required by the Committee, by the Participant, (iv) shall incorporate the Plan by reference and (v) shall be delivered or otherwise made available to the Participant. The Agreement shall contain such other terms and conditions as are required by the Plan and, in addition, such other terms not inconsistent with the Plan as the Committee may deem advisable. The Committee shall have the authority to adjust the terms of the Agreements relating to an Award in a jurisdiction outside of the United States (i) to comply with the laws of such jurisdiction or (ii) to obtain more favorable tax treatment for the Company and/or any Subsidiary, as applicable, and/or for the Participants in such jurisdiction. Such authority shall be notwithstanding the fact that the requirements of the local jurisdiction may be more restrictive than the terms set forth in the Plan.

ARTICLE II

PROVISIONS APPLICABLE TO STOCK OPTIONS

Section 2.1 Grants of Stock Options.

The Committee may from time to time grant to eligible employees Stock Options on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan, as the Committee, in its discretion, may from time to time determine. Each Agreement covering a grant of Stock Options shall specify the number of Stock Options granted, the Date of Grant, the exercise price of such Stock Options, whether such Stock Options are Incentive Stock Options or Non-Qualified Stock Options, the period during which such Stock Options may be exercised, any vesting schedule, any Performance Goals and any other terms that the Committee deems appropriate.

Section 2.2 Exercise Price.

The Committee shall establish the per share exercise price of a Stock Option on the Date of Grant in such amount as the Committee shall determine; *provided* that such exercise price shall not be less than 100% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant, unless such Stock Option is subject to any Performance Goals pursuant to Article VI. In addition, notwithstanding the foregoing, the per share exercise price of a Stock Option that is a Substitute Award may be less than 100% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant, *provided* that the excess of:

- (i) the aggregate Fair Market Value (as of the Date of Grant of such Substitute Award) of the shares of Class B Common Stock subject to the Substitute Award, over
- (ii) the aggregate exercise price thereof, does not exceed the excess of:
- (iii) the aggregate fair market value (as of the time immediately preceding the transaction pursuant to which the Substitute Award was granted, such fair market value to be determined by the Committee) of the shares of the predecessor entity that were subject to the award assumed or substituted for by the Company, over
- (iv) the aggregate exercise price of such shares.

The exercise price of any Stock Option will be subject to adjustment in accordance with the provisions of Article VIII of the Plan.

Section 2.3 Exercise of Stock Options.

(a) *Exercisability.* Stock Options shall be exercisable only to the extent the Participant is vested therein, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement (or any employment agreement applicable to the Participant). The Committee shall establish the vesting schedule applicable to the Stock Options granted hereunder, which vesting schedule shall specify the period of time, the increments in which a Participant shall vest in the Stock Options and/or any applicable Performance Goal requirements, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement (or any employment agreement applicable to the Participant). The Committee may, in its sole discretion, accelerate the time at which a Participant vests in his Stock Options.

(b) *Option Period.* For each Stock Option granted, the Committee shall specify the period during which the Stock Option may be exercised.

(c) *Registration Restrictions.* A Stock Option shall not be exercisable, no transfer of shares of Class B Common Stock shall be made to any Participant, and any attempt to exercise a Stock Option or to transfer any such shares shall be void and of no effect, unless and until (i) a registration statement under the Securities Act of 1933, as amended, has been duly filed and declared effective pertaining to the shares of Class B Common Stock subject to such Stock Option, and the shares of Class B Common Stock subject to such Stock Option have been duly qualified under applicable federal or state securities or blue sky laws or (ii) the Committee, in its sole discretion, determines, or the Participant, upon the request of the Committee, provides an opinion of counsel satisfactory to the Committee, that such registration or qualification is not required as a result of the availability of an exemption from registration or qualification under such laws. Without limiting the foregoing, if at any time the Committee shall determine, in its sole discretion, that the listing, registration or qualification of the shares of Class B Common Stock subject to such Stock Option is required under any federal or state law or on any securities exchange or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, delivery or purchase of such shares pursuant to the exercise of a Stock Option, such Stock Option

shall not be exercised in whole or in part unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee.

(d) *Exercise in the Event of Termination of Employment, Retirement, Death or Permanent Disability.*

(i) *Termination other than for Cause, or due to Retirement, Death or Permanent Disability.* Except as otherwise provided in this Section 2.3 or as otherwise determined by the Committee, in the event that (A) the Participant ceases to be an employee of the Company or any of its Subsidiaries by reason of the voluntary termination by the Participant or the termination by the Company or any of its Subsidiaries other than for Cause, his Outstanding Stock Options may be exercised to the extent then exercisable until the earlier of six months after the date of such termination or the Expiration Date, (B) the Participant ceases to be an employee of the Company or any of its Subsidiaries by reason of the Participant's Retirement, the Participant may exercise his outstanding Stock Options to the extent exercisable on the date of Retirement until the earlier of the third anniversary of such date or the Expiration Date; (C) the Permanent Disability of the Participant occurs, his Outstanding Stock Options may be exercised to the extent exercisable upon the date of the onset of such Permanent Disability until the earlier of the third anniversary of such date or the Expiration Date; and (D) a Participant dies during a period during which his Stock Options could have been exercised by him, his Outstanding Stock Options may be exercised to the extent exercisable at the date of death by the person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution or permitted transfer until the earlier of the second anniversary of the date of death or the Expiration Date. Except as otherwise provided in this Section 2.3 or as otherwise determined by the Committee, upon the occurrence of an event described in clauses (A), (B), (C) or (D) of this Section 2.3(d)(i), all rights with respect to Stock Options that are not vested as of such event will be relinquished.

(ii) *Termination for Cause.* If a Participant's employment with the Company or any of its Subsidiaries ends due to a Termination for Cause then, unless the Committee in its discretion determines otherwise, all Outstanding Stock Options, whether or not then vested, shall terminate effective as of the date of such termination.

(iii) *Maximum Exercise Period.* Anything in this Section 2.3(d) to the contrary notwithstanding and unless the Committee determines otherwise, no Stock Option shall be exercisable after the earlier to occur of (A) the expiration of the option period set forth in the applicable Agreement or (B) the tenth anniversary of the Date of Grant thereof. If the date determined in accordance with the preceding sentence is not a business day, the Stock Options may be exercised up to and including the last business day before such date.

Section 2.4 Payment of Purchase Price Upon Exercise.

Every share purchased through the exercise of a Stock Option shall be paid for in full on or before the settlement date for the shares of Class B Common Stock issued pursuant to the exercise of the Stock Options in cash or, in the discretion of the Committee, in shares of Class B Common Stock or other securities of the Company designated by the Committee, in a combination of cash, shares or such other securities or in any other form of valid consideration that is acceptable to the Committee in its sole discretion. If the Agreement so provides, such exercise price may also be paid in whole or in part using a net share settlement procedure or through the withholding of shares subject to the Stock Option with a value equal to the exercise price. In accordance with the rules and procedures established by the Committee for this purpose, a Stock Option may also be exercised through a "cashless exercise" procedure, approved by the Committee, involving a broker or dealer, that affords Participants the opportunity to sell immediately some or all of the shares underlying the exercised portion of the Stock Option in order to generate sufficient cash to pay the exercise price of the Option.

Section 2.5 No Repricing of Stock Options.

The Committee may not "reprice" any Stock Option. "Reprice" means any of the following or any other action that has the same effect: (i) amending a Stock Option to reduce its exercise price, (ii) canceling a Stock Option at a time when its exercise price exceeds the Fair Market Value of a share of Class B Common Stock in exchange for a Stock Option, Restricted Share or other equity award unless the cancellation and exchange occurs in connection with a merger, acquisition, spin-off or other similar corporate transaction, or (iii) taking any other action that is treated as a repricing under GAAP, *provided* that nothing in this Section 2.5 shall prevent the Committee from making adjustments pursuant to Article VIII.

Section 2.6 Stock Appreciation Rights.

(a) *Generally.* The Committee may grant Stock Appreciation Rights alone or in tandem with other Awards.

(b) *Stock Appreciation Rights Granted In Tandem with Stock Options.* If the Stock Appreciation Right is granted in tandem with a Stock Option, such Stock Appreciation Right may be granted either at the time of the grant of the Stock Option or by amendment at any time prior to the exercise, expiration or termination of such Stock Option. The Stock Appreciation Right shall be subject to the same terms and conditions as the related Stock Option and shall be exercisable only at such times and to such extent as the related Stock Option is exercisable. A Stock Appreciation Right shall entitle the holder to surrender to the Company the related Stock Option unexercised and receive from the Company in exchange therefor an amount equal to the excess of the Fair Market Value of the shares of Class B Common Stock subject to such Stock Option, determined as of the day preceding the surrender of such Stock Option, over the Stock Option aggregate exercise price. Such amount shall be paid in cash, or in the discretion of the Committee, in shares of Class B Common Stock or other securities of the Company designated by the Committee or in a combination of cash, shares of Class B Common Stock or such other securities.

(c) *Stock Appreciation Rights Granted Alone or In Tandem with Awards Other Than Stock Options.* Subject to the next sentence, Stock Appreciation Rights granted alone or in tandem with Awards other than Stock Options shall be subject to such terms and conditions as the Committee shall establish at or after the time of grant and set forth in the applicable Agreement. The Committee shall establish the per share exercise price of a Stock Appreciation Right granted alone on the Date of Grant in such amount as the Committee shall determine; *provided* that such exercise price shall not be less than 100% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant, unless such Stock Appreciation Right is subject to any Performance Goals pursuant to Article VI. In addition, notwithstanding the foregoing, the per share exercise price of a Stock Appreciation Right that is a Substitute Award may be less than 100% of the Fair Market Value of a share of Class B Common Stock on the Date of Grant; *provided* that the excess of:

(i) the aggregate Fair Market Value (as of the Date of Grant of such Substitute Award) of the shares of Class B Common Stock subject to the Substitute Award, over

(ii) the aggregate exercise price thereof,

does not exceed the excess of:

(iii) the aggregate fair market value (as of the time immediately preceding the transaction pursuant to which the Substitute Award was granted, such fair market value to be determined by the Committee) of the shares of the predecessor entity that were subject to the award assumed or substituted for by the Company, over

(iv) the aggregate exercise price of such shares.

ARTICLE III

PROVISIONS APPLICABLE TO RESTRICTED SHARES

Section 3.1 Grants of Restricted Shares.

The Committee may from time to time grant to eligible employees Restricted Shares on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan, as the Committee, in its discretion, may from time to time determine. Each Agreement covering a grant of Restricted Shares shall specify the number of Restricted Shares granted, the Date of Grant, the price, if any, to be paid by the Participant for such Restricted Shares, the vesting schedule (as provided for in Section 3.2 hereof) and any Performance Goals for such Restricted Shares and any other terms that the Committee deems appropriate.

Section 3.2 Vesting.

The Committee shall establish the vesting schedule applicable to Restricted Shares granted hereunder, which vesting schedule shall specify the period of time, the increments in which a Participant shall vest in the Restricted Shares and/or any applicable Performance Goal requirements, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement, *provided* that in no event may Restricted Shares that vest contingent solely on the requirement of continued employment fully vest in less than three years from the Date of Grant.

Section 3.3 Rights and Restrictions Governing Restricted Shares.

The Participant shall have all rights of a holder as to such shares of Class B Common Stock (including, to the extent applicable, the right to receive dividends and to vote), subject to the following restrictions: (a) the Participant shall not be entitled to be registered on the books and records of the Company as a stockholder until such shares have vested; (b) none of the Restricted Shares may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of until such shares have vested; and (c) except as otherwise provided in Section 3.6 below, all unvested Restricted Shares shall be immediately forfeited upon a Participant's termination of employment with the Company or any Subsidiary for any reason or the Participant's death, Retirement or Permanent Disability.

Section 3.4 Adjustment with Respect to Restricted Shares.

Any other provision of the Plan to the contrary notwithstanding, the Committee may, in its discretion, at any time accelerate the date or dates on which Restricted Shares vest. The Committee may, in its sole discretion, remove any and all restrictions on such Restricted Shares whenever it may determine that, by reason of changes in applicable law, the rules of any stock exchange on which the Class B Common Stock is listed or other changes in circumstances arising after the Date of Grant, such action is appropriate.

Section 3.5 Delivery of Restricted Shares.

On the date on which Restricted Shares vest, all restrictions contained in the Agreement covering such Restricted Shares and in the Plan shall lapse as to such Restricted Shares. Restricted Share Awards issued hereunder may be evidenced in such manner as the Committee in its discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of one or more stock certificates. If stock certificates are issued, such certificates shall be delivered to the Participant or such certificates shall be credited to a brokerage account if the Participant so directs; *provided, however*, that such certificates shall bear such legends as the Committee, in its sole discretion, may determine to be necessary or advisable in order to comply with applicable federal or state securities laws.

Section 3.6 Termination of Employment, Retirement, Death or Permanent Disability.

In the event that (i) the Participant's employment with the Company or any of its Subsidiaries ends by reason of voluntary termination by the Participant, termination by the Company or any of its Subsidiaries other than for Cause, termination by the Company or any of its Subsidiaries for Cause or the Participant's Retirement, or (ii) the Participant's death or Permanent Disability occurs, prior to the date or dates on which Restricted Shares vest, the Participant shall forfeit all unvested Restricted Shares as of the date of such event, unless the Committee determines otherwise.

Section 3.7 Grants of Unrestricted Shares.

Subject to the limit set forth in the proviso in Section 1.5(b) (as such limit may be adjusted under Article VIII hereof), the Committee may, in its sole discretion, make awards of unrestricted Class B Common Stock to eligible employees in recognition of outstanding achievements and performance.

ARTICLE IV

PROVISIONS APPLICABLE TO RESTRICTED SHARE UNITS

Section 4.1 Grants of Restricted Share Units.

The Committee may from time to time grant Restricted Share Units on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan as the Committee, in its discretion, may from time to time determine. Each Restricted Share Unit awarded to a Participant shall correspond to one share of Class B Common Stock. Each Agreement covering a grant of Restricted Share Units shall specify the number of Restricted Share Units granted, the vesting schedule (as provided for in Section 4.2 hereof) for such Restricted Share Units and any Performance Goals and any other terms that the Committee deems appropriate.

Section 4.2 Vesting.

The Committee shall establish the vesting schedule applicable to Restricted Share Units granted hereunder, which vesting schedule shall specify the period of time, the increments in which a Participant shall vest in the Restricted Share Units and/or any applicable Performance Goal requirements, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement, *provided* that in no event may Restricted Share Units that vest contingent solely on the requirement of continued employment fully vest in less than three years from the Date of Grant.

Section 4.3 Adjustment with Respect to Restricted Share Units.

Any other provision of the Plan to the contrary notwithstanding, the Committee may, in its discretion, at any time accelerate the date or dates on which Restricted Share Units vest.

Section 4.4 Settlement of Restricted Share Units.

On the date on which Restricted Share Units vest, all restrictions contained in the Agreement covering such Restricted Share Units and in the Plan shall lapse as to such Restricted Share Units and the Restricted Stock Units will be payable, at the discretion of the Committee, in cash equal to the Fair Market Value of the shares subject to such Restricted Share Units, in shares of Class B Common Stock or in other securities of the Company designated by the Committee or in a combination of cash, shares of Class B Common Stock or such other securities. Restricted Share Units paid in Class B Common Stock may be evidenced in such manner as the Committee in its discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of one or more stock certificates. If stock certificates are issued, such certificates shall be delivered to the Participant or such certificates shall be credited to a brokerage account if the Participant so directs; *provided, however*, that such certificates shall bear such

legends as the Committee, in its sole discretion, may determine to be necessary or advisable in order to comply with applicable federal or state securities laws.

Section 4.5 Termination of Employment, Retirement, Death or Permanent Disability.

In the event that (i) the Participant's employment with the Company or any of its Subsidiaries ends by reason of voluntary termination by the Participant, termination by the Company or any of its Subsidiaries other than for Cause, termination by the Company or any of its Subsidiaries for Cause or the Participant's Retirement, or (ii) the Participant's death or Permanent Disability occurs, prior to the date or dates on which Restricted Share Units vest, the Participant shall forfeit all unvested Restricted Share Units as of the date of such event, unless the Committee determines otherwise and provides that some or all of such Participant's unvested Restricted Share Units shall vest as of the date of such event, in which case, in the discretion of the Committee, either certificates representing shares of Class B Common Stock or a cash payment equal to the Fair Market Value of the shares of Class B Common Stock, shall be delivered in accordance with Section 4.4 above, to the Participant or in the case of the Participant's death, to the person or persons who acquired the right to receive such certificates by will or the laws of descent and distribution.

ARTICLE V

PROVISIONS APPLICABLE TO PHANTOM SHARES

Section 5.1 Grants of Phantom Shares.

The Committee may from time to time grant to eligible employees Phantom Shares, the value of which is determined by reference to a share of Class B Common Stock, on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan as the Committee, in its discretion, may from time to time determine. Each Agreement covering a grant of Phantom Shares shall specify the number of Phantom Shares granted, the Initial Value of such Phantom Shares, the Valuation Dates, the number of Phantom Shares whose Appreciation Value shall be determined on each such Valuation Date, any applicable vesting schedule (as provided for in Section 5.3 hereof) and Performance Goals for such Phantom Shares, and any applicable limitation on payment (as provided for in Section 5.4 hereof) for such Phantom Shares and any other terms that the Committee deems appropriate.

Section 5.2 Appreciation Value.

(a) *Valuation Dates; Measurement of Appreciation Value.* The Committee shall provide in the Agreement for one or more Valuation Dates on which the Appreciation Value of the Phantom Shares granted pursuant to the Agreement shall be measured and fixed, and shall designate in the Agreement the number of such Phantom Shares whose Appreciation Value is to be calculated on each such Valuation Date. Unless otherwise determined by the Committee, each Valuation Date shall be December 15 and no Valuation Date shall occur later than the year in which the eighth (8th) anniversary of the Date of Grant occurs.

(b) *Payment of Appreciation Value.* Except as otherwise provided in Section 5.5 hereof, and subject to the limitation contained in Section 5.4 hereof, the Appreciation Value of a Phantom Share shall be paid to a Participant in cash, or in the discretion of the Committee, in shares of Class B Common Stock or other securities of the Company designated by the Committee or in a combination of cash, shares of Class B Common Stock or such other securities, as soon as practicable following the Valuation Date applicable to such Phantom Share.

Section 5.3 Vesting.

The Committee may establish a vesting schedule applicable to Phantom Shares granted hereunder, which vesting schedule shall specify the period of time, the increments in which a Participant shall vest in

the Phantom Shares and/or any applicable Performance Goal requirements, subject to any restrictions that the Committee shall determine and specify in the applicable Agreement.

Section 5.4 Limitation on Payment.

The Committee may, in its discretion, establish and set forth in the Agreement a maximum dollar amount payable under the Plan for each Phantom Share granted pursuant to such Agreement.

Section 5.5 Termination of Employment, Retirement, Death or Permanent Disability.

(a) *Termination Other Than for Cause, or due to Retirement, Death or Permanent Disability.* Except as otherwise provided in this Section 5.5, if, before the occurrence of one or more Valuation Dates applicable to the Participant's Outstanding Phantom Shares, (i) the Participant's employment with the Company or any of its Subsidiaries ends by reason of the voluntary termination by the Participant, the termination by the Company or any of its Subsidiaries other than for Cause or the Participant's Retirement or (ii) the Participant's death or Permanent Disability occurs, then, unless the Committee, in its discretion, determines otherwise, the Appreciation Value of each Outstanding Phantom Share as to which the Participant's rights are vested as of the date of such event shall be the lesser of (x) the Appreciation Value of such Phantom Share calculated as of the date of such event or (y) the Appreciation Value of such Phantom Share calculated as of the originally scheduled Valuation Date applicable thereto. Unless the Committee, in its discretion, determines otherwise, the Appreciation Value so determined for each such vested Outstanding Phantom Share shall then be payable to the Participant following the originally scheduled Valuation Date applicable thereto in accordance with Section 5.2(b) hereof. Upon the occurrence of an event described in this Section 5.5(a), unless the Committee determines otherwise, all rights with respect to Phantom Shares that are not vested as of such date will be relinquished.

(b) *Termination for Cause.* If a Participant's employment with the Company or any of its Subsidiaries ends due to a Termination for Cause, then, unless the Committee, in its discretion, determines otherwise, all Outstanding Phantom Shares, whether or not vested, and any and all rights to the payment of Appreciation Value with respect to such Outstanding Phantom Shares shall be forfeited effective as of the date of such termination.

ARTICLE VI

PERFORMANCE AWARDS

Section 6.1 Grants of Performance Awards.

The Committee may from time to time grant to eligible employees Performance Awards consisting of Performance Shares or Performance Units on the terms and conditions set forth in the Plan and on such other terms and conditions as are not inconsistent with the purposes and provisions of the Plan, as the Committee, in its discretion, may from time to time determine. Performance Awards may be granted either alone or in addition to other Awards made under the Plan.

Section 6.2 Performance Goals.

Unless otherwise determined by the Committee, the grant, vesting and/or exercisability of Performance Awards shall be conditioned, in whole or in part, on the attainment of performance targets, in whole or in part, related to one or more performance goals over a Performance Period. For any such Performance Awards that are intended to qualify for the Section 162(m) Exception, the performance targets on which the grant, vesting and/or exercisability are conditioned shall be selected by the Committee from among the following goals (the "Section 162(m) Performance Goals"): OIBDA, OIBDA Without Intercompany Eliminations, Operating Income, Free Cash Flow, Net Earnings, Net Earnings from

Continuing Operations, Earnings Per Share, Revenue, Net Revenue, Operating Revenue, total shareholder return, share price, return on equity, return in excess of cost of capital, profit in excess of cost of capital, return on assets, return on invested capital, net operating profit after tax, operating margin, profit margin or any combination thereof. In addition, for any Awards not intended to qualify for the Section 162(m) Exception, the Committee may establish performance targets based on other performance goals as it deems appropriate (together with the Section 162(m) Performance Goals, the "Performance Goals"). The Performance Goals may be described in terms of objectives that are related to the individual Participant or objectives that are Company-wide or related to a Subsidiary, division, department, region, function or business unit and may be measured on an absolute or cumulative basis or on the basis of percentage of improvement over time, and may be measured in terms of Company performance (or performance of the applicable Subsidiary, division, department, region, function or business unit) or measured relative to selected peer companies or a market index.

Section 6.3 Performance Goals on Awards other than Performance Awards.

The Committee, in its sole discretion, may also require that the grant, vesting and/or exercisability of Awards other than Performance Awards be conditioned, in whole or in part, on the attainment of performance targets, in whole or in part, related to Performance Goals over a Performance Period, as described in Section 6.2.

Section 6.4 Discretion to Reduce Awards.

The Committee retains the right to reduce any Award below the maximum amount that could be paid based on the degree to which the Performance Goals related to such Award were attained. The Committee may not increase any Award intended to qualify for the Section 162(m) Exception in any manner that would adversely affect the treatment of the Award under the Section 162(m) Exception.

Section 6.5 Adjustment of Calculation of Performance Goals.

In the event that, during any Performance Period, any recapitalization, reorganization, merger, acquisition, divestiture, consolidation, spin-off, combination, liquidation, dissolution, sale of assets or other similar corporate transaction or event, or any other extraordinary event or circumstance occurs which has the effect, as determined by the Committee, in its sole and absolute discretion, of distorting the applicable performance criteria involving the Company, including, without limitation, changes in accounting standards, the Committee may adjust or modify, as determined by the Committee, in its sole and absolute discretion, the calculation of the Performance Goals, to the extent necessary to prevent reduction or enlargement of the Participants' Awards under the Plan for such Performance Period attributable to such transaction, circumstance or event. All determinations that the Committee makes pursuant to this Section 6.5 shall be conclusive and binding on all persons for all purposes.

ARTICLE VII

DIVIDEND EQUIVALENTS AND OTHER AWARDS

Section 7.1 Dividend Equivalents.

Subject to the provisions of this Plan and any Agreement, the recipient of an Award (including, without limitation, any Award deferred pursuant to Section 9.9) may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, interest or dividends or Dividend Equivalents, with respect to the number of shares of Class B Common Stock covered by the Award, as determined by the Committee, in its sole discretion, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional shares of Class B Common Stock or otherwise reinvested and/or shall be subject to the same terms and conditions (including vesting and forfeiture provisions) as the related Award.

Section 7.2 Other Awards.

The Committee shall have the authority to specify the terms and provisions of other forms of equity-based or equity-related awards not described above that the Committee determines to be consistent with the purpose of the Plan and the interests of the Company. Other Awards may also include cash payments under the Plan which may be based on one or more criteria determined by the Committee that are unrelated to the value of Class B Common Stock and that may be granted in tandem with, or independent of, Awards granted under the Plan.

ARTICLE VIII

EFFECT OF CERTAIN CORPORATE CHANGES

In the event of a merger, consolidation, stock-split, reverse stock-split, dividend, distribution, combination, reclassification, reorganization, split-up, spin-off or recapitalization that changes the character or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Committee shall make such adjustments, if any, to (i) the number and kind of securities subject to any outstanding Award, (ii) the exercise price or purchase price, if any, of any outstanding Award or the Initial Value of any Outstanding Phantom Shares, and (iii) the maximum number and kind of securities referred to in Sections 1.5(a) and (b) and Sections 1.6(a) and (b) of the Plan, in each case, as it deems appropriate. The Committee may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve the benefits or potential benefits intended to be made available hereunder. All determinations that the Committee makes pursuant to this Article VIII shall be conclusive and binding on all persons for all purposes.

ARTICLE IX

MISCELLANEOUS

Section 9.1 No Rights to Awards or Continued Employment.

Nothing in the Plan or in any Agreement, nor the grant of any Award under the Plan, shall confer upon any individual any right to be employed by or to continue in the employment of the Company or any Subsidiary thereof, nor to be entitled to any remuneration or benefits not set forth in the Plan or such Agreement, including the right to receive any future Awards under the Plan or any other plan of the Company or any Subsidiary thereof or interfere with or limit the right of the Company or any Subsidiary thereof to modify the terms of or terminate such individual's employment at any time for any reason.

Section 9.2 Restriction on Transfer.

The rights of a Participant with respect to any Award shall be exercisable during the Participant's lifetime only by the Participant and shall not be transferable by the Participant to whom such Award is granted, except by will or the laws of descent and distribution, *provided* that the Committee may permit other transferability, subject to any conditions and limitations that it may, in its sole discretion, impose.

Section 9.3 Taxes.

The Company or a Subsidiary thereof, as appropriate, shall have the right to deduct from all payments made under the Plan to a Participant or to a Participant's estate any federal, state, local or other taxes required by law to be withheld with respect to such payments. The Committee, in its discretion, may require, as a condition to the exercise or settlement of any Award or delivery of any certificate(s) for shares of Class B Common Stock, that an additional amount be paid in cash equal to the amount of any federal, state, local or other taxes required to be withheld as a result of such exercise or settlement. In addition, the Committee may establish procedures to allow Participants to satisfy such withholding obligations through a net share settlement procedure or the withholding of shares subject to the applicable Award, or through a "cashless exercise" procedure as described in Section 2.4. Any Participant who makes an election under

Section 83(b) of the Code to have his Award taxed in accordance with such election must give notice to the Company of such election immediately upon making a valid election in accordance with the rules and regulations of the Code. Any such election must be made in accordance with the rules and regulations of the Code.

Section 9.4 Stockholder Rights.

No Award under the Plan shall entitle a Participant or a Participant's estate or permitted transferee to any rights of a holder of shares of Class B Common Stock of the Company, except as provided in Article III with respect to Restricted Shares or when and until the Participant, the Participant's estate or the permitted transferee is registered on the books and records of the Company as a stockholder with respect to the exercise or settlement of such Award.

Section 9.5 No Restriction on Right of Company to Effect Corporate Changes.

The Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stock whose rights are superior to or affect the Class B Common Stock or the rights thereof or which are convertible into or exchangeable for Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 9.6 Source of Payments.

The general funds of the Company shall be the sole source of cash settlements of Awards under the Plan and payments of Appreciation Value and the Company shall not have any obligation to establish any separate fund or trust or other segregation of assets to provide for payments under the Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company and a Participant or any other person. To the extent a person acquires any rights to receive payments hereunder from the Company, such rights shall be no greater than those of an unsecured creditor.

Section 9.7 Exercise Periods Following Termination of Employment.

For the purposes of determining the dates on which Awards may be exercised following a termination of employment or following the Retirement, death or Permanent Disability of a Participant, the day following the date of such event shall be the first day of the exercise period and the Award may be exercised up to and including the last business day falling within the exercise period. Thus, if the last day of the exercise period is not a business day, then the last date an Award may be exercised is the last business day preceding the end of the exercise period.

Section 9.8 Breach of Agreements.

The Committee may include in any Agreement a provision requiring the Participant to return gains (as defined by the Committee) realized on Awards made under the Plan in the event the Committee determines that a material breach of specified obligations under one or more written agreements between a Participant and the Company has occurred during the one year period after termination of the Participant's employment with the Company or a Subsidiary.

Section 9.9 Deferral of Awards.

The Committee may establish procedures pursuant to which the payment of any Award may be deferred.

Section 9.10 Employment of Participant by Subsidiary.

Unless the Committee determines otherwise, the employment of a Participant who works for a Subsidiary shall terminate, for Plan purposes, on the date on which the Participant's employing company ceases to be a Subsidiary.

ARTICLE X

AMENDMENT AND TERMINATION

The Plan may be terminated and may be altered, amended, suspended or terminated at any time, in whole or in part, by the Board; *provided, however*, that no alteration or amendment will be effective without stockholder approval if such approval is required by law or under the rules of the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is listed. No termination or amendment of the Plan may, without the consent of the Participant to whom an Award has been made, materially adversely affect the rights of such Participant in such Award. Unless previously terminated pursuant to this Article X, the Plan shall terminate on the fifth anniversary of the Effective Date, and no further Awards may be granted hereunder after such date.

ARTICLE XI

INTERPRETATION

Section 11.1 Governmental Regulations.

The Plan, and all Awards hereunder, shall be subject to all applicable rules and regulations of governmental or other authorities.

Section 11.2 Headings.

The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

Section 11.3 Governing Law.

The Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

ARTICLE XII

EFFECTIVE DATE AND STOCKHOLDER APPROVAL

The Plan became effective upon its adoption by the Board on March 10, 2004, subject to approval by the stockholders of the Company.

CBS CORPORATION
SENIOR EXECUTIVE
SHORT-TERM INCENTIVE PLAN
(Amended and Restated as of December 31, 2005)

ARTICLE I

GENERAL

Section 1.1 Purpose.

The purpose of the CBS Corporation Senior Executive Short-Term Incentive Plan (the "Plan") is to benefit and advance the interests of CBS Corporation, a Delaware corporation (the "Company"), by granting annual performance-based awards ("Awards") to reward selected senior executive officers of the Company and its subsidiaries and divisions for their contributions to the Company's financial success and thereby motivate them to continue to make such contributions in the future.

Section 1.2 Definitions.

As used in the Plan, the following terms shall have the following meanings:

(a) "Award" shall have the meaning set forth in Section 1.1.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Class B Common Stock" shall mean shares of Class B Common Stock, par value \$0.001 per share, of the Company.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto, and the rules and regulations promulgated thereunder from time to time.

(e) "Committee" shall mean the Compensation Committee of the Board (or such other Committee(s) as may be appointed or designated by the Board) to administer the Plan in accordance with Section 1.3 of the Plan. The Committee shall consist of at least two (2) individuals, each of whom shall be an "outside director" (or any successor standard thereto) within the meaning of Section 162(m) of the Code; *provided, however*, that if any such Committee member is found not to have met the qualification requirements of Section 162(m), any actions taken or Awards granted by the Committee shall not be invalidated by such failure to so qualify.

(f) "Company" shall have the meaning set forth in Section 1.1.

(g) "Earnings Per Share" shall have the meaning provided by GAAP.

(h) "EBITDA" shall mean the Company's Operating Income before depreciation, amortization and inter-company eliminations.

(i) "Effective Date" shall have the meaning set forth in Section 4.10.

(j) "Equity Plan" means the CBS Corporation 2004 Long-Term Management Incentive Plan and any successor or similar plan of the Company.

(k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, including any successor law thereto.

(l) "Fair Market Value" of a share of Class B Common Stock on a given date shall be, unless otherwise determined by the Committee, the 4:00 p.m. (New York time) closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by The Wall Street Journal (Northeast edition) or any other authoritative source selected by the Company.

(m) "Free Cash Flow" shall mean the Company's Operating Income before depreciation and amortization, less cash interest, taxes paid, working capital requirements and capital expenditures.

(n) "GAAP" shall mean generally accepted accounting principles in the United States.

(o) "Net Earnings" shall have the meaning provided in GAAP.

(p) "Net Earnings from Continuing Operations" shall have the meaning provided in GAAP.

(q) "Net Revenue" shall have the meaning provided by GAAP.

(r) "OIBDA" shall mean the Company's Operating Income before depreciation and amortization.

(s) "OIBDA Without Inter-Company Eliminations" shall mean the Company's Operating Income before depreciation, amortization and inter-company eliminations.

(t) "Operating Income" shall have the meaning provided by GAAP.

(u) "Participant" shall mean any employee who has met the eligibility requirements set forth in Section 1.4 hereof and whom the Committee designates a participant under the Plan.

(v) "Performance Goals" shall mean the performance goals set forth in Section 2.2 from which the Committee shall establish performance targets for a given Performance Period.

(w) "Performance Period" shall mean a period of time over which performance is measured as determined by the Committee in its sole discretion.

(x) "Plan" shall have the meaning set forth in Section 1.1.

(y) "Revenue" shall have the meaning provided by GAAP.

(z) "Salary" for any Performance Period beginning on or after January 1, 2006 shall mean the sum of (i) the annual base salary of the Participant as in effect on the first day of the applicable Performance Period and (ii) an amount equal to the annual rate of compensation as in effect on the first day of the applicable Performance Period that the Participant is required to defer (if any) for the applicable Performance Period pursuant to an employment agreement or similar arrangement with the Company.

"Salary" for any Performance Period ending on or before December 31, 2005 shall mean, (A) for any Participant hired on or before March 20, 2003, the sum of (i) the base salary of the Participant on March 20, 2003, and (ii) an amount equal to the annual rate of any compensation for such Performance Period deferred pursuant to the participant's employment agreement entered into on or before March 20, 2003 until no earlier than the year after the Participant ceases to be an executive officer of the Company; *provided* that, if the employment agreement for the Participant expires or is no longer in effect for all or any part of a Performance Period, the Participant's Salary for such Performance Period shall mean the sum of (x) the base salary of the Participant on March 20, 2003, and (y) an amount equal to the annual rate of any compensation deferred pursuant to the Participant's employment agreement for the final Performance Period for which such agreement was in effect; and (B) for any Participant hired after March 20, 2003, the sum of (i) such participant's base salary on the date of hire, and (ii) an amount equal the annual rate of any compensation for the year of hire deferred pursuant to such Participant's employment agreement as in effect on his date of hire until no earlier than the year after the Participant ceases to be an executive officer of the Company; *provided*

that the Salary for this purpose of a Participant hired after March 20, 2003 shall not exceed 1.5 times the highest Salary on March 20, 2003 for any Participant determined pursuant to clause (A) of this paragraph of Section 1.2(z).

(aa) "Section 162(m)" shall mean Section 162(m) of the Code.

(bb) "Subsidiary" shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, more than 50% of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

(cc) "Target Awards" means the target established by the Committee for each Performance Period based on a multiple (either a fraction or a whole number multiple) of the Participant's Salary or a specified dollar amount.

Section 1.3 Administration of the Plan.

The Plan shall be administered by the Committee which shall adopt such rules as it may deem appropriate in order to carry out the purpose of the Plan. All questions of interpretation, administration and application of the Plan shall be determined by a majority of the members of the Committee then in office, except that the Committee may authorize any one or more of its members, or any officer of the Company, to execute and deliver documents on behalf of the Committee. The determination of such majority shall be final and binding in all matters relating to the Plan. The Committee shall have authority to determine the terms and conditions of the Awards granted to eligible persons specified in Section 1.4 below.

Section 1.4 Eligible Persons.

Awards may be granted only to employees of the Company or one of its subsidiaries at the level of Senior Vice President or at a more senior level who are designated by the Committee as Participants for a given Performance Period.

ARTICLE II

AWARDS

Section 2.1 Awards.

The Committee may grant Awards to eligible employees with respect to each Performance Period, subject to the terms and conditions set forth in the Plan.

Section 2.2 Terms of Awards.

(a) The Committee shall determine in its sole discretion whether any employee of the Company shall have the opportunity to earn incentive compensation under this Plan during any Performance Period. If the Committee decides to offer such opportunity to one or more employees of the Company, then within the time period permitted or required under Section 162(m) for amounts payable hereunder to be considered "qualified performance based compensation", the Committee shall (i) establish the Performance Period, (ii) designate each Participant for the Performance Period, (iii) select from the list of Performance Goals set forth in this Section 2.2, the Performance Goal or Goals to be applicable to the Performance Period, (iv) establish specific performance targets related to such Performance Goals and (v) establish Target Awards for each Participant.

(b) For any Performance Period beginning on or after January 1, 2006, the Performance Goals from which the Committee shall establish performance targets shall relate to the achievement of financial goals based on the attainment of specified levels of one or more of the following: OIBDA, OIBDA Without Intercompany Eliminations, Operating Income, Free Cash Flow, Net Earnings, Net Earnings from Continuing Operations, Earnings Per Share, Revenue, Net Revenue, operating revenue, total shareholder return, share price, return on equity, return in excess of cost of capital, profit in excess of cost of capital, return on assets, return on invested capital, net operating profit after tax, operating margin, profit margin or any combination

thereof. The Performance Goals may be described in terms of objectives that are related to the individual Participant or objectives that are Company-wide or related to a Subsidiary, division, department, region, function or business unit and may be measured on an absolute or cumulative basis or on the basis of percentage of improvement over time, and may be measured in terms of Company performance (or performance of the applicable Subsidiary, division, department, region, function or business unit) or measured in terms of performance relative to selected peer companies or a market index.

For any Performance Period ending on or before December 31, 2005, the Performance Goals from which the Committee shall establish performance targets shall relate to the achievement of financial goals based on the attainment of specified levels of one or more of the following: EBITDA, Operating Income, Free Cash Flow and Net Earnings for the Company.

Section 2.3 Limitation on Awards.

The aggregate amount of all Awards granted under the Plan to any Participant for any Performance Period shall not exceed the amount determined by multiplying such Participant's Salary by a factor of eight (8), but in no event shall such amount exceed \$51.2 million.

Section 2.4 Determination of Award.

The Committee shall, promptly after the date on which the necessary financial or other information for a particular Performance Period becomes available, certify whether the performance targets have been achieved in the manner required by Section 162(m). If the performance targets have been achieved, the Awards for such Performance Period shall have been earned except that the Committee may, in its sole discretion, reduce the amount of any Award to reflect the Committee's assessment of the Participant's individual performance or for any other reason.

Section 2.5 Payment of Award.

Subject to Section 2.6, such Awards may be paid, in whole or in part, in cash, in the form of grants of stock-based awards issued under the Equity Plan, or in any other form prescribed by the Committee, and may be subject to such additional restrictions as the Committee, in its sole discretion, may impose. Such Awards shall be paid as promptly as practicable after the Committee certifies the applicable performance targets have been achieved. If the Committee determines that an Award shall be paid in the form of a stock-based award issued under the Equity Plan, then for purposes of determining the number of shares of Class B Common Stock subject to an Award, the Class B Common Stock shall be valued based on its Fair Market Value on the date such stock-based awards are granted. Where Awards are paid in property other than cash and Class B Common Stock, the value of such Awards, for purposes of the Plan, shall be determined by reference to the fair market value of the property on the date the Committee grants the award of such property. Notwithstanding anything in this Section 2.5 to the contrary, the Committee may establish procedures pursuant to which the payment of any Award may be deferred.

Section 2.6 Employment Requirement.

To be eligible to receive an Award, the Participant must have remained in the continuous employ of the Company or a Subsidiary during the Performance Period applicable to the Participant. If the Company or any Subsidiary terminates a Participant's employment other than for "cause", a Participant terminates his employment for "good reason" or a Participant becomes "permanently disabled" (in each case, as determined by the Committee in its sole discretion) or a Participant dies during a Performance Period, such Participant or his estate shall receive, unless his or her employment agreement provides otherwise, a pro rata portion of the amount of any Award for such Performance Period except that the Committee may, in its sole discretion, reduce the amount of such Award to reflect the Committee's assessment of such Participant's individual performance prior to the termination of such participant's employment, such Participant's becoming permanently disabled or such Participant's death, as the case may be, or for any other reason.

ARTICLE III

ADJUSTMENT OF AWARDS

In the event that, during a Performance Period, any recapitalization, reorganization, merger, acquisition, divestiture, consolidation, spin-off, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction or event or any other extraordinary event occurs, or any other event or circumstance occurs which has the effect, as determined by the Committee in its sole and absolute discretion, of distorting the applicable Performance Goals, including, without limitation, changes in accounting standards, the Committee may adjust or modify, as determined by the Committee in its sole and absolute discretion, the calculation of the applicable performance targets based on the Performance Goals, to the extent necessary to prevent reduction or enlargement of Participants' Awards under the Plan for such Performance Period attributable to such transaction, circumstance or event. Such adjustments shall be conclusive and binding for all purposes.

ARTICLE IV

MISCELLANEOUS

Section 4.1 No Rights to Awards or Continued Employment.

No employee shall have any claim or right to receive Awards under the Plan. Neither the Plan nor any action taken hereunder shall be construed as giving any employee any right to be retained by the Company or any of its subsidiaries.

Section 4.2 Restriction on Transfer.

The rights of a Participant to receive Awards under the Plan shall not be transferable by the Participant to whom such Award is granted, otherwise than by will or the laws of descent and distribution.

Section 4.3 Withholding.

The Company, or a subsidiary thereof, as appropriate, shall have the right to deduct from all payments made under the Plan to a Participant or to a Participant's beneficiary or beneficiaries any federal, state or local taxes required by law to be withheld with respect to such payments.

Section 4.4 No Restriction on Right of Company to Effect Changes.

The Plan shall not affect in any way the right or power of the Company or its stockholders or a Subsidiary to make or authorize any recapitalization, reorganization, merger, acquisition, divestiture, consolidation, spin-off, combination, liquidation, dissolution, sale of assets, or other similar corporate transaction or event involving the Company or a Subsidiary thereof or any other event or series of events, whether of a similar character or otherwise, whether or not such action would have an adverse effect on any Awards made under the Plan. No Participant, beneficiary or other person shall have any claim against the Company or any Subsidiary as a result of any such action.

Section 4.5 Source of Payments.

The Company shall not have any obligation to establish any separate fund or trust or other segregation of assets to provide for payments under the Plan. To the extent any person acquires any rights to receive payments hereunder from the Company, such rights shall be no greater than those of an unsecured creditor.

Section 4.6 Amendment and Termination.

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part. No such alteration, amendment, suspension or termination of the Plan may, without the consent of the Participant to whom an Award has been made, adversely affect the rights of such Participant in such Award; *provided, however*, that no such consent shall be required if the Committee determines in its sole

discretion that any such alteration, amendment, suspension or termination is necessary or prudent pursuant to any change in applicable law, including without limitation, any changes made pursuant to Section 409A of the Code and any regulations, rulings and other regulatory guidance issued thereunder.

Section 4.7 Governmental Regulations.

The Plan, and all Awards hereunder, shall be subject to all applicable rules and regulations of governmental or other authorities.

Section 4.8 Headings.

The headings of sections and subsections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

Section 4.9 Governing Law.

The Plan and all rights and Awards hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

Section 4.10 Effective Date.

The Plan became effective as of January 1, 1994. The first amendment and restatement thereof became effective as of March 27, 1996. The second amendment and restatement became effective as of March 18, 1999. The third amendment and restatement thereof became effective as of May 25, 2000. The fourth amendment and restatement thereof became effective as of March 20, 2003. The fifth amendment and restatement thereof became effective as of January 1, 2005; *provided, however*, that it shall be a condition to the effectiveness of the fifth amendment and restatement of the Plan, that the stockholders of the Company approve the fifth amendment and restatement of the Plan at the 2005 Annual Meeting of Stockholders. Such approval shall meet the requirements of Section 162(m) of the Code and the regulations thereunder. If such approval is not obtained, then the fifth amendment and restatement of the Plan shall not be effective.

Summary of CBS Corporation Compensation for Outside Directors
(As of March 1, 2006)

Directors of CBS Corporation (the "Company") who are not employees of the Company or any of its subsidiaries (the "Outside Directors") receive compensation for their service on the Board of Directors as follows:

Cash Compensation

- An annual retainer of \$60,000, payable in equal installments quarterly in advance, plus a per meeting attendance fee of \$2,000; and
- The Chairs of the Audit, Compensation and Nominating and Governance Committees each receive an annual retainer of \$20,000, payable in equal installments quarterly in advance, and the members of those committees receive a per meeting attendance fee of \$2,000.

Outside Directors may elect to defer their cash compensation under the CBS Corporation Deferred Compensation Plan for Outside Directors, or any successor plan.

Equity Compensation

Stock Options:

- an initial grant of 12,734 stock options (10,000 stock options prior to adjustments made in connection with the Separation¹) to purchase shares of the Company's Class B common stock on the date the director first joins the Board or becomes an Outside Director, which options vest one year from the date of grant; and
- an annual grant of 5,093 stock options (4,000 stock options prior to adjustments made in connection with the Separation) to purchase shares of the Company's Class B common stock on January 31st of each year, which options vest in three equal annual installments, on the first, second and third anniversaries of the date of grant.

The exercise price of the stock options is the closing price of the Company's Class B common stock on the New York Stock Exchange ("NYSE") on the date of grant.

Restricted Share Units (RSUs):

- an annual grant of RSUs on January 31st of each year equal to \$55,000 in value based on the closing price of the Company's Class B common stock on the NYSE on the date of grant, which RSUs vest one year from the date of grant.

RSUs are payable to Outside Directors in shares of the Company's Class B common stock upon vesting unless the Outside Director elects to defer settlement of the RSUs to a future date. Outside Directors are entitled to receive dividend equivalents on the RSUs in the event the Company pays a regular cash dividend on its Class B common stock. Dividend equivalents will accrue on the RSUs (including deferred RSUs) in accordance with the 2005 RSU Plan for Outside Directors until the RSUs are settled, at which time the dividend equivalents are payable in shares of Class B common stock, with fractional shares paid in cash.

Other

Expenses

Outside Directors are reimbursed for expenses (including travel and lodging) in accordance with the Company's normal travel policies incurred in attending Board, committee and stockholder meetings.

¹ The Separation refers to the transaction whereby the former Viacom Inc. separated into two publicly traded companies, CBS Corporation and new Viacom Inc., on December 31, 2005.

CBS CORPORATION
DEFERRED COMPENSATION PLAN FOR OUTSIDE DIRECTORS
(Amended and Restated as of December 31, 2005)

1. *Establishment of Plan*

The CBS Corporation (the "Company") Deferred Compensation Plan for Outside Directors (the "Plan") has been established by the Company for eligible members of the Board of Directors (as described below).

2. *Plan Participation*

(a) Each person who is a member of the Board of Directors of the Company and who is not an employee of the Company (an "Outside Director" or "Director") may elect to become a participant in this Plan (a "Participant"), and as such defer all cash fees (which shall include retainer, meeting and committee attendance fees and any other amounts that the Board so determines) to which the Director may thereafter be entitled. Such election shall be in writing, in a form prescribed by the Company that includes the alternatives for the investment election and payment election, and, except as otherwise provided below, shall remain in effect as long as the Participant shall continue to receive compensation as a Director.

(b) A Participant may elect to participate in the Plan within 30 days of the beginning of his or her term in office as a Director, for the fees payable thereafter. A Participant may also elect to participate in the Plan before December 31 of each year, for the fees payable for the subsequent calendar year and thereafter. A Participant may discontinue participation in the Plan and/or change or modify his or her investment election annually by filing a written notice with the Company prior to December 31 of a particular year, which notice shall be effective for all fees payable for the subsequent calendar year and thereafter, subject to the following restrictions:

(i) *Investment Election.* Changes to the investment election will be applicable to subsequent fees only and no existing account may be converted into another type of account; and

(ii) *Payment Election.* A Participant may not change his or her payment election from that selected at the time he or she initially elects to participate in the Plan. The payment election will be applicable to the entire balance of the Participant's Deferred Compensation Account(s).

3. *Deferred Compensation Accounts*

There shall be available two accounts, an "Income Account" and a "Stock Unit Account" to which the fees deferred by the Participant pursuant to this Plan may be credited. At the time of electing to participate in this Plan, the Participant shall also select one of the two accounts into which his or her deferred fees shall be credited.

(a) *Income Account:* Fees deferred by a Participant shall be credited as a dollar amount to this account at the time payment would otherwise have been due. At the end of each calendar quarter, the Participant's Income Account will be credited for such quarter with interest at the prime rate in effect at the beginning of such calendar quarter at Citibank, N.A., which interest shall be applied on the basis of the average closing monthly credit balance in the Participant's Income Account during such quarter.

(b) *Stock Unit Account:* Fees deferred by a Participant shall be credited as a dollar amount to this account at the time payment would otherwise have been due. At the beginning of each calendar quarter, each Participant's Stock Unit Account shall be adjusted as follows:

(i) First, the dollar amount remaining in such account (not yet converted into Stock Unit Shares as described below) during the preceding calendar quarter, plus all dollar amounts (for fees and any cash dividends) credited to such account during the preceding calendar quarter, shall be credited for the preceding calendar quarter with interest computed in the manner described in Paragraph 3(a) above.

(ii) Next, the dollar amount in such account after the adjustments pursuant to clause (i) above, plus the dollar amount of deferred quarterly retainer fees credited on such day to this account, shall be converted (x) 50% into Class A Common Stock Unit Shares equal in number to the maximum number of whole shares of CBS Corporation Class A Common Stock which could be purchased with such dollar amount at the closing market price for such stock on the first day of such calendar quarter, or if that date was not a trading date on the next preceding trading date, and (y) 50% into Class B Common Stock Unit Shares equal in number to the maximum number of whole shares of CBS Corporation Class B Common Stock which could be purchased with such dollar amount at the closing market price for such stock on the first day of such calendar quarter, or if that date was not a trading date, on the next preceding trading date. The Class A Common Stock Unit Shares and Class B Common Stock Unit Shares are collectively referred to as "Stock Unit Shares." Any balance remaining in the account after the conversion into Stock Unit Shares will be reflected as a cash balance in such account.

In the event that cash dividends are declared on the CBS Corporation Class A Common Stock or Class B Common Stock or any other stock for which stock unit shares are held in the Stock Unit

Account, on each dividend payment date an amount equivalent to the prevailing dividend per share of such stock shall be credited in cash to such account for each Class A Common Stock Unit Share or Class B Common Stock Unit Share or other stock unit shares, as appropriate. Stock unit shares shall be appropriately adjusted in the event of any stock dividends, stock splits or any other similar changes in the CBS Corporation Class A Common Stock or Class B Common Stock or other stock for which stock unit shares are held in the Stock Unit Account.

4. *Payments*

(a) Upon termination of a Participant's service as a Director, payment of his or her Deferred Compensation Account(s) shall be made in cash in a lump sum, three (3) annual installments or five (5) annual installments in accordance with the Participant's payment election. The lump sum payment or the initial annual installment shall be made on the later of six months after the Director leaves the Board or January 15th of the year following the year the Director leaves the Board. Each subsequent installment payment shall be made on the anniversary of the initial installment payment.

(b) The Class A Common Stock Unit Shares and Class B Common Stock Unit Shares in a Participant's Stock Unit Account shall be valued on the basis of the average of the closing market prices of the CBS Corporation Class A Common Stock or Class B Common Stock, as appropriate, on the New York Stock Exchange or such other stock exchange on which the Class A Common Stock or Class B Common Stock may be listed, on each trading date during the four (4) week period ending five (5) business days prior to the payment date.

(c) In the case of installment payments, the Deferred Compensation Account(s) shall be credited with interest calculated in accordance with Paragraph 3(a) above, which interest shall accrue beginning on the date the first installment is paid and the appropriate portion of which shall be paid to the Participant on the date of each annual installment following the date of credit until all installments are paid.

(d) In the event of a Participant's death, payment of all or the remaining portion of the Deferred Compensation Account(s) will be made to his or her beneficiary or beneficiaries in accordance with the Participant's payment election. The amount of such payment will be calculated as set forth herein.

5. *Beneficiaries*

Each Participant entitled to payment of the deferred fees hereunder may name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any such deferred fees are to be paid in case of his or her death, before he or she receives all of such fees. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during his or her lifetime. In the absence of any such designation or if all persons so designated die prior to the payment of the entire amount of deferred fees to which he or she is entitled, any deferred fees remaining unpaid at a Participant's death shall be paid to the estate of the last to die of the Participant and all persons so designated.

6. *Participant's Rights Unsecured*

The right of any Participant to receive a distribution hereunder in cash shall be an unsecured claim against the general assets of the Company. The Company's obligation with respect to the payment of amounts deferred hereunder may not be assigned.

8. *Amendments and Adjustments to the Plan*

The Plan may be altered, amended or suspended by the Board; *provided, however*, that no alteration or amendment will be effective without stockholder approval if such approval is required by law or under the rules of the New York Stock Exchange or other principle stock exchange on which the Class B Common Stock is listed. No termination or amendment of the Plan may, without the consent of the Participant to whom an Award has been made, materially adversely affect the rights of such Participant in such Award.

In the event of any merger, consolidation, stock-split, dividend (other than a regular cash dividend), distribution, combination, recapitalization or reclassification that changes the character or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to the stock unit shares held in the plan and any other affected provision in each case, as it deems appropriate. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants.

9. *Termination of Plan*

The Board of Directors of the Company may terminate the Plan in whole or in part at any time, without the consent of the Participants or their beneficiaries. Termination of the

Plan shall not affect the timing of distributions from a Participant's Deferred Compensation Account(s) or the calculation of the amount of the payment.

10. *Expenses*

The cost of administration of the Plan will be paid by the Company.

CBS CORPORATION
2000 STOCK OPTION PLAN FOR OUTSIDE DIRECTORS
(Amended and Restated as of December 31, 2005)

ARTICLE I

GENERAL

Section 1.1 Purpose.

The purpose of the CBS Corporation 2000 Stock Option Plan for Outside Directors (the "Plan") is to benefit and advance the interests of CBS Corporation, a Delaware corporation (the "Company"), and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of the Company or its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries. The Plan replaces the former Viacom Inc. Stock Option Plan for Outside Directors and the former Viacom Inc. 1994 Stock Option Plan for Outside Directors (the "Predecessor Plans"). From and after the Effective Date of the Plan as provided in Article VI below, no further awards shall be made under the Predecessor Plans.

Section 1.2 Definitions.

As used in the Plan, the following terms shall have the following meanings:

- (a) "Annual Grant" shall have the meaning set forth in Section 2.1.
- (b) "Board" shall mean the Board of Directors of the Company.
- (c) "Class B Common Stock" shall mean the shares of Class B Common Stock, par value \$0.001 per share, of the Company.
- (d) "Date of Grant" shall have the meaning set forth in Section 2.1.
- (e) "Effective Date" shall mean the effective date of the Plan provided for in Article VI below.
- (f) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, including any successor law thereto.
- (g) "Fair Market Value" of a share of Class B Common Stock on a given date shall be the closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by The Wall Street Journal (Northeast edition) as the 4:00 p.m. (New York time) closing price or as reported by any other authoritative source selected by the Company.
- (h) "Initial Grant" shall have the meaning set forth in Section 2.1.
- (i) "Outside Director" shall mean any member of the Board who is not an employee of the Company or any of its subsidiaries.

(j) "Participant" shall mean any Outside Director to whom Stock Options have been granted under the Plan.

(k) "Predecessor Plans" shall have the meaning set forth in Section 1.1 above.

(l) "Separation" shall mean the separation of former Viacom Inc. into two publicly-traded companies, CBS Corporation and new Viacom Inc., which was completed on December 31, 2005.

(m) "Stock Option" shall mean a contractual right granted to a Participant under the Plan to purchase shares of Class B Common Stock or other securities at such time and price, and subject to the terms and conditions, as are set forth in the Plan.

Section 1.3 Administration of the Plan.

The Plan shall be administered by the members of the Board who are not Outside Directors and such Board members shall determine all questions of interpretation, administration and application of the Plan. The Board may authorize any officer of the Company to execute and deliver a stock option certificate on behalf of the Company to a Participant.

Section 1.4 Eligible Persons.

Stock Options shall be granted only to Outside Directors.

Section 1.5 Class B Common Stock Subject to the Plan.

Subject to adjustment in accordance with the provisions of Article III hereof, the maximum number of shares of Class B Common Stock available for Awards made under the Plan on or after January 1, 2006 shall be 424,759 shares plus any shares that are available to be regranted pursuant to the last sentence of this Section 1.5. The shares of Class B Common Stock shall be made available from authorized but unissued Class B Common Stock or from Class B Common Stock issued and held in the treasury of the Company. Exercise of Stock Options in any manner shall result in a decrease in the number of shares of Class B Common Stock which thereafter may be issued for purposes of this Section 1.5, by the number of shares as to which the Stock Options are exercised. Shares of Class B Common Stock with respect to which Stock Options expire or are cancelled without being exercised or are otherwise terminated, may be regranted under the Plan.

ARTICLE II

PROVISIONS APPLICABLE TO STOCK OPTIONS

Section 2.1 Grants of Stock Options.

Each person who is elected as or who becomes an Outside Director, in each case for the first time on or subsequent to the Effective Date, shall be granted Stock Options to purchase 12,734 shares of Class B Common Stock (10,000 shares of Class B Common Stock prior to adjustments made in connection with the Separation) (an "Initial Grant"), on the date of such individual's election or appointment to the Board or on the date such person first becomes an Outside Director, as appropriate (the "Date of Grant" of such Stock Options). Each person who is an Outside Director on August 1, 2000,

January 31, 2001 and each January 31st thereafter through and including January 31, 2010 (each, the "Date of Grant" of the respective Stock Options) shall be granted additional Stock Options to purchase the following number of shares of Class B Common Stock (each, an "Annual Grant"): (i) Annual Grants awarded before May 21, 2003 shall be for 3,000 shares of Class B Common Stock; and (ii) Annual Grants awarded after May 21, 2003 shall be for 5,093 shares of Class B Common Stock (4,000 shares of Class B Common Stock prior to adjustments made in connection with the Separation). Each Initial Grant and each Annual Grant shall be subject to the terms and conditions set forth in the Plan and shall have an option price per share equal to the Fair Market Value of a share of Class B Common Stock on the Date of Grant or, if the Date of Grant is not a business day on which the Fair Market Value can be determined, on the last business day preceding the Date of Grant on which the Fair Market Value can be determined. All Stock Options granted under the Plan shall be "Non-Qualified Stock Options" which do not meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended. The terms and conditions of the Stock Options shall be set forth in an option certificate which shall be delivered to the Participant reasonably promptly following the Date of Grant of such Stock Options.

Section 2.2 Exercise of Stock Options.

(a) *Exercisability.* Stock Options shall be exercisable only to the extent the Participant is vested therein. Subject to Section 2.2(c), each Initial Grant of Stock Options under the Plan shall vest and become exercisable on the first anniversary of the Date of Grant. Subject to Section 2.2(c), each Annual Grant shall vest and become exercisable as follows: (i) for Annual Grants awarded before May 21, 2003, on the first anniversary of the Date of Grant; and (ii) for Annual Grants awarded after May 21, 2003, in three equal annual installments, on the first, second and third anniversaries of the Date of Grant.

(b) *Option Period.*

(i) *Latest Exercise Date.* No Stock Option granted under the Plan shall be exercisable after the tenth anniversary of the Date of Grant thereof.

(ii) *Registration Restrictions.* Any attempt to exercise a Stock Option or to transfer any shares issued upon exercise of a Stock Option by any Participant shall be void and of no effect, unless and until (A) a registration statement under the Securities Act of 1933, as amended, has been duly filed and declared effective pertaining to the shares of Class B Common Stock subject to such Stock Option, and the shares of Class B Common Stock subject to such Stock Option have been duly qualified under applicable federal or state securities or blue sky laws or (B) the Board, in its sole discretion, determines, or the Participant desiring to exercise such Stock Options, upon the request of the Board, provides an opinion of counsel satisfactory to the Board, that such registration or qualification is not required as a result of the availability of any exemption from registration or qualification under such laws. Without limiting the foregoing, if at any time the Board shall determine, in its sole discretion, that the listing, registration or qualification of the shares of Class B Common Stock under any federal or state law or on any securities exchange or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, delivery or purchase of such shares pursuant to the exercise of a Stock Option, such Stock Option shall not be exercisable in whole or in part unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board.

(c) *Exercise in the Event of Termination of Services.*

(i) *Termination other than for Death or Disability.* If the services of a Participant as a director of the Company terminate for any reason other than for death or disability, the

Participant may exercise his or her Stock Options until the first anniversary of the date of such termination, but only to the extent such Stock Options were vested on the termination date, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). Upon a termination described in this Section 2.2(c)(i), the Participant shall relinquish all rights with respect to Stock Options that are not vested as of such termination date.

(ii) *Death.* If a Participant dies while serving as a director, his or her Stock Options may be exercised by any person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution until the first anniversary of the date of death, but only to the extent such Stock Options were vested on the date of death, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). All rights with respect to Stock Options that are not vested as of the date of death will terminate on such date of death.

(iii) *Permanent Disability.* If the services of Participant as a director of the Company terminate by reason of permanent disability, the Participant may exercise his or her Stock Options until the first anniversary of the date of such termination, but only to the extent such Stock Options were vested on the termination date, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). Upon a termination described in this Section 2.2(c)(iii), the Participant shall relinquish all rights with respect to Stock Options that are not vested as of such termination date.

(d) *Payment of Purchase Price Upon Exercise.* Every share of Class B Common Stock purchased through the exercise of a Stock Option shall be paid for in full in cash (*e.g.*, personal bank check, certified check or official bank check) on or before the settlement date for such share of Class B Common Stock. In addition, the Participant shall make an arrangement acceptable to the Company to pay to the Company an amount sufficient to satisfy the combined federal, state and local withholding tax obligations which arise in connection with exercise of such Stock Options.

ARTICLE III

EFFECT OF CERTAIN CORPORATE CHANGES

In the event of any merger, consolidation, stock-split, dividend (other than a regular cash dividend), distribution, combination, recapitalization or reclassification that changes the character or amount of the Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to (i) the number and kind of securities subject to any Stock Options, (ii) the exercise price of any Stock Options, (iii) the number and kind of securities subject to the Initial Grants and the Annual Grants referred to in Section 2.1 and (iv) the maximum number and kind of securities available for issuance under the Plan referred to in Section 1.5, in each case, as it deems appropriate. The Board may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve, but not increase, the benefits or potential benefits intended to be made available hereunder upon the occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants.

MISCELLANEOUS

Section 4.1 No Right to Re-election.

Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for re-election by the Company's stockholders, nor confer upon any Participant the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

Section 4.2 Restriction on Transfer.

The rights of a Participant with respect to the Stock Options shall not be transferable by the Participant to whom such Stock Options are granted, except (i) by will or the laws of descent and distribution, (ii) upon prior notice to the Company, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, *provided, however*, that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor, (iii) upon prior notice to the Company, for transfers to a former spouse incident to a divorce or (iv) for such other transfers as the Board may approve, subject to any conditions and limitations that it may, in its sole discretion, impose.

Section 4.3 Stockholder Rights.

No grant of Stock Options under the Plan shall entitle a Participant, a Participant's estate or a permitted transferee to any rights of a holder of shares of Class B Common Stock, except upon the delivery of share certificates to a Participant, the Participant's estate or the permitted transferee upon exercise of a Stock Option.

Section 4.4 No Restriction on Right of Company to Effect Corporate Changes.

The Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Class B Common Stock or the rights thereof or which are convertible into or exchangeable for Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 4.5 Exercise Periods Following Termination of Services.

For the purposes of determining the dates on which Stock Options may be exercised following a termination of services or the death or disability of a Participant, the day following the date of such event shall be the first day of the exercise period and the Stock Options may be exercised up to and including the last business day falling within the exercise period. Thus, if the last day of the exercise period is not a business day, then the last date the Stock Options may be exercised is the last business day preceding the end of the exercise period. At the end of the relevant exercise period, each unexercised Stock Option shall expire.

Section 4.6 Headings.

The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

Section 4.7 Governing Law.

The Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

ARTICLE V

AMENDMENT AND TERMINATION

Section 5.1 General.

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part, including, without limitation, amending the provisions for determining the amount of Stock Options to be issued to an Outside Director, *provided, however*, that any amendment which under the requirements of applicable law or under the rules of the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed must be approved by the stockholders of the Company shall not be effective unless and until such stockholder approval has been obtained in compliance with such law or rule; and no termination, suspension, alteration or amendment of the Plan that would adversely affect a Participant's rights under the Plan with respect to any award of Stock Options made prior to such action shall be effective as to such Participant unless he or she consents thereto.

Section 5.2 Amendment and Restatement.

Stockholder approval for this amended and restated Plan, which was approved by the Board on June 14, 2005 shall be sought at the first annual meeting of stockholders following such date. In the event that stockholder approval is not obtained at or before such time, the Plan shall remain in effect in the form in which it existed prior to the June 14, 2005 amendment and restatement.

ARTICLE VI

EFFECTIVE DATE

The Effective Date of the Plan is May 25, 2000 and stockholder approval was obtained at the first annual meeting of stockholders following such date. Unless earlier terminated in accordance with Article V above, the Plan shall terminate on the tenth anniversary of the Effective Date, and no further Stock Options may be granted hereunder after such date. No further awards shall be made under the Predecessor Plans after the Effective Date. Awards outstanding under the Predecessor Plans shall remain outstanding after the Effective Date subject to the terms thereof.

CBS CORPORATION
2005 RSU PLAN FOR OUTSIDE DIRECTORS
(Amended and Restated as of December 31, 2005)

ARTICLE I

GENERAL

Section 1.1 Purpose.

The purpose of the CBS Corporation 2005 RSU Plan for Outside Directors (the "Plan") is to benefit and advance the interests of CBS Corporation, a Delaware corporation (the "Company"), and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of the Company or its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries.

Section 1.2 Definitions.

As used in the Plan, the following terms shall have the following meanings:

(a) "Agreement" shall mean the written agreement or certificate or other documentation governing an Award under the Plan, which shall contain terms and conditions not inconsistent with the Plan and which shall incorporate the Plan by reference.

(b) "Annual RSU Grant" shall have the meaning set forth in Section 2.1.

(c) "Award" shall mean any Director RSU or Dividend Equivalent.

(d) "Board" shall mean the Board of Directors of the Company.

(e) "Class B Common Stock" shall mean the shares of Class B Common Stock, par value \$0.001 per share, of the Company.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended, including any successor law thereto, and the rules and regulations promulgated thereunder from time to time.

(g) "Company" shall have the meaning set forth in Section 1.1.

(h) "Director RSUs" shall mean a contractual right granted to a Participant pursuant to Article II to receive shares of Class B Common Stock, subject to the terms and conditions set forth in the Plan. Director RSUs shall be settled exclusively in Class B Common Stock, with fractional shares payable in cash. Director RSUs include both the Initial RSU Grants and the Annual RSU Grants.

(i) "Dividend Equivalent" shall mean a right to receive a payment based upon the value of the regular cash dividend paid on a specified number of shares of Class B Common Stock as set forth in Article III below. Payment in respect of Dividend Equivalents upon settlement shall be in shares of Class B Common Stock except as set forth in Article III below.

(j) "Effective Date" shall mean the effective date of the Plan provided for in Article VII below.

(k) "Fair Market Value" of a share of Class B Common Stock on a given date shall be the closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by The Wall Street Journal (Northeast edition) as the 4:00 p.m. (New York time) closing price or as reported by any other authoritative source selected by the Company.

(l) "Initial RSU Grant" shall have the meaning set forth in Section 2.1.

(m) "Outside Director" shall mean any member of the Board who is not an employee of the Company or any of its Subsidiaries.

(n) "Participant" shall mean any Outside Director to whom Awards have been granted under the Plan.

(o) "Plan" shall have the meaning set forth in Section 1.1.

(p) "Separation" shall mean the separation of former Viacom Inc. into two publicly-traded companies, CBS Corporation and new Viacom Inc., which was completed on December 31, 2005.

(q) "Stock Option Plan" shall mean the CBS Corporation 2000 Stock Option Plan for Outside Directors as amended as of December 31, 2005.

(r) "Subsidiary" shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, more than 50% of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

Section 1.3 Administration of the Plan.

The Plan shall be administered by the members of the Board who are not Outside Directors and such Board members shall determine all questions of interpretation, administration and application of the Plan. Such Board members' determinations shall be final and binding in all matters relating to the Plan. The Board may authorize any officer of the Company to execute and deliver an Agreement on behalf of the Company to a Participant.

Section 1.4 Eligible Persons.

Awards shall be granted only to Outside Directors.

Section 1.5 Class B Common Stock Subject to the Plan.

Subject to adjustment in accordance with the provisions of Article IV hereof, the maximum number of shares of Class B Common Stock available for Awards made under the Plan, on or after January 1, 2006, when aggregated with the number of shares of Class B Common Stock available for Awards made under the Stock Option Plan, on or after January 1, 2006, shall be 424,759 plus any shares that are available to be regranted pursuant to the last sentence of this Section 1.5. The shares of Class B Common Stock shall be made available from authorized but unissued shares of Class B Common Stock or from shares of Class B Common Stock issued and held in the treasury of the Company. The settlement of any Awards under the Plan in any manner shall result in a decrease in the number of shares of Class B Common Stock which thereafter may be issued for purposes of this Section 1.5 by the number of shares issued upon such

settlement. Shares of Class B Common Stock with respect to which Awards lapse, expire or are cancelled without being settled or are otherwise terminated may be regranted under the Plan.

ARTICLE II

RESTRICTED SHARE UNITS

Section 2.1 Grants of Restricted Share Units.

(a) On the date of the Company's 2005 Annual Meeting of Stockholders, each Outside Director as of such date shall automatically be granted a number of Director RSUs determined by dividing (i) \$55,000 by (ii) the Fair Market Value of one share of Class B Common Stock on the date of grant (the "Initial RSU Grant"). The Initial RSU Grant is made in respect of the period from the date of the Company's 2005 Annual Meeting of Stockholders through January 31, 2006, and only persons who are Outside Directors as of the Company's 2005 Annual Meeting of Stockholders shall be entitled to receive the Initial RSU Grant. Thereafter, on January 31st of 2006 and each subsequent year, each Outside Director shall automatically be granted a number of Director RSUs determined by dividing (i) \$55,000 by (ii) the Fair Market Value of one share of Class B Common Stock on the date of grant (an "Annual RSU Grant"). With respect to the Initial RSU Grant and each Annual RSU Grant, if the relevant date of grant is not a business day on which the Fair Market Value can be determined, then the Fair Market Value shall be determined as of the last business day preceding the relevant date of grant on which the Fair Market Value can be determined. The terms and conditions of the Director RSUs shall be set forth in an Agreement which shall be delivered to the Participants reasonably promptly following the relevant date of grant of such Director RSUs.

(b) None of the Initial RSU Grant or the Annual RSU Grants shall be prorated and persons who become Outside Directors after the date of a particular Award shall first become eligible to receive an Award under the Plan as of the date of the next Annual RSU Grant.

Section 2.2 Vesting.

Director RSUs shall be settled only to the extent the Participant is vested therein. Subject to Section 2.3(b), the Initial RSU Grant and each Annual RSU Grant shall vest on the first anniversary of the relevant date of grant.

Section 2.3 Settlement of Restricted Share Units.

(a) *Settlement.* On the date on which Director RSUs vest, all restrictions contained in the Agreement covering such Director RSUs and in the Plan shall lapse as to such Director RSUs and the Director RSUs shall be payable in shares of Class B Common Stock, with any fractional shares payable in cash, and shall be evidenced in such manner as the Board in its discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of one or more stock certificates. If stock certificates are issued, such certificates shall be delivered to the Participant or such certificates shall be credited to a brokerage account if the Participant so directs; *provided, however*, that such certificates shall bear such legends as the Board, in its sole discretion, may determine to be necessary or advisable in order to comply with applicable federal or state securities laws. Any fractional shares of Class B Common Stock to which a Participant becomes entitled shall not be settled by delivery of shares but instead shall be paid in cash, based on the Fair Market Value of the Class B Common Stock on the date of payment.

(b) *Settlement in the Event of Termination of Services.* If the services of a Participant as a director of the Company terminate for any reason the Participant shall forfeit all unvested Director RSUs as of the date of such event.

(c) *Deferral of Settlement.* Notwithstanding Section 2.3(a), a Participant may elect to defer settlement of any or all Director RSUs to a date subsequent to the vesting date of such Director RSUs, *provided* that, with respect to each Annual RSU Grant, such election to defer is made no later than December 31 of the taxable year prior to the year in which the Outside Director performs the services for which such Director RSUs are granted and, with respect to the Initial RSU Grant, such election to defer is made within 30 days of the date of the Company's 2005 Annual Meeting of Stockholders. Settlement of any deferred Director RSUs shall be made in a single distribution or three or five annual installments in accordance with the Participant's deferral election. The single distribution or first annual installment, as applicable, will be payable on the later of (i) six months following the date of the Participant's termination of services on the Board for any reason or (ii) January 31 of the calendar year following the calendar year in which the Participant's services on the Board terminates for any reason.

ARTICLE III

DIVIDEND EQUIVALENTS

The Participant shall be entitled to receive Dividend Equivalents on the Director RSUs in the event the Company pays a regular cash dividend with respect to the shares of Class B Common Stock. The Company shall maintain a bookkeeping record that credits the dollar amount of the Dividend Equivalents to a Participant's account on the date that it pays such regular cash dividend on the shares of Class B Common Stock. Dividend Equivalents shall accrue on the Director RSUs until the Director RSUs vest, at which time they shall be paid in shares of Class B Common Stock determined by dividing (i) the aggregate amount credited in respect of such Dividend Equivalents by (ii) the Fair Market Value on the vesting date, with any fractional shares resulting from this calculation paid in cash. Payment of Dividend Equivalents that have been credited to the Participant's account will not be made with respect to any Director RSUs that do not vest and are cancelled.

In addition, if the Participant elects to defer settlement of the Director RSUs, such Director RSUs will continue to earn Dividend Equivalents on the deferred Director RSUs through the settlement date. All such Dividend Equivalents credited to the Participant's account with respect to deferred Director RSUs shall be converted, on the anniversary of the date on which the Director RSUs originally vested and on each anniversary thereof, as appropriate, until the Director RSUs are settled, into additional whole and/or fractional Director RSUs, based on the Fair Market Value of the Class B Common Stock on the respective dates. Such additional Director RSUs shall be deferred subject to the same terms and conditions as the Directors RSUs to which the Dividend Equivalents originally related.

ARTICLE IV

EFFECT OF CERTAIN CORPORATE CHANGES

In the event of any merger, consolidation, stock-split, dividend (other than a regular cash dividend), distribution, combination, recapitalization, reclassification, reorganization, split-off or spin-off that changes the character or amount of the shares of Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to (i) the number and kind of securities subject to any outstanding Awards, (ii) the number and kind of securities subject to the Initial RSU Grant and the Annual RSU Grants referred to in Section 2.1, and (iii) the maximum number and kind of securities available for issuance under the Plan referred to in Section 1.5, in each case, as it deems appropriate. The Board may, in its sole discretion, also make such

other adjustments as it deems appropriate in order to preserve, but not increase, the benefits or potential benefits intended to be made available hereunder upon the occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants. Adjustments under this Article shall be conducted in a manner consistent with any adjustments under the Stock Option Plan.

ARTICLE V

MISCELLANEOUS

Section 5.1 No Right to Re-election.

Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for re-election by the Company's stockholders, nor confer upon any Participant the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

Section 5.2 Restriction on Transfer.

The rights of a Participant with respect to any Awards under the Plan shall not be transferable by the Participant to whom such Awards are granted, except (i) by will or the laws of descent and distribution, (ii) upon prior notice to the Company, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, *provided, however*, that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor, (iii) upon prior notice to the Company, for transfers to a former spouse incident to a divorce or (iv) for such other transfers as the Board may approve, subject to any conditions and limitations that it may, in its sole discretion, impose.

Section 5.3 Stockholder Rights.

No grant of an Award under the Plan shall entitle a Participant, a Participant's estate or a permitted transferee to any rights of a holder of shares of Class B Common Stock, except upon the delivery of share certificates to a Participant, the Participant's estate or the permitted transferee upon settlement of an Award.

Section 5.4 No Restriction on Right of Company to Effect Corporate Changes.

The Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the shares of Class B Common Stock or the rights thereof or which are convertible into or exchangeable for shares of Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

Section 5.5 Headings.

The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

Section 5.6 Governing Law.

The Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

ARTICLE VI

AMENDMENT AND TERMINATION

Section 6.1 General.

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part, including, without limitation, amend the provisions for determining the amount of Director RSUs to be issued to an Outside Director, *provided, however*, that any amendment which under the requirements of applicable law or under the rules of the New York Stock Exchange or other principal stock exchange on which the shares of Class B Common Stock are then listed must be approved by the stockholders of the Company shall not be effective unless and until such stockholder approval has been obtained in compliance with such law or rule; and no alteration, amendment, suspension or termination of the Plan that would adversely affect a Participant's rights under the Plan with respect to any Award made prior to such action shall be effective as to such Participant unless he or she consents thereto, *provided, however*, that no such consent shall be required if the Board determines in its sole discretion that any such alteration, amendment, suspension or termination is necessary or advisable to comply with any law, regulation, ruling, judicial decision or accounting standards or to ensure that Director RSUs or Dividend Equivalents are not subject to federal, state or local income tax prior to settlement.

Section 6.2 Amendment and Restatement.

Stockholder approval for this amended and restated Plan, which was approved by the Board on June 14, 2005, shall be sought at the first annual meeting of stockholders following such date. In the event that stockholder approval is not obtained at or before such time, the Plan shall remain in effect in the form in which it existed prior to the June 14, 2005 amendment and restatement.

ARTICLE VII

EFFECTIVE DATE

The Effective Date of the Plan is May 26, 2005, the date on which stockholder approval was first obtained at the Company's 2005 Annual Meeting of Stockholders. Unless earlier terminated in accordance with Article VI above, the Plan shall terminate on the fifth anniversary of the Effective Date, and no further Awards may be granted hereunder after such date.

CBS EXCESS 401(k) PLAN
(Amended and Restated as of December 31, 2005)

Section 1. Establishment and Purpose of the Plan.

1.1 *Establishment.* The Viacom Excess 401(k) Plan was adopted as of April 1, 1984 as an unfunded plan of voluntarily deferred compensation for the benefit of Participants. As of December 31, 2005, it is hereby renamed the CBS Excess 401(k) Plan. Any Eligible Employee who is identified by the Company on or after August 28, 2002 as a reporting person for purposes of Section 16 of the Securities Exchange Act of 1934 ("Reporting Employee") or any employee of an Employer who is eligible to participate in the Plan and whose securities may be attributable to a Reporting Employee for purposes of Section 16 of the Securities Exchange Act of 1934 shall no longer be eligible to participate in this Plan, and shall instead be eligible to participate in the CBS Excess 401(k) Plan for Designated Senior Executives (the "Executive Excess Plan"). Any deferrals made under the Plan by any Reporting Employee who was a participant in the Plan on August 28, 2002 and by any Reporting Employee (or any other Eligible Employee whose securities may be attributable to a Reporting Employee) prior to the date he becomes a Reporting Employee (or the date his securities are attributable to a Reporting Employee) shall be transferred to the Executive Excess Plan as of December 1, 2005 or, if later, as of the date he becomes a Reporting Employee (or the date his securities are attributable to a Reporting Employee).

1.2 *Purpose.* The purpose of this Plan is to provide means by which an Eligible Employee may, in certain circumstances, elect to defer receipt of a portion of his Compensation. The Plan also provides that the Company will, in certain instances, credit the Account of a Participant with an Employer Match.

Section 2. Definitions.

The following words and phrases as used in this Plan have the following meanings:

2.1 The term "Account" shall mean a Participant's individual account, as described in Section 5 of the Plan.

2.2 The term "Board of Directors" means the Board of Directors of the Company.

2.3 The term "Bonus" means any cash bonus paid under the CBS Corporation Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

2.4 The term "Committee" means the Retirement Committee appointed by the Board of Directors. The Committee may act on its own behalf or through the actions of its duly authorized delegate.

2.5 The term "Company" means CBS Corporation and its subsidiaries.

2.6 The term "Compensation" means an Eligible Employee's annual compensation as defined in the CBS 401(k) Plan with the following modifications: (i) the limitations imposed by Internal Revenue Code §401(a)(17) shall not be taken into account, and (ii) Bonuses earned for calendar years prior to January 1, 2002 shall not be excluded.

2.7 A "Participant" shall be deemed to have incurred a "Disability" or to be "Disabled" if the Participant (i) has been determined to be disabled by the Social Security Administration, or (ii) is receiving benefits under the provisions of the long-term disability plan covering such Participant that is sponsored by or participated in by the Participant's Employer. The date a Participant meets the definition of Disability shall be treated as the date he terminates employment for purposes of Section 5 of the Plan.

2.8 The term "Eligible Employee" means an employee of an Employer (i) for whom the sum of (a) the rate of annual base salary for a particular year and (b) actual commissions received for the prior year, equals or is greater than the annual compensation limit in effect under Internal Revenue Code Section 401(a)(17) (as adjusted from time to time by the Committee), and (ii) is designated by the Committee as an employee who is eligible to participate in the Plan. If an employee becomes an Eligible Employee in any Plan Year, such employee shall remain an Eligible Employee for all future Plan Years; provided, however, that the Committee may terminate such employee's eligibility for the Plan if his annual base salary as of January 1 of any Plan Year is less than the amount in clause (i) in effect for the Plan Year in which such employee initially became an Eligible Employee. In no event shall any Reporting Employee be considered an Eligible Employee under the Plan on or after August 28, 2002.

2.9 The term "Employer" means the Company and any affiliate or subsidiary that adopts the Plan on behalf of its Eligible Employees.

2.10 The term "Employer Match" means the amounts credited to a Participant's Account with respect to a Participant's Excess Salary Reduction Contributions and Excess Bonus Deferral Contributions, calculated using the rate of matching contributions under the CBS 401(k) Plan in effect at the time such Plan contributions are made. Effective January 1, 2002 for all Bonuses earned for calendar years beginning after December 31, 2001, Excess Bonus Deferral Contributions shall not be credited with an Employer Match.

2.11 For all Bonuses earned for calendar years prior to January 1, 2002, the term "Excess Bonus Deferral Contributions" means the portion of the Participant's Compensation attributable to a Bonus that he elects to defer under the terms of this Plan. Effective August 28, 2002 for all Bonuses earned on or after January 1, 2002, the Plan shall no longer provide for Excess Bonus Deferral Contributions. Any Bonus Deferral Contribution election made under this Plan for the Bonus earned for the calendar year 2002 shall be deemed to have been made under, and be recognized by, the CBS Bonus Deferral Plan, or the CBS Bonus Deferral Plan for Designated Senior Executives, as appropriate.

2.12 The term "Excess Salary Reduction Contributions" means the portion of a Participant's Compensation, excluding any Bonus, earned during a Plan Year (after such Participant has reached any Limitation) that he elects to defer under the terms of this Plan.

2.13 The term "Investment Options" means the investment funds available to participants in the CBS 401(k) Plan, excluding the Self-Directed Brokerage Account.

2.14 The term "Joint Payment Option" means, in accordance with Section 5.2, (i) any payment option election made by a Participant in effect in this Plan immediately prior to August 28, 2002, and (ii) any payment option election made on or after August 28, 2002. A Joint Payment Option shall apply to all amounts credited to the Participant's Account in this Plan and his account in the CBS Bonus Deferral Plan, as well as any similar plan applicable to Reporting Employees.

2.15 The term "Limitation" means the limitation on contributions to defined contribution plans under Section 415(c), on compensation taken into account under Section 401(a)(17), or on elective deferrals under Section 401(k)(3) and Section 402(g) of the Internal Revenue Code of 1986.

2.16 The term "Participant" means an Eligible Employee who elects to have Excess Salary Reduction Contributions or Excess Bonus Deferral Contributions made to the Plan.

2.17 The term "Plan" means the CBS Excess 401(k) Plan as set forth herein, as amended from time to time.

Section 3. Participation.

3.1 *Designation of Eligible Employees.* All employees who were Eligible Employees immediately prior to August 28, 2002 will remain Eligible Employees, subject to Section 2.8. Beginning August 28, 2002, each month the Committee will designate in its sole discretion those additional employees who satisfy the terms of paragraph 2.7 as eligible to participate in the Plan.

3.2 *Election to Participate.* (a) An Eligible Employee must elect to participate in the Plan. An Eligible Employee may elect, at any time after becoming eligible, to begin participation and to commence making Excess Salary Reduction Contributions during the Plan Year by filing an election with the Committee in accordance with this Section 3 and the rules and regulations established by the Committee. Such election will be effective on a prospective basis beginning with the payroll period that occurs as soon as administratively practicable following receipt of the election by the Committee.

(b) For Bonuses earned for calendar years prior to January 1, 2002, an Eligible Employee could elect within 30 days of the date he became an Eligible Employee to make an Excess Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the next succeeding calendar year. Prior to December 31 of each Plan Year, an Eligible Employee could elect to make an Excess Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the second succeeding calendar year. For example, prior to December 31, 1999 an Eligible Employee could make an Excess Bonus Deferral Contribution election with respect to any cash bonus scheduled to be paid in 2001 under the CBS Corporation Short-Term Incentive Plan.

3.3 *Amendment or Suspension of Election.* Participants may change (including, suspend) their existing Excess Salary Reduction Contribution election under this Plan during the Plan Year by filing a new election in accordance with the prescribed administrative guidelines. Such new election will be effective on a prospective basis beginning with the payroll period that occurs as soon as administratively practicable following receipt of the election by the Committee. A Participant will not be permitted to make up suspended Excess Salary Reduction Contributions, and during any period in which a Participant's Excess Salary Reduction Contributions are suspended, the Employer Match to the Plan will also be suspended. Any Excess Bonus Deferral Contribution election is irrevocable once made and is invalid if made beyond the dates prescribed in paragraph 3.2.

3.4 *Amount of Elections.* (a) Each election filed by an Eligible Employee must specify the amount of Excess Salary Reduction Contributions in a whole percentage between 1% and 15% of the Participants' Compensation, excluding any Bonus.

(b) For all Bonuses earned for calendar years prior to January 1, 2002, each Bonus Deferral election filed by an Eligible Employee must have specified the amount of Excess Bonus Deferral Contribution in a whole percentage between 1% and 15% of the Participant's applicable Bonus.

(c) For Eligible Employees as of December 31, 1995, Compensation for Plan Year 1997 subject to Excess Salary Reduction Contributions and Excess Bonus Deferral Contributions shall not exceed the greater of (i) \$750,000, or (ii) such Eligible Employee's compensation, as determined by the Committee, for the 1995 Plan Year. For employees who become Eligible Employees in 1996 or 1997, Compensation for Plan Years 1996 and 1997, if applicable, subject to Excess Salary Reduction Contributions and Excess Bonus Deferral Contributions shall not exceed \$750,000.

Section 4. Employer Match.

An Employer Match will be credited approximately every two weeks to a Participant's Account with respect to the eligible portion of Excess Salary Reduction Contributions and, for Bonuses earned for calendar years beginning prior to January 1, 2002, Excess Bonus Deferral Contributions, of such Participant. The eligible portion of a Participant's Excess Salary Reduction Contributions and the eligible portion of a Participant's Excess Bonus Deferral Contribution shall be limited to 5% of each contribution. For Eligible Employees as of December 31, 1995,

the eligible portion of such Participant's Excess Salary Reduction Contributions and the eligible portion of such Participant's Excess Bonus Deferral Contribution for the 1997 Plan Year and each subsequent year shall be based on Compensation up to an annual maximum equal to the greater of (i) \$750,000, or (ii) such Eligible Employee's compensation, as determined by the Committee, for the 1995 Plan Year. For employees who become eligible in 1996 and subsequent years, the eligible portion of a Participant's Excess Salary Reduction Contributions and the eligible portion of a Participant's Excess Bonus Deferral Contribution shall be based on Compensation up to an annual maximum amount of \$750,000. Notwithstanding the foregoing, for any Participant who is also a participant in the new Viacom 401(k) Plan and either the new Viacom Excess 401(k) Plan or the new Viacom Excess 401(k) Plan for Designated Senior Executives after December 31, 2005, the maximum amount of compensation with respect to which matching contributions will be made is limited to \$375,000.

Section 5. Individual Account.

5.1 *Creation of Accounts.* The Company will maintain an Account in the name of each Participant. Each Participant's Account will be credited with the amount of the Participant's (i) Excess Salary Reduction Contributions, (ii) Excess Bonus Deferral Contributions for Bonuses earned for calendar years prior to January 1, 2002, and (iii) Employer Match, if any, made in all Plan Years.

5.2 *Joint Payment Account Option Election.* (a) Any Joint Payment Option defined in Section 2.13(i) shall continue to apply until changed by the Participant in accordance with this Section 5.

(b) Any Eligible Employee who first becomes a Participant on or after August 28, 2002 and who has not elected Joint Payment Option under Section 4.2 of the CBS Bonus Deferral Plan shall elect a Joint Payment Option at the same time that the Participant files his initial election to commence participation in the Plan pursuant to Section 3.2. Such Joint Payment Option shall continue to apply until changed by the Participant in accordance with this Section 5.

(c) A Participant may elect to receive his entire Account under either of the following Joint Payment Options: (i) a single lump sum; or, (ii) annual payments over a period of two, three, four or five years on or about January 31 beginning in the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If no Joint Payment Option election is made in accordance with the terms of the Plan or under the CBS Bonus Deferral Plan, a Participant shall be deemed to have elected to receive his Account in a single lump sum on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If a Participant makes a Joint Payment Option election to receive payments in a single lump sum, such lump sum shall be payable on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, unless the Participant elects to be paid on or about January 31 of the second, third, fourth, or fifth calendar year following the year in which the Participant terminates employment. If a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates, at the time of making his Joint Payment Option election, a specific percentage of his Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

Example 1: If a Participant elects (or is deemed to elect) a Joint Payment Option that provides for a lump sum payment and terminates employment in 2002, such lump sum shall be paid on or about January 31, 2003. A Participant alternatively could designate January 31 of 2004, 2005, 2006 or 2007 in which to receive his lump sum.

Example 2: If a Participant elects a Joint Payment Option that provides for annual payments over a period of four years and terminates employment in 2002, each payment on or about January 31, 2003 through 2006 will be comprised of approximately 25% of the Participant's Account as of the Participant's date of termination. A Participant alternatively could designate 10% of his Account to be distributed in January, 2003, 20% in January, 2004, 30% in January, 2005 and 40% in January 2006; or, any other combination of percentages that totals 100%.

(d) A Participant may change his Joint Payment Option no more than three times over the course of his employment with the Company or any affiliate. A Participant may change an existing Joint Payment Option only one time in any calendar year. Any change of a Participant's existing Joint Payment Option election made less than six months prior to the Participant's termination of employment for any reason shall be null and void, and the Participant's last valid Joint Payment Option shall remain in effect.

5.3 *Investments.* (a) All Excess Salary Reduction Contributions, Excess Bonus Deferral Contributions and Employer Match, if any, will be credited through December 31st of the calendar year in which the Participant terminates employment with an amount equal to such amount which would have been earned had such contributions been invested in the same Investment Options and in the same proportion as the Participant may elect, from time to time, to have his Salary Reduction Contributions and Matching Employer Contributions invested under the CBS 401(k) Plan; or if no such election has been made, in the PRIMCO Stable Value Fund (or any successor fund).

(b) If a Participant elects (or is deemed to elect) a single lump sum Joint Payment Option payable in the first calendar year following the calendar year in which the Participant terminates employment, no additional adjustments will be made to the Participant's Account after December 31st of the calendar year in which the Participant terminates employment. If a Participant elects a single lump sum Joint Payment Option payable in the second, third, fourth or fifth calendar year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which the single lump sum is paid.

(c) If a Participant elects annual payments, no additional adjustments will be made to any amount payable in the first calendar year following the year in which the Participant terminates employment. For any annual payments made in the second, third, fourth or fifth year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which each payment is made.

(d) No provision of this Plan shall require the Company or the Employer to actually invest any amounts in any fund or in any other investment vehicle.

5.4 *Account Statements.* Each Participant will be given, at least annually, a statement showing (i) the amount of all Contributions, (ii) the amount of Employer Match, if any, made with respect to his Account for such Plan Year, and (iii) the balance of the Participant's Account after crediting Investments.

Section 6. Payment.

6.1 *Payment on Account of Termination of Employment For Reasons Other Than Disability.* A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following termination of employment in accordance with the Joint Payment Option in effect with respect to the Participant.

6.2 *Payment on Account of Disability.* A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following the date he meets the definition of Disability in accordance with the Joint Payment Option in effect with respect to the Participant. If a Participant no longer meets the definition of Disability and returns to work with an Employer, no further payments shall be made on account of the prior Disability, and distribution of his remaining Account shall be made as otherwise provided in this Section 6 at the time of his subsequent termination of employment.

Section 7. Nature of Interest of Participant.

Participation in this Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of the Company or any Employer, and all amounts of Compensation deferred hereunder shall at all times remain an unrestricted asset of the Company or the Employer. A Participant's rights to benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, or encumbrance. All payments hereunder shall be paid in cash from the general funds of the Company or applicable Employer and no special or separate fund shall be established and no other segregation of assets shall be made to assure the payment of benefits hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between any Employer and a Participant or any other person, and the Company's and each Employer's promise to pay benefits hereunder shall at all times remain unfunded as to the Participant.

Section 8. Hardship Distributions and Deferral Revocations.

A Participant may request the Committee to accelerate distribution of all or any part of the value of his Account solely for the purpose of alleviating an immediate financial emergency. For purposes of the Plan, such an immediate financial emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant and which would result in severe financial hardship to the Participant if early distribution were not permitted. The Committee may request that the Participant provide certifications and other evidence of qualification for such emergency hardship distribution as it determines appropriate. The decision of the Committee with respect to the grant or denial of all or any part of such request shall be in the sole discretion of the Committee, whether or not the Participant demonstrates an immediate financial emergency exists, and shall be final and binding and not subject to review.

Section 9. Beneficiary Designation.

A Participant's beneficiary designation for this Plan will automatically be the same as the Participant's beneficiary designation recognized under the CBS 401(k) Plan, unless a separate Designation of Beneficiary Form for this Plan has been properly filed.

Section 10. Administration.

10.1 *Committee.* This Plan will be administered by the Committee, the members of which will be selected by the Board of Directors.

10.2 *Powers of the Committee.* The Committee's powers will include, but will not be limited to, the power:

(i) to determine who are Eligible Employees for purposes of participation in the Plan;

(ii) to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan, including without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision;

(iii) to adopt rules consistent with the Plan; and

(iv) to approve certain amendments to the Plan.

10.3 *Claims Procedure.* The Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder. In the event of a claim by a Participant as to the amount of any distribution or method of payment under the Plan, within 90 days of the filing of such claim, unless special circumstances require an extension of such period, such person will be given notice in writing of any denial, which notice will

set forth the reason for the denial, the Plan provisions on which the denial is based, an explanation of what other material or information, if any, is needed to perfect the claim, and an explanation of the claims review procedure. The Participant may request a review of such denial within 60 days of the date of receipt of such denial by filing notice in writing with the Committee. The Participant will have the right to review pertinent Plan documents and to submit issues and comments in writing. The Committee will respond in writing to a request for review within 60 days of receiving it, unless special circumstances require an extension of such period. The Committee, at its discretion, may request a meeting to clarify any matters deemed appropriate.

10.4 *Finality of Committee Determinations.* Determinations by the Committee and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan shall be final and binding for all purposes and upon all interested persons, their heirs, and personal representatives.

10.5 *Severability.* If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

10.6 *Governing Law.* The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of New York, to the extent not preempted by the laws of the United States.

10.7 *Gender.* Wherein used herein, words in the masculine form shall be deemed to refer to females as well as males.

Section 11. No Employment Rights.

No provisions of the Plan or any action taken by the Company, the Board of Directors, or the Committee shall give any person any right to be retained in the employ of any Employer, and the right and power of the Company to dismiss or discharge any Participant is specifically reserved.

Section 12. Amendment, Suspension, and Termination.

The Retirement Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents. The Board of Directors shall have the right to suspend or terminate the Plan at any time. No amendment, suspension or termination shall, without the consent of a Participant, adversely affect such Participant's rights in his account. In the event the Plan is terminated, the Committee shall continue to administer the Plan in accordance with the relevant provisions thereof.

CBS RETIREMENT EXCESS PENSION PLAN
(Amended and Restated as of December 31, 2005)

Section 1. Effective Date.

The Excess Pension Plan for Certain Employees of Viacom International Inc. was adopted as of January 1, 1989, restated as of January 1, 1996, and renamed the Viacom Excess Pension Plan as of January 1, 2003. As of December 31, 2005, it is hereby renamed the CBS Retirement Excess Pension Plan.

Section 2. Purpose.

The purpose of this Plan is to provide for the payment of certain pension and pension-related benefits to certain employees so that the total pension and pension-related benefits of such employees can be determined on the same basis as is applicable to all other employees of CBS Corporation and its subsidiaries (hereinafter called "the Company"). The creation of this Plan was made necessary by certain benefit limitations imposed on the CBS Retirement Plan (hereinafter called the "Basic Plan") by Section 401(a)(17) and Section 415 of the Internal Revenue Code (the "Code") of 1986, as amended; the Employee Retirement Income Security Act of 1974; and related legislation.

Section 3. Administration.

This Plan shall be administered by the Retirement Committee appointed by the Board of Directors (hereinafter called "the Committee") which shall administer it in a manner consistent with the administration of the Basic Plan, except that this Plan shall be administered as an unfunded plan that is not intended to meet the qualification requirements of Section 401(a) of the Code. The Committee's decisions in all matters involving the interpretation and application of this Plan shall be final. The Committee may act on its own behalf or through the actions of its duly authorized representative.

The Committee shall be the final review committee under the Plan, with the authority to determine conclusively for all parties any and all questions arising from the administration of the Plan, and shall have sole and complete discretionary authority and control to manage the operation and administration of the Plan, including, but not limited to, the determination of all questions relating to eligibility for participation and benefits, interpretation of all Plan provisions, determination of the amount and kind of benefits payable to any participant, spouse or beneficiary, and construction of disputed or doubtful terms. Such decisions shall be conclusive and binding on all parties and not subject to further review.

Section 4. Eligibility.

Employees who are eligible for benefits under the Plan are those Employees who are (i) Participants in the Basic Plan and whose annual base salary and commissions payable at a rate equal to or in excess of the annual compensation limit in effect under Section 401(a)(17) of the Code, and (ii) are designated by the Committee as an employee eligible to participate in the Plan. If an Employee becomes an eligible Employee in any Plan Year, such Employee shall remain an eligible Employee for all future Plan Years.

For purposes of this Plan, "Compensation" means the total compensation taken into account under the Basic Plan (without regard to the limitations of Section 401(a)(17) of the Code and the regulations thereunder) plus any deferrals under any non-qualified deferred compensation plan maintained by the Company, including bonus deferrals under any such plan. Notwithstanding the foregoing, effective for the year ending December 31, 1988, Compensation paid to Frederick Schneier shall include amounts deemed received by him as a result of the transfer to him of a portion of the Company's equity interest in certain real property located at 1277 South Beverly Glen Boulevard, Unit 402, Los Angeles, California 90224.

An eligible Employee's Compensation under this Plan shall be subject to a maximum annual Compensation of \$750,000. For Employees eligible as of December 31, 1995, the maximum annual Compensation for the 1996 Plan Year and each subsequent Plan Year shall be the Employee's Compensation under the Plan for the 1995 Plan

Year. Notwithstanding the foregoing, for any Employee who is also a participant in the new Viacom Pension Plan and the new Viacom Excess Pension Plan after December 31, 2005, the maximum amount of Compensation under this Plan is limited to \$375,000.

In no event shall an Employee who is not entitled to benefits under the Basic Plan be eligible for a benefit under this Plan.

Section 5. Amount of Benefit.

The benefits payable to an eligible Employee or his beneficiary(ies) under this Plan shall equal the excess, if any, of:

(a) the benefits which would have been paid to such Employee, or on his behalf to his beneficiary(ies), under the Basic Plan, if the provisions of such Plan were administered without regard to the limitations required by Code Sections 401(a)(17) and 415 and by including all Compensation (as defined in Section 4 above) earned by such Employee, over

(b) the benefits which are payable to such Employee or on his behalf to his beneficiary(ies) under the Basic Plan.

(c) In determining the benefit of any eligible Employee who prior to January 1, 1996 was a participant in the Paramount Communications Inc. Retirement Plan, such eligible Employee shall not be credited with any Benefit Service prior to January 1, 1996.

Section 6. Payment of Benefits.

Payment of benefits under this Plan shall be coincident with and in the same form and manner as the payment of the limited benefit payments made to the Employee or on his behalf to his beneficiaries under the Basic Plan.

Section 7. Employees' Rights.

An Employee's rights under this Plan, including his rights to vested benefits, shall be the same as his rights under the Basic Plan, except that he shall not be entitled to any payments from the Pension Trust maintained under said Plan on the basis of any benefits to which he may be entitled under this Plan. Benefits under this Plan shall be payable from the general assets of the Company.

Section 8. Amendment and Discontinuance.

The Company expects to continue this Plan indefinitely. However, the Board of Directors shall have the right to amend, suspend or terminate the Plan at any time, if, in its sole judgment, such a change is deemed necessary or desirable. The Retirement Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents.

However, if the Board of Directors or the Committee should amend the Plan, or if the Board of Directors should suspend or terminate the Plan, the Company shall be liable for the lesser of:

(a) any benefits accrued under this Plan (determined on the basis of each Employee's presumed termination of employment as of the date of such amendment or discontinuance) as of the date of such action; or

(b) any benefits which would have been accrued under this Plan up to the date of the actual termination of employment, if this Plan had remained in existence until such time.

**CBS EXCESS 401(k) PLAN
FOR DESIGNATED SENIOR EXECUTIVES
(Amended and Restated as of December 31, 2005)**

Section 1. Establishment and Purpose of the Plan.

1.1 *Establishment.* The Viacom Excess 401(k) Plan for Designated Senior Executives was adopted as of August 28, 2002 as an unfunded plan of voluntarily deferred compensation for the benefit of Participants. As of December 31, 2005, it is hereby renamed the CBS Excess 401(k) Plan for Designated Senior Executives. Participation in this Plan is limited to employees of an Employer who are identified by the Company as executive officers and directors for purposes of Section 16 of the Securities Exchange Act of 1934 ("Reporting Employees") and any employee of an Employer who is eligible to participate in the CBS Excess 401(k) Plan and whose securities may be attributable to a Reporting Employee for purposes of Section 16 of the Securities Exchange Act of 1934. Any deferrals made under the CBS Excess 401(k) Plan by (i) by a Reporting Employee who was a participant in the CBS Excess 401(k) Plan on August 28, 2002 and who became a participant in the Plan on that date or (ii) by any other Reporting Employee who was a participant in the CBS Excess 401(k) Plan and who becomes a Reporting Employee (or whose securities become attributable to a Reporting Employee) after August 28, 2002, shall be transferred to the Plan as of December 1, 2005 or, if later, the date such employee becomes a Reporting Employee (or the date his securities become attributable to a Reporting Employee). Except as provided to the contrary herein, any elections and deferrals made under the CBS Excess 401(k) Plan by a Reporting Employee (or an employee whose securities may be attributable to a Reporting Employee) prior to the date his account is transferred to the Plan shall remain in full force and effect in this Plan.

1.2 *Purpose.* The purpose of this Plan is to provide a means by which an Eligible Employee may, in certain circumstances, elect to defer receipt of a portion of his Compensation. The Plan also provides that the Company will, in certain instances, credit the Account of a Participant with an Employer Match.

Section 2. Definitions.

The following words and phrases as used in this Plan have the following meanings:

2.1 The term "Account" shall mean a Participant's individual account, as described in Section 4 of the Plan.

2.2 The term "Board of Directors" means the Board of Directors of the Company.

2.3 The term "Bonus" means any cash bonus paid under the CBS Corporation Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

2.4 The term "Committee" means the Retirement Committee appointed by the Board of Directors. The Committee may act on its own behalf or through the actions of its duly authorized delegate.

2.5 The term "Company" means CBS Corporation and its subsidiaries.

2.6 The term "Compensation" means an Eligible Employee's annual compensation as defined in the CBS 401(k) Plan, except that the limitations imposed by Internal Revenue Code §401(a)(17) shall not be taken into account.

2.7 A Participant shall be deemed to have incurred a "Disability" or to be "Disabled" if the Participant (i) has been determined to be disabled by the Social Security Administration, or (ii) is receiving benefits under the

provisions of the long-term disability plan covering such Participant that is sponsored by or participated in by the Participant's Employer. The date a Participant meets the definition of Disability shall be treated as the date he terminates employment for purposes of Section 5 of the Plan.

2.8 The term "Eligible Employee" means an Employee of an Employer (i) for whom the sum of (a) the rate of annual base salary for a particular year and (b) actual commissions received for the prior year, equals or is greater than the annual compensation limit in effect under Internal Revenue Code Section 401(a)(17) (as adjusted from time to time by the Committee), and (ii) is designated by the Committee as an employee who is eligible to participate in the Plan. If an employee becomes an Eligible Employee in any Plan Year, such employee shall remain an Eligible Employee for all future Plan Years; provided, however, that the Committee may terminate such employee's eligibility for the Plan if his annual base salary as of January 1 of any Plan Year is less than the amount in clause (i) in effect for the Plan Year in which such employee initially became an Eligible Employee. Notwithstanding the foregoing, any employee who immediately prior to August 28, 2002 (i) was an eligible employee under the CBS Excess 401(k) Plan, and (ii) was a Reporting Employee, became an Eligible Employee under this Plan effective August 28, 2002.

2.9 The term "Employer" means the Company and any affiliate or subsidiary that adopts the Plan on behalf of its Eligible Employees.

2.10 The term "Employer Match" means the amounts credited to a Participant's Account with respect to a Participant's Excess Salary Reduction Contributions, calculated using the rate of matching contributions under the CBS 401(k) Plan in effect at the time such Excess Salary Reduction Contributions are made.

2.11 The term "Excess Salary Reduction Contributions" means the portion of a Participant's Compensation earned during a Plan Year (after such Participant has reached any Limitation) that he elects to defer under the terms of this Plan.

2.12 The term "Investment Options" means the investment funds available to participants in the CBS 401(k) Plan, excluding the Self-Directed Brokerage Account.

2.13 The term "Joint Payment Option" means, in accordance with Section 5.2, (i) any payment option election made by a Participant in effect in the CBS Excess 401(k) Plan immediately prior to August 28, 2002, and (ii) any payment option election made on or after August 28, 2002. A Joint Payment Option shall apply to all amounts credited to the Participant's Account in this Plan, his account in the CBS Excess 401(k) Plan and his account in the CBS Bonus Deferral Plan for Designated Senior Executives.

2.14 The term "Limitation" means the limitation on contributions to defined contribution plans under Section 415(c), on compensation taken into account under Section 401(a)(17), or on elective deferrals under Section 401(k)(3) and Section 402(g) of the Internal Revenue Code of 1986.

2.15 The term "Participant" means an Eligible Employee who elects to have Excess Salary Reduction Contributions made to the Plan.

2.16 The term "Plan" means the CBS Excess 401(k) Plan for Designated Senior Executives as set forth herein, as amended from time to time.

Section 3. Participation.

3.1 *Designation of Eligible Employees.* Beginning August 28, 2002, each month the Committee will designate in its sole discretion those employees who satisfy the terms of paragraph 2.8 as eligible to participate in the Plan.

3.2 *Election to Participate.* An Eligible Employee must elect to participate in the Plan. An Eligible Employee may elect, at any time after becoming eligible, to begin participation and to commence making Excess Salary Reduction Contributions during the Plan Year by filing an election with the Committee in accordance with this Section 3 and the rules and regulations established by the Committee. Such election will be effective on a prospective basis beginning with the payroll period that occurs as soon as administratively practicable following receipt of the election by the Committee.

3.3 *Amendment or Suspension of Election.* Participants may change (including, suspend) their existing Excess Salary Reduction Contribution election under this Plan during the Plan Year by filing a new election in accordance with the prescribed administrative guidelines. Such new election will be effective on a prospective basis beginning with the payroll period that occurs as soon as administratively practicable following receipt of the election by the Committee. A Participant will not be permitted to make up

suspended Excess Salary Reduction Contributions, and during any period in which a Participant's Excess Salary Reduction Contributions are suspended, the Employer Match to the Plan will also be suspended.

3.4 Amount of Elections. Each election filed by an Eligible Employee must specify the amount of Excess Salary Reduction Contributions in a whole percentage between 1% and 15% of the Participants' Compensation, excluding any Bonus. Except as described otherwise in this Section 3.4, no Eligible Employee shall be permitted during any Plan Year to make Excess Salary Reduction Contributions at a rate that exceeds the rate of his Before-Tax Contributions to the CBS 401(k) Plan as in effect immediately preceding the time that the Eligible Employee actually commences Excess Salary Reduction Contributions to this Plan for that particular Plan Year. Notwithstanding the foregoing, for the Plan Year ending December 31, 2002, any Eligible Employee who on August 28, 2002 had in effect an Excess Salary Reduction Contribution election that exceeded the rate of his Before-Tax Contributions to the CBS 401(k) Plan as in effect immediately preceding the time that the Eligible Employee actually commences Excess Salary Reduction Contributions to this Plan shall be permitted to continue that Excess Salary Deferral Contribution election for the remainder of such Plan Year.

Section 4. Employer Match.

An Employer Match will be credited approximately every two weeks to a Participant's Account with respect to the eligible portion of Excess Salary Reduction Contributions of such Participant. The eligible portion of a Participant's Excess Salary Reduction Contributions shall be limited to 5% of each contribution. The eligible portion of a Participant's Excess Salary Reduction Contributions shall be based on Compensation up to an annual maximum amount of \$750,000. Notwithstanding the foregoing, for any Participant who is also a participant in the new Viacom 401(k) Plan and either the new Viacom Excess 401(k) Plan or the new Viacom Excess 401(k) Plan for Designated Senior Employees after December 31, 2005, the maximum amount of compensation with respect to which matching contributions will be made is limited to \$375,000.

Section 5. Individual Account.

5.1 *Creation of Accounts.* The Company will maintain an Account in the name of each Participant. Each Participant's Account will be credited with the amount of the Participant's Excess Salary Reduction Contributions, and Employer Match, if any, made in all Plan Years.

5.2 *Joint Payment Option Election.* (a) Any Joint Payment Option defined in Section 2.12(i) shall continue to apply until changed by the Participant in accordance with this Section 5.

(b) Any Eligible Employee who first becomes a Participant on or after August 28, 2002 and who has not elected a Joint Payment Option under Section 4.2 of the CBS Bonus Deferral Plan, Section 4.2 of the CBS Bonus Deferral Plan for Designated Senior Executives or under Section 5.2 of the CBS Excess 401(k) Plan shall elect a Joint Payment Option at the same time that the Participant files his initial election to commence participation in the Plan pursuant to Section 3.2. Such Joint Payment Option shall continue to apply until changed by the Participant in accordance with this Section 5.

(c) A Participant may elect to receive his entire Account under either of the following Joint Payment Options: (i) a single lump sum; or, (ii) annual payments over a period of two, three, four or five years on or about January 31 beginning in the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If no Joint Payment Option election is made in accordance with the terms of the Plan, the CBS Excess 401(k) Plan or the CBS Deferred Bonus Plan for Designated Senior Executives, a Participant shall be deemed to have elected to receive his Account in a single lump sum on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If a Participant makes a Joint Payment Option election to receive payments in a single lump sum, such lump sum shall be payable on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, unless the Participant elects to be paid on or about January 31 of the second, third, fourth, or fifth calendar year following the year in which the Participant terminates employment. If a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates at the time of making his Joint Payment Option election a specific percentage of his Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

Example 1: If a Participant elects (or is deemed to elect) a Payment Option that provides for a lump sum payment and terminates employment in 2002, such lump sum shall be paid on or about January 31, 2003. A Participant alternatively could designate January 31 of 2004, 2005, 2006 or 2007 in which to receive his lump sum.

Example 2: If a Participant elects a Payment Option that provides for annual installments over a period of four years and terminates employment in 2002, each installment paid on or about January 31, 2003 through 2006 will be comprised of approximately 25% of the Participant's Account as of the Participant's date of termination. A Participant alternatively could designate 10% of his Account to be distributed in January, 2003, 20% in January, 2004, 30% in January, 2005 and 40% in January 2006; or, any other combination of percentages that totals 100%.

(d) A Participant may change his Joint Payment Option no more than three times over the course of his employment with the Company or an Affiliate. A Participant may change an existing Joint Payment Option only one time in any calendar year. Any change of a Participant's existing Joint Payment Option election made less than six months prior to the Participant's termination of employment for any reason shall be null and void, and the Participant's last valid Payment Option shall remain in effect.

5.3 *Investments.* (a) All Excess Salary Reduction Contributions, Excess Bonus Deferral Contributions and Employer Match, if any, will be credited through December 31st of the calendar year in which the Participant terminates employment with an amount equal to such amount which would have been earned had such contributions been invested in the same Investment Options and in the same proportion as the Participant may elect, from time to time, to have his Salary Reduction Contributions and Matching Employer Contributions invested under the CBS 401(k) Plan; or if no such election has been made, in the PRIMCO Stable Value Fund (or any successor fund).

(b) If a Participant elects (or is deemed to elect) a single lump sum Joint Payment Option payable in the first calendar year following the calendar year in which the Participant terminates employment, no additional adjustments will be made to the Participant's Account after December 31st of the calendar year in which the Participant terminates employment. If a Participant elects a single lump sum Joint Payment Option payable in the second, third, fourth or fifth calendar year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which the single lump sum is paid.

(c) If a Participant elects annual payments, no additional adjustments will be made to any amount payable in the first calendar year following the year in which the Participant terminates employment. For any annual payments made in the second, third, fourth or fifth year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which each payment is made.

(d) No provision of this Plan shall require the Company or the Employer to actually invest any amounts in any fund or in any other investment vehicle.

5.4 *Account Statements.* Each Participant will be given, at least annually, a statement showing (i) the amount of Contributions, (ii) the amount of Employer Match, if any, made with respect to his Account for such Plan Year, and (iii) the balance of the Participant's Account after crediting Investments.

Section 6. Payment.

6.1 *Payment on Account of Termination of Employment for Reasons Other Than Disability.* A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following termination of employment in accordance with the Joint Payment Option in effect with respect to the Participant.

6.2 *Payment on Account of Disability.* A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following the date he meets the definition of Disability in accordance with the Joint Payment Option in effect with respect to the Participant. If a Participant no longer meets the definition of Disability and returns to work with an Employer, no further payments shall be made on account of the prior Disability, and distribution of his remaining Account shall be made as otherwise provided in this Section 6 at the time of his subsequent termination of employment.

Section 7. Nature of Interest of Participant.

Participation in this Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of the Company or any Employer, and all amounts of Compensation deferred hereunder shall at all times remain an unrestricted asset of the Company or the Employer. A Participant's rights to benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, or encumbrance. All payments hereunder shall be paid in cash from the general funds of the Company or applicable Employer and no special or separate fund shall be established and no other segregation of assets shall be made to assure the payment of benefits hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between any Employer and a Participant or any other person, and the Company's and each Employer's promise to pay benefits hereunder shall at all times remain unfunded as to the Participant.

Section 8. Hardship Distributions and Deferral Revocations.

A Participant may request the Committee to accelerate distribution of all or any part of the value of his Account solely for the purpose of alleviating an immediate financial emergency. For purposes of the Plan, such an immediate financial emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant and which would result in severe financial hardship to the Participant if early distribution were not permitted. The Committee may request that the Participant provide certifications and other evidence of qualification for such emergency hardship distribution as it determines appropriate. The decision of the Committee with respect to the grant or denial of all or any part of such request shall be in the sole discretion of the Committee, whether or not the Participant demonstrates an immediate financial emergency exists, and shall be final and binding and not subject to review.

Section 9. Beneficiary Designation.

A Participant's beneficiary designation for this Plan will automatically be the same as the Participant's beneficiary designation recognized under the CBS 401(k) Plan, unless a separate Designation of Beneficiary Form for this Plan has been properly filed.

Section 10. Administration.

10.1 *Committee.* This Plan will be administered by the Committee, the members of which will be selected by the Board of Directors.

10.2 *Powers of the Committee.* The Committee's powers will include, but will not be limited to, the power:

- (i) to determine who are Eligible Employees for purposes of participation in the Plan;
- (ii) to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan, including without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision;
- (iii) to adopt rules consistent with the Plan; and
- (iv) to approve certain amendments to the Plan.

10.3 *Claims Procedure.* The Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder. In the event of a claim by a Participant as to the amount of any distribution or method of payment under the Plan, within 90 days of the filing of such claim, unless special circumstances require an extension of such period, such person will be given notice in writing of any denial, which notice will set forth the reason for the denial, the Plan provisions on which the denial is based, an explanation of what other material or information, if any, is needed to perfect the claim, and an explanation of the claims review procedure. The Participant may request a review of such denial within 60 days of the date of receipt of such denial by filing notice in writing with the Committee. The Participant will have the right to review pertinent Plan documents and to submit issues and comments in writing. The Committee will respond in writing to a request for review within 60 days of receiving it, unless special circumstances require an extension of such period. The Committee, at its discretion, may request a meeting to clarify any matters deemed appropriate.

10.4 *Finality of Committee Determinations.* Determinations by the Committee and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan shall be final and binding for all purposes and upon all interested persons, their heirs, and personal representatives.

10.5 *Severability.* If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

10.6 *Governing Law.* The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of New York, to the extent not preempted by the laws of the United States.

10.7 *Gender.* Wherein used herein, words in the masculine form shall be deemed to refer to females as well as males.

Section 11. No Employment Rights.

No provisions of the Plan or any action taken by the Company, the Board of Directors, or the Committee shall give any person any right to be retained in the employ of any Employer, and the right and power of the Company to dismiss or discharge any Participant is specifically reserved.

Section 12. Amendment, Suspension, and Termination.

The Retirement Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents. The Board of Directors shall have the right to suspend or terminate the Plan at any time. No amendment, suspension or termination shall, without the consent of a Participant, adversely affect such Participant's rights in his account. In the event the Plan is terminated, the Committee shall continue to administer the Plan in accordance with the relevant provisions thereof.

**CBS BONUS DEFERRAL PLAN
FOR DESIGNATED SENIOR EXECUTIVES**
(Amended and Restated as of December 31, 2005)

Section 1. Establishment and Purpose of the Plan.

1.1 *Establishment.* The Viacom Bonus Deferral Plan for Designated Senior Executives was adopted as of August 28, 2002 as an unfunded plan of voluntarily deferred compensation for the benefit of Participants. As of December 31, 2005, it is hereby renamed the CBS Bonus Deferral Plan for Designated Senior Executives. Participation in this Plan is limited to employees of an Employer who are identified by the Company as executive officers and directors for purposes of Section 16 of the Securities Exchange Act of 1934 ("Reporting Employees") and any employee of an Employer who is eligible to participate in the CBS Bonus Deferral Plan and whose securities may be attributable to a Reporting Employee for purposes of Section 16 of the Securities Exchange Act of 1934. Any Bonus deferrals made under the CBS Bonus Deferral Plan (i) by a Reporting Employee who was a participant in the CBS Excess 401(k) Plan on August 28, 2002 and who became a participant in the Plan on that date, or (ii) by any other Reporting Employee who was a participant in the CBS Bonus Deferral Plan and who becomes a Reporting Employee (or whose securities become attributable to a Reporting Employee) after August 28, 2002, shall be transferred to the Plan as of December 1, 2005 or, if later, the date such employee becomes a Reporting Employee (or the date his securities become attributable to a Reporting Employee). Except as provided to the contrary herein, any elections and deferrals made under the CBS Excess 401(k) Plan or the CBS Bonus Deferral Plan by a Reporting Employee (or an employee whose securities may be attributable to a Reporting Employee) prior to the date his account is transferred to the Plan shall remain in full force and effect in this Plan.

1.2 *Purpose.* The purpose of this Plan is to provide a means by which an Eligible Employee may, in certain circumstances, elect to defer receipt of a portion of his cash bonus paid under the CBS Corporation Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

Section 2. Definitions. The following words and phrases as used in this Plan have the following meanings:

2.1 The term "Account" shall mean a Participant's individual account, as described in Section 4 of the Plan.

2.2 The term "Board of Directors" means the Board of Directors of the Company.

2.3 The term "Bonus" shall mean any cash bonus paid under the CBS Corporation Short-Term Incentive Plan and any other comparable annual cash bonus plan sponsored by any Employer.

2.4 The term "Bonus Deferral Contributions" means the portion of the Participant's Bonus that he elects to defer under the terms of this Plan. The portion of any Bonus earned in the year 2002 that an Eligible Employee elected to defer under the CBS Excess 401(k) Plan shall be deferred under this Plan, and shall not be recognized under the CBS Excess 401(k) Plan.

2.5 The term "Committee" means the Retirement Committee appointed by the Board of Directors. The Committee may act on its own behalf or through the actions of its duly authorized delegate.

2.6 The term "Company" means CBS Corporation and its subsidiaries.

2.7 A Participant shall be deemed to have incurred a "Disability" or to be "Disabled" if the Participant (i) has been determined to be disabled by the Social Security Administration or (ii) is receiving benefits under the provisions of the long-term disability plan covering such Participant that is sponsored by or participated in by the

Participant's Employer. The date a Participant meets the definition of Disability shall be treated as the date he terminates employment for purposes of Section 4 of the Plan.

2.8 The term "Eligible Employee" means an employee of an Employer who is an eligible employee under the CBS Excess 401(k) Plan for Designated Senior Executives. If an employee becomes an Eligible Employee in any Plan Year, such employee shall remain an Eligible Employee for all future Plan Years during which the Eligible Employee remains an eligible employee under the CBS 401(k) Excess Plan for Designated Senior Executives.

2.9 The term "Employer" means the Company and any affiliate or subsidiary that adopts the Plan on behalf of its Eligible Employees.

2.10 The term "Investment Options" means the investment funds available to participants in the CBS 401(k) Plan, excluding the Self-Directed Brokerage Account.

2.11 The term "Joint Payment Option" means the Participant's joint payment option election in accordance with Section 4.2 with respect to the distribution upon his termination of employment of amounts credited to his account in the CBS Excess 401(k) Plan for Designated Senior Executives and to his Account in this Plan.

2.12 The term "Participant" means an Eligible Employee who elects to have Bonus Deferral Contributions made to the Plan.

2.13 The term "Plan" means the CBS Bonus Deferral Plan for Designated Senior Executives as set forth herein, as amended from time to time.

Section 3. Participation.

3.1 Election to Participate.

(a) An Eligible Employee must elect to participate in the Plan.

(b) (i) Any election to defer a portion of a Bonus earned in the year 2002 that was made by an Eligible Employee prior to August 28, 2002 under the CBS Excess 401(k) Plan shall be recognized by and be deemed to have been made under this Plan, and such Eligible Employee shall become a Participant in this Plan on August 28, 2002.

(ii) For any employee who first becomes an Eligible Employee after 2002, any bonus deferral election made under the CBS Bonus Deferral Plan for the Bonus to be earned in the year in which he first becomes an Eligible Employee in this Plan, shall be recognized by and be deemed to have been made under this Plan, and such Eligible Employee shall become a Participant in this Plan on the date he becomes an Eligible Employee in this Plan.

(c) For the Plan Year in which an employee first becomes an Eligible Employee, if such Eligible Employee was not an eligible employee under the CBS Bonus Deferral Plan immediately prior to becoming an Eligible Employee, such Eligible Employee must elect to make a Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the next succeeding calendar year within 30 days of the date he first becomes an Eligible Employee in order for the election to be valid. Prior to December 31 of each Plan Year, an Eligible Employee may elect to make a Bonus Deferral Contribution with respect to any Bonus scheduled to be paid in the second succeeding calendar year. For example, prior to December 31, 2002, an Eligible Employee may make a Bonus Deferral Contribution election with respect to any cash bonus to be earned in 2003 that is scheduled to be paid in 2004 under the CBS Corporation Short-Term Incentive Plan. An Eligible Employee may make an Excess Bonus Deferral Contribution election whether or not such employee previously has made, or currently has in effect, any Excess Salary Reduction Contribution election.

3.2 *Amount of Elections.* Each election filed by a Participant must specify the amount of Bonus Deferral Contribution in a whole percentage between 1% and 15% of the Participant's applicable Bonus.

Section 4. Individual Account.

4.1 *Creation of Accounts.* The Company will maintain an Account in the name of each Participant. Each Participant's Account will be credited with the amount of the Participant's Bonus Deferral Contributions made in all Plan Years, including any Bonus Deferral Contributions for the Bonus earned in 2002 that are attributable to the Bonus Deferral Contribution elections originally made under the CBS Excess 401(k) Plan.

4.2 *Joint Payment Option Election.* (a) With respect to each Participant in the Plan on August 28, 2002 who became on that date a participant in the CBS Excess 401(k) Plan for Designated Senior Executives, any Joint Payment Option election under the CBS Excess 401(k) Plan for Designated Senior Executives shall apply to the total of all amounts credited to the Participant's Account in this Plan.

(b) If an Eligible Employee first becomes a Participant in this Plan after August 28, 2002, any Joint Payment Option election made by the Participant under the CBS Excess 401(k) Plan for Designated Senior Executives shall apply to the Participant's Account in this Plan.

(c) If an Eligible Employee was not a participant in the CBS Excess 401(k) Plan for Designated Senior Executives and did not have in effect a Joint Payment Option election under such Plan, the Eligible Employee shall elect a Joint Payment Option under this Plan at the same time that the Eligible Employee files his initial election to commence participation in the Plan pursuant to Section 3.2. Any such Joint Payment Option election made by a Participant shall also apply to any future Excess Salary Deferral Contributions that the Participant may make under the CBS Excess 401(k) Plan for Designated Senior Executives.

(d) A Participant may elect to receive his entire Account in either (1) a single lump sum; or, (2) over a period of two, three, four or five years in annual payments on or about January 31 beginning in the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. If no Joint Payment Option election is made in accordance with the terms of the Plan, a Participant shall be deemed to have elected to receive his Account in a single lump sum on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment. In the event a Participant makes a Joint Payment Option election to receive payments in a single lump sum, such lump sum shall be payable on or about January 31 of the calendar year immediately following the end of the Plan Year in which the Participant terminates employment, unless the Participant elects to be paid on or about January 31 of the second, third, fourth, or fifth calendar year following the year in which the Participant terminates employment. In the event a Participant elects to receive annual payments over a period of two or more years, such annual payments shall be made in substantially equal annual payments, unless the Participant designates at the time of making his Joint Payment Option election a specific percentage of his Account to be distributed in each year. All specified percentages must be a whole multiple of 10% and the total of all designated percentages must be equal to 100%.

Example 1: If a Participant elects (or is deemed to elect) a Payment Option that provides for a lump sum payment and terminates employment in 2003, such lump sum shall be paid on or about January 31, 2004. A Participant alternatively could designate January 31 of 2005, 2006, 2007 or 2008 in which to receive his lump sum.

Example 2: If a Participant elects a Payment Option that provides for annual installments over a period of four years and terminates employment in 2003, each installment paid on or about January 31, 2004 through 2007 will be comprised of approximately 25% of the Participant's Account as of the Participant's date of termination. A Participant alternatively could designate 10% of his Account to be distributed in January, 2004, 20% in January, 2005, 30% in January, 2006 and 40% in January 2007; or, any other combination of percentages which totals 100%.

(e) Any change of Joint Payment Option election made by a Participant under the CBS Excess 401(k) Plan for Designated Senior Executives shall apply to the Participant's Account in this Plan. A Participant may change an existing Joint Payment Option election only one time in any calendar year. Any change of a Participant's existing Joint Payment Option election made less than six months prior to the Participant's termination of employment for any reason shall be null and void and the Participant's last valid Joint Payment Option shall remain in effect.

4.3 *Investments.* (a) All Bonus Deferral Contributions will be credited through December 31st of the calendar year in which the Participant terminates employment with an amount equal to such amount which would have been earned had such contributions been invested in the same Investment Options and in the same proportion as the Participant may elect, from time to time, to have his Salary Reduction Contributions and Matching Employer Contributions invested under the CBS 401(k) Plan; or if no such election has been made, in the PRIMCO Stable Value Fund (or any successor fund).

(b) If a Participant elects (or is deemed to elect) a single lump sum Joint Payment Option payable in the first calendar year following the calendar year in which the Participant terminates employment, no additional adjustments will be made to the Participant's Account after December 31st of the calendar year in which the Participant terminates employment. If a Participant elects a single lump sum Joint Payment Option payable in the second, third, fourth or fifth calendar year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which the single lump sum is paid.

(c) If a Participant elects annual payments, no additional adjustments will be made to any amount payable in the first calendar year following the year in which the Participant terminates employment. For any annual payments made in the second, third, fourth or fifth year following the calendar year in which the Participant terminates employment, the Participant's Account shall be credited with earnings based on the rate of return in the PRIMCO Stable Value Fund (or any successor fund) beginning January 1st of the calendar year following the year in which the Participant terminates employment and continuing through December 31st of the calendar year immediately preceding the calendar year in which each payment is made.

(d) No provision of this Plan shall require the Company or the Employer to actually invest any amounts in any fund or in any other investment vehicle.

4.4 *Account Statements.* Each Participant will be given, at least annually, a statement showing (i) Bonus Deferral Contributions, and (ii) the balance of the Participant's Account after crediting Investments.

Section 5. Payment.

5.1 *Payment on Account of Termination of Employment for Reasons Other than Disability.* A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following termination of employment in accordance with the Joint Payment Option in effect with respect to the Participant.

5.2 *Payment on Account of Disability.* A Participant (or a Participant's beneficiary) shall be paid the balance in his Account following the date he meets the definition of Disability in accordance with the Joint Payment Option in effect with respect to the Participant. If a Participant no longer meets the definition of Disability and returns to work with an Employer, no further payments shall be made on account of the prior Disability, and distribution of his remaining Account shall be made as otherwise provided in this Section 5 at the time of his subsequent termination of employment.

Section 6. Nature of Interest of Participant.

Participation in this Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of the Company or any Employer, and all amounts of Compensation deferred hereunder shall at all times remain an unrestricted asset of the Company or the Employer. A Participant's rights to benefits payable under the Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, or encumbrance. All payments hereunder shall be paid in cash from the general funds of the Company or applicable Employer and no special or separate fund shall be established and no other segregation of assets shall be made to assure the payment of benefits hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between any Employer and a Participant or any other person, and the Company's and each Employer's promise to pay benefits hereunder shall at all times remain unfunded as to the Participant.

Section 7. Hardship Distributions and Deferral Revocations.

A Participant may request the Committee to accelerate distribution of all or any part of the value of his Account solely for the purpose of alleviating an immediate financial emergency. For purposes of the Plan, such an immediate financial emergency shall mean an unanticipated emergency that is caused by an event beyond the control of the Participant and which would result in severe financial hardship to the Participant if early distribution were not permitted. The Committee may request that the Participant provide certifications and other evidence of qualification for such emergency hardship distribution as it determines appropriate. The decision of the Committee with respect to the grant or denial of all or any part of such request shall be in the sole discretion of the Committee, whether or not the Participant demonstrates an immediate financial emergency exists, and shall be final and binding and not subject to review.

Section 8. Beneficiary Designation.

A Participant's beneficiary designation for this Plan will automatically be the same as the Participant's beneficiary designation recognized under the CBS Excess 401(k) Plan for Designated Senior Executives.

Section 9. Administration.

9.1 *Committee.* This Plan will be administered by the Committee, the members of which will be selected by the Board of Directors.

9.2 *Powers of the Committee.* The Committee's powers will include, but will not be limited to, the power:

- (i) to determine who are Eligible Employees for purposes of participation in the Plan;
- (ii) to interpret the terms and provisions of the Plan and to determine any and all questions arising under the Plan, including without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision;
- (iii) to adopt rules consistent with the Plan; and
- (iv) to approve certain amendments to the Plan.

9.3 *Claims Procedure.* The Committee shall have the exclusive right to interpret the Plan and to decide any and all matters arising thereunder. In the event of a claim by a Participant as to the amount of any distribution or method of payment under the Plan, within 90 days of the filing of such claim, unless special circumstances require an extension of such period, such person will be given notice in writing of any denial, which notice will set forth the reason for the denial, the Plan provisions on which the denial is based, an explanation of what other

material or information, if any, is needed to perfect the claim, and an explanation of the claims review procedure. The Participant may request a review of such denial within 60 days of the date of receipt of such denial by filing notice in writing with the Committee. The Participant will have the right to review pertinent Plan documents and to submit issues and comments in writing. The Committee will respond in writing to a request for review within 60 days of receiving it, unless special circumstances require an extension of such period. The Committee, at its discretion, may request a meeting to clarify any matters deemed appropriate.

9.4 *Finality of Committee Determinations.* Determinations by the Committee and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan shall be final and binding for all purposes and upon all interested persons, their heirs, and personal representatives.

9.5 *Severability.* If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

9.6 *Governing Law.* The provisions of the Plan shall be governed by and construed in accordance with the laws of the State of New York, to the extent not preempted by the laws of the United States.

9.7 *Gender.* Wherein used herein, words in the masculine form shall be deemed to refer to females as well as males.

Section 10. No Employment Rights.

No provisions of the Plan or any action taken by the Company, the Board of Directors, or the Committee shall give any person any right to be retained in the employ of any Employer, and the right and power of the Company to dismiss or discharge any Participant is specifically reserved.

Section 11. Amendment, Suspension, and Termination.

The Retirement Committee shall have the right to amend the Plan at any time, unless provided otherwise in the Company's governing documents. The Board of Directors shall have the right to suspend or terminate the Plan at any time. No amendment, suspension or termination shall, without the consent of a Participant, adversely affect such Participant's rights in his account. In the event the Plan is terminated, the Committee shall continue to administer the Plan in accordance with the relevant provisions thereof.

WESTINGHOUSE EXECUTIVE PENSION PLAN
(Amended and Restated as of December 31, 2005)

WHEREAS, former CBS Corporation (previously Westinghouse Electric Corporation), established the Westinghouse Executive Pension Plan (the "Plan") in order to provide supplemental pension benefits for its eligible employees and their beneficiaries; and

WHEREAS, pursuant to the Agreement of Merger dated September 6, 1999, former CBS Corporation merged into Viacom Inc. on May 4, 2000 (the "Effective Time"); and

WHEREAS, Viacom, Inc. separated into two publicly-traded companies on December 31, 2005, CBS Corporation (the "Company") and New Viacom, and the Company continues to maintain the Plan for eligible employees of the Company and/or its subsidiaries and their beneficiaries; and

WHEREAS, the Plan has been established and is maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees; and

WHEREAS, the Plan was amended and restated, effective as of the Effective Time (except as otherwise provided); and

NOW, THEREFORE, the Plan is hereby amended and restated, effective as of December 31, 2005, as follows:

Section 1. Definitions.

(a) "Administrative Managers" means the persons or entities identified by the Chief Operating Officer of the Company to serve as administrative managers for employee benefit plans. The Administrative Managers may delegate any and all of their duties, authority, and discretion under this Plan.

(b) "Affiliated Entity" means a subsidiary company that is at least fifty percent (50%) owned by the Company or a partnership or a joint venture in which the Company is at least a fifty percent (50%) owner. The term Affiliated Entity shall also include all entities in the Controlled Group of each Employer.

(c) "Average Annual Compensation" means the amount equal to the sum of (x) plus (y), as defined below. For purposes of this paragraph, (x) equals 12 times the average of the five highest monthly base salaries of Executive on the ten consecutive December 1sts which immediately precede the earliest of (i) the Executive's date of death, (ii) the Executive's actual retirement date, or (iii) the Executive's Normal Retirement Date. For purposes of this paragraph, (y) equals the average of the five highest annual incentive compensation awards, if any, paid to the Executive under the Westinghouse Annual Incentive Programs or equivalent annual program or programs during the ten consecutive years ending with the earliest of (i) the year of the Executive's death, (ii) the year of the Executive's actual retirement date, or (iii) the year of the Executive's Normal Retirement Date. In the case of an Eligible Affected Employee, the Executive's Effective Termination Date will be substituted for "actual retirement date" in determining Average Annual Compensation.

(d) "Board" means the Board of Directors of the Company. The Board and any committee of the Board may delegate any and all of its duties, authority, and discretion under this Plan.

(e) "Cash Balance Plan" means the CBS Cash Balance Plan Document component of the CCPP.

(f) "CCPP" means the CBS Combined Pension Plan.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Company" means CBS Corporation and its subsidiaries and any successor to CBS Corporation by merger or the sale of substantially all of the assets of CBS Corporation. For periods prior to the Effective Time, the Company was the former CBS Corporation (previously Westinghouse Electric Corporation).

(i) "Controlled Group" means, with respect to the Company: (a) any corporation which is a member of a controlled group of corporations, within the meaning of Section 1563(a) of the Code, determined without regard to Sections 1563(a)(4) and (e)(3)(C) of the Code, including such Employer; (b) any trade or business under common control with the Company, within the meaning of Section 414(c) of the Code; (c) any employer which is included with such Company in an affiliated service group, within the meaning of Section 414(m) of the Code; or (d) any other entity required to be aggregated with such Company pursuant to regulations under Section 414(o) of the Code.

(j) "Credited Service" has the meaning defined in (i) for an individual who participates in the Group W Plan, the Group W Plan, (ii) for an individual who participates in the Cash Balance Plan, either of the Group W Plan or the WPP, depending upon whether the individual was most recently a participant in the Group W Plan or the WPP prior to becoming a participant in the Cash Balance Plan, and (iii) for an individual who is not described in (i) or (ii) above, the WPP; provided that, for purposes of the Plan it shall also include such service with a Designated Entity or Designated Group; but it shall not include any "deemed" service which may be awarded under a special retirement window or similar arrangements.

(k) "Designated Entity" means an Affiliated Entity or other entity that is designated by the Managers as participating in the Plan.

(l) "Designated Group" means a group of employees that is designated by the Managers as participating in the Plan.

(m) "Early Retirement Date" means: (i) for an Executive who is a participant in the WPP accruing Eligibility Service (and for any Executive not described in (ii) below), the earlier of (1) attainment of age 60 with at least 10 years of Eligibility Service, or (2) attainment of age 58 with at least 30 years of Eligibility Service, or (ii) for an Executive who is a participant in the Group W Plan or Cash Balance Plan accruing Eligibility Service, attainment of age 55 with at least 10 years of Eligibility Service.

(n) "Effective Termination Date" means the date an Eligible Affected Employee terminates service with the Employer.

(o) "Eligibility Service" has the meaning defined in (i) for an individual who participates in the Group W Plan, the Group W Plan, (ii) for an individual who participates in the Cash Balance Plan, the definition of "years of service" in the Cash Balance Plan, and (iii) for an individual who is not described in (i) or (ii) above, the WPP.

(p) "Eligible Affected Employee" means an Employee who qualified for restructuring benefits under Section 22 of the WPP.

(q) "Employee" has the meaning defined in (i) for an individual who participates in the Group W Plan, the Group W Plan, (ii) for an individual who participates in the Cash Balance Plan, the definition of "eligible employee" in the Cash Balance Plan, and (iii) for an individual who is not described in (i) or (ii) above, the WPP.

(r) "Employer" has the meaning defined in (i) for an individual who participates in the Group W Plan, the Group W Plan, (ii) for an individual who participates in the Cash Balance Plan, the Cash Balance Plan, and (iii) for an individual who is not described in (i) or (ii) above, the WPP.

(s) "Equivalent Actuarial Value" means an amount having equal value when computed on the basis of (i) an annual interest rate of 7%, and (ii) mortality rates per the "applicable mortality table" published in Revenue Ruling 95-6.

(t) "Executive" means any Employee who is employed in a corporate grade 40 or above position or a comparable position with an Employer, a Designated Entity or a Designated Group, or in a position with an Employer, a Designated Entity or a Designated Group that is otherwise determined by the chief executive officer of the Company or the Managers to be eligible as an Executive position under the Plan based upon the duties and responsibilities of the position, and the Employee has been notified in writing.

By participating in the Plan, an Executive is also deemed to be a "bona fide executive" and/or "high policymaking employee," as defined under the federal Age Discrimination in Employment Act, as amended.

(u) "Executive Benefit Service" means the Executive's total years of Eligibility Service if: (i) the Executive was making the Maximum Contribution during each of those years; or (ii) the Executive (1) was making

the Maximum Contribution during each of those years after the date he or she first became an Executive, and (2) has complied with the provisions of the Executive Buy Back process (as set forth in Appendix A of the Plan) as to those years prior to his or her first becoming an Executive. The Executive Benefit Service of an Executive who did not make the Maximum Contribution during those years prior to the date he or she first became an Executive and has not complied with the Executive Buy Back process will be based solely on the period(s) of Eligibility Service during which he or she made the Maximum Contribution. An Executive will not be credited with any additional Executive Benefit Service on or after the date his or her Executive Pension Supplement is frozen pursuant to Section 2(a).

(v) "Executive Pension Base" means the amount determined by multiplying 1.47 percent times Average Annual Compensation times the number of years of Executive Benefit Service accrued to the earliest of the Executive's actual retirement date, the Executive's Normal Retirement Date or the date of the Executive's death; or, in the case of an Eligible Affected Employee, the Executive's Effective Termination Date. Also, in the case of an Eligible Affected Employee, in the event that benefits commence under this Plan prior to age 65, then the Executive Pension Base will be actuarially reduced by the same percentage that the Executive's benefit under the WPP would be actuarially reduced for life annuity benefits commencing at the time. An Executive's Executive Pension Base will be frozen on the date his or her Executive Pension Supplement is frozen pursuant to Section 2(a).

(w) "Executive Pension Supplement" means the pension calculated pursuant to Sections 3 and 4 of this Plan. There will be no Executive Pension Supplement payable if the Executive's Qualified Plan Benefit equals or exceeds his or her Executive Pension Base. Section 2(a) sets out rules under which certain Executives' Executive Pension Supplements are frozen.

(x) "Financial Managers" means the persons or entities identified by the Chief Operating Officer of the Company to serve as financial managers for employee benefit plans. The Financial Managers may delegate any and all of their duties, authority, and discretion under this Plan.

(y) "Group W Plan" means the Group W Plan Document component of the CCPP.

(z) "Managers" means all of the Financial Managers and the Administrative Managers.

(aa) "Maximum Contribution" means: (i) during such time as the Employee was eligible to participate in the WPP or the Group W Plan, the maximum amount the Employee was permitted to contribute to such plan, and (ii) during such time as the Employee was employed by a Designated Entity or as part of a Designated Group, the maximum amount the Employee was permitted to contribute, if any, to that Designated Entity's or Designated Group's defined benefit pension or Money Purchase Pension Plan, if any, or to such defined benefit pension or Money Purchase Pension Plan, as was made available to employees of said Designated Entity or Designated Group, if any. In addition, in order to be deemed to have made the Maximum Contribution during the period described in (ii) above, the Employee must have paid the Company an amount of each of his or her annual incentive compensation awards based on the maximum WPP or Group W Plan contribution formula applied to 50% of said awards.

(bb) "Money Purchase Pension Plan" means a defined contribution plan, as defined in Section 3(34) of the Employee Retirement Income Security Act of 1974, as amended, that is subject to the minimum funding requirements of Section 412 of the Code.

(cc) "Normal Retirement Date" means, with respect to an Executive, the later of (i) the first day of the month following his 65th birthday, or (ii) the first day of the month following his completion of 5 years of Eligibility Service.

(dd) "Permanent Job Separation" has the meaning defined in (i) for an individual who participates in the WPP, the WPP, and (ii) for an individual who participates in the Group W Plan, the Group W Plan. An individual who never participated in the WPP or the Group W Plan cannot have a Permanent Job Separation.

(ee) "Plan" means this Westinghouse Executive Pension Plan.

(ff) "Qualified Plan Benefit" means (i) the annual amount of pension the Executive has accrued under the WPP, the Group W Plan, the Cash Balance Plan, and any applicable defined benefit pension plan of, or made available to employees of, a Designated Entity or Designated Group based on Credited Service accumulated up to

the earlier of the Executive's actual retirement date or death, (ii) the amount the Executive is entitled to receive on a life annuity basis for retirement under any Money Purchase Pension Plan of, or made available to employees of, a Designated Entity or Designated Group, and (iii) in any case where service included in the Executive's Eligibility Service also entitles that Executive to benefits under one or more retirement plans (whether a defined benefit or Money Purchase Pension Plan or both) of another company, the amount the Executive is entitled to receive on a life annuity basis for retirement from those plans. In the case of (ii) and (iii) above, the benefits will be computed and compared according to procedures determined by the Administrative Managers on a plan-by-plan basis. The Qualified Plan Benefit does not include any early pension retirement supplement. In the case of an Eligible Affected Employee, the Executive's Effective Termination Date will be substituted for "actual retirement date" in determining his or her Qualified Plan Benefit. An Executive's Qualified Plan Benefit will not include any benefit accrued on account of Credited Service on or after the Executive's Executive Pension supplement is frozen pursuant to Section 2(a).

(gg) "Retirement Eligible" means that the Executive is accruing Eligibility Service and (i) has attained age 65 and completed five or more years of Eligibility Service, (ii) has attained age 60 and completed 10 or more years of Eligibility Service, (iii) has attained age 58 and completed 30 or more years of Eligibility Service, (iv) after March 31, 1999, for Executives who are participants in the Group W Plan or the Cash Balance Plan on or after such date, has attained age 55 and completed 10 or more years of Eligibility Service, or (v) has satisfied the requirements for an immediate pension under the Special Retirement Pension provisions of the WPP or Group W Plan.

(hh) "Special Retirement Date" means the first day of the month following the month in which an Employee's employment is terminated as a result of a Permanent Job Separation.

(ii) "Westinghouse Annual Incentive Programs" means the Westinghouse Annual Performance Plan, the Westinghouse Annual Incentive Plan, and the former Westinghouse By-law XVI Incentive Compensation Program.

(jj) "WPP" means the Westinghouse Pension Plan Document component of the CCPP (or, for periods prior to the merger of the Westinghouse Pension Plan into the CCPP, the Westinghouse Pension Plan).

Section 2. Eligibility for Benefits: Mandatory Retirement.

(a) *No New Participants: Benefit Freeze.* No employee will be eligible to accrue any Executive Pension Supplement after March 31, 1999 unless such Employee had accrued an Executive Pension Supplement as of March 31, 1999, and no Employee rehired after March 31, 1999 will be eligible to accrue any Executive Pension Supplement after such rehire. In addition, no Executive who is a participant in the Group W Plan or Cash Balance Plan on or after March 31, 1999 (or on a later date that immediately precedes participation in the Group W Plan or Cash Balance Plan) shall be eligible to accrue any additional Executive Pension Supplement after March 31, 1999 (or such later date described above), unless such Executive: (i) is age 55 or older on March 31, 1999, or (ii) has 70 or more "points" (as defined in the CBS Cash Balance Plan Document component of the CBS Combined Pension Plan) on March 31, 1999.

(b) *General.* Subject to Section 7 and all other provisions of this Plan, each Executive will be entitled to the benefits of this Plan on separation of service from the Company, an Employer, a Designated Entity or a Designated Group, provided that such Executive: (i) has been employed in a position that meets the definition of Executive for five or more continuous years immediately preceding the earlier of the Executive's actual retirement date or the Executive's Normal Retirement Date; (ii) has made the Maximum Contribution during each year of Eligibility Service from the date he or she first became an Executive until the earliest of his or her date of death, actual retirement date or Normal Retirement Date; (iii) is a participant in the WPP, Group W Plan, or Cash Balance Plan, or in the defined benefit or Money Purchase Pension Plan of, or made available to employees of, a Designated Entity or Designated Group, if any; and (iv) is Retirement Eligible on the date of voluntary or involuntary separation of service from the Company, an Employer, a Designated Entity or a Designated Group or, in the case of a Surviving Spouse benefit, satisfies the requirements for benefits under Section 4 of the Plan.

Notwithstanding the preceding paragraph, any Executive who (I) was a participant in the Group W Plan or Cash Balance Plan on March 31, 1999, and (II) on March 31, 1999, had satisfied the eligibility requirements under (ii) above (by treating March 31, 1999 as the actual retirement date), need not thereafter satisfy the qualification requirements under (i), (iii), and (iv) above to receive an Executive Pension Supplement. Similarly, any Executive who (I) was a participant in the Group W Plan or Cash Balance Plan after March 31, 1999, and (II) on the date immediately preceding such participation date, satisfied the eligibility requirements under (ii) above (by treating the date immediately preceding the participation date as the actual retirement date), need not thereafter satisfy the qualification requirements under (i), (iii), and (iv) above to receive an Executive Pension Supplement.

(c) *Mandatory Retirement.* Pursuant to this Plan, the Company, an Employer, or any Affiliated Entity shall be entitled, at its option, to retire any Executive who has attained sixty-five years of age and who, for the two-year period immediately before his or her retirement, has participated in this Plan, if such Executive is entitled to an immediate non-forfeitable annual retirement benefit from a pension, profit-sharing, savings or deferred compensation plan, or any combination of such plans, of the Company, an Employer, or any Affiliated Entity which equals, in the aggregate, at least \$44,000. The calculation of such \$44,000 (or greater) amount shall be performed in a manner consistent with 29 U.S.C.A. Section 631(c)(2).

Section 3. Calculation of Executive Pension Supplement.

(a) *Amount of Supplement for Executives Who Retire On or After an Early, Normal, or Special Retirement Date.* The Executive Pension Supplement for an Executive who satisfies the eligibility rules of Section 2 of the Plan and who retires on or after an Early, Normal or Special Retirement Date shall be calculated as follows:

(i) If the Executive (1) has attained age 60 and completed 10 or more years of Eligibility Service, (2) has attained age 65, or (3) has satisfied the eligibility requirements for an immediate pension under the Special Retirement Pension provisions of the WPP or Group W Plan, the Executive Pension Supplement is determined by subtracting the Executive's Qualified Plan Benefit that would be payable if he or she elected a life annuity option (after any reduction for early retirement, if applicable) from his or her Executive Pension Base.

(ii) If the Executive has not met the requirements of Section 3(a)(i) above but has attained age 58 and completed 30 or more years of Eligibility Service, the Executive Pension Supplement is determined by subtracting the Executive's Qualified Plan Benefit that would be payable if he or she elected a life annuity option (before any reduction for retirement prior to age 60) from his or her Executive Pension Base.

(iii) If the Executive has not met the requirements of Section 3(a)(i) or Section 3(a)(ii) above, but is a participant in the Group W Plan or Cash Balance Plan on or after March 31, 1999, has attained age 55, and has completed 10 or more years of Eligibility Service (but not as many as 30 years of Eligibility Service), the Executive Pension Supplement is a benefit having the Equivalent Actuarial Value as the benefit that would have been determined under Section 3(a)(i) above if the Executive had qualified for an Executive Pension Supplement commencing at age 60 under such Section.

(iv) If the Executive has not met the requirements of Section 3(a)(i), Section 3(a)(ii), or Section 3(a)(iii) above, but is an Executive who is a participant in the Group W Plan or Cash Balance Plan on or after March 31, 1999, has attained age 55, and has completed 30 or more years of Eligibility Service, the Executive Pension Supplement is the benefit having the Equivalent Actuarial Value as the benefit that would have been determined under Section 3(a)(ii) above if the Executive had qualified for an Executive Pension Supplement commencing at age 58 under such Section.

(b) *Amount of Supplement for Executives Who Retire Before Early, Normal, or Special Retirement Date.* The Executive Pension Supplement payable at or after age 65 for an Executive who satisfies the eligibility rules of Section 2 of the Plan who terminates from employment before his or her Early, Normal or Special Retirement Date shall be calculated as follows: the Executive Pension Supplement is determined by subtracting the Executive's Qualified Plan Benefit that would be payable (determined without regard to whether the Executive is vested in his or her Qualified Plan Benefit) if he or she elected a life annuity option (before any reductions for retirement prior

to age 65) from his or her Executive Pension Base. For a benefit commencing prior to age 65, the benefit shall have the Equivalent Actuarial Value as the benefit determined in the preceding sentence commencing at age 65.

Section 4. Death in Active Service.

(a) *Eligibility For an Immediate Benefit.* If an Executive dies in active service and, on his or her date of death, satisfies the requirements of the Surviving Spouse Benefit for Death Before Retirement provisions of the WPP (or, for participants in the Group W Plan or the Cash Balance Plan, of the Group W Plan) and satisfies the requirements of Section 2(b)(ii) and (iii) at the time of death, a Surviving Spouse benefit shall also be payable under this Plan if his or her Executive Pension Base exceeds his or her Qualified Plan Benefit. The duration portion of the requirement of Section 2(b)(i) of the Plan that the Executive be employed in a position that meets the definition of Executive for five or more continuous years is waived in this case.

The Surviving Spouse Benefit under this Section 4(a) shall be the Executive Pension Supplement reduced in the same manner as under Section 8.C of the WPP (or, for participants in the Group W Plan or Cash Balance Plan, Section 8.C of the Group W Plan). For purposes of this paragraph, the Executive Pension Supplement shall be calculated as follows:

(i) If the Executive had attained age 60 or if the Executive had completed 30 years of Eligibility Service, the Executive Pension Supplement would be calculated as described in Section 3(a)(i) or (ii); and

(ii) If the Executive did not meet either of the requirements set forth in subparagraph (i) above, the Executive Pension Supplement would be 80% of the difference between the Executive Pension Base and the unreduced Qualified Plan Benefit.

(b) *Eligibility for a Deferred Benefit.* If an Executive dies in active service who does not satisfy the requirements of Section 4(a) above but who satisfies the requirements of the Surviving Spouse Benefit for Certain Vested Employees provisions of the WPP and satisfies the requirements of Section 2(b)(ii) and (iii) at the time of death, a Surviving Spouse benefit shall also be payable under this Plan if his or her Executive Pension Base exceeds his or her Qualified Plan Benefit. The duration portion of the requirement of Section 2(b)(i) of the Plan that the Executive be employed in a position that meets the definition of Executive for five or more continuous years is waived in this case.

The Surviving Spouse benefit under this Section 4(b) shall be the Executive Pension Supplement reduced in the same manner as under Section 9.C of the WPP (or, for participants in the Group W Plan or Cash Balance Plan, Section 9.C of the Group W Plan). For purposes of this paragraph, the Executive Pension Supplement shall be calculated by subtracting the Executive's Qualified Plan Benefit (before any reductions) from his or her Executive Pension Base.

Section 5. Payment of Benefits.

To receive payment of an Executive Pension Supplement, an Executive must satisfy eligibility requirements set out in Section 2. The Executive Pension Supplement will be paid in monthly installments, each equal to 1/12th of the annual amount determined in Section 3 or 4, whichever is applicable. If the Executive is Retirement Eligible and the Executive or surviving spouse is eligible for WPP, Group W Plan, or Cash Balance Plan benefits, payments under the Plan will commence at the same time as payments under the WPP, Group W Plan, or Cash Balance Plan, as applicable. If the Executive is not Retirement Eligible and the Executive or surviving spouse is eligible for WPP, Group W Plan, or Cash Balance Plan benefits, payments under this Plan will commence at the later of (i) the time payments under the WPP, Group W Plan, or Cash Balance Plan, as applicable, commence, or (ii) attainment of age 55.

If the Executive or Surviving Spouse is eligible for Plan benefits and is receiving payments from a defined benefit or Money Purchase Plan of, or made available to employees of, a Designated Entity or Designated

Group and not from the WPP, Group W Plan or Cash Balance Plan payments shall commence at the same time as payments under such Designated Entity or Designated Group plan provided the requirements of Section 2(b)(iv) have been met.

The payments shall be payable for the life of the Executive or the Executive's Surviving Spouse, as the case may be. Unless the Financial Managers determine otherwise, the Executive may elect that the Executive Pension Supplement determined in Section 3 be paid in accordance with any of the optional forms of payment, other than as a lump sum, then available under the WPP (or, for participants in the Group W Plan, or Cash Balance Plan on or after March 31, 1999, under such plans), subject to the same reductions or other provisions that apply to the elected form of payment under the WPP (or, for participants in the Group W Plan, or Cash Balance Plan on or after March 31, 1999, under such plans). Any election hereunder as to optional forms of payment may be revoked prior to the effective date of such election, but may not be revoked on or after the earlier of the Executive's actual retirement date or commencement date for any reason. All elections hereunder become effective on the earlier of the Executive's actual retirement date or commencement date.

Regardless of the form of payment elected by the Executive, after the Executive retires and begins receiving an Executive Pension Supplement a minimum of 60 times the monthly payment he or she would have received on a life annuity basis is guaranteed hereunder.

Surviving Spouse benefits under this Plan will be paid in accordance with the form of payment made for Surviving Spouse Benefits under the WPP, Group W Plan, or Cash Balance Plan, as applicable. Once a Surviving Spouse Benefit determined under Section 4(a) has commenced, a minimum of 60 times the monthly benefit payable to the Surviving Spouse is guaranteed hereunder. In the event that an Executive retires or otherwise ceases to be an Employee of the Company, an Employer, a Designated Entity or a Designated Group and is later rehired by one of those entities, the additional provisions set forth in Appendix B to the Plan will apply.

Section 6. Plan Costs.

Benefits payable under the Plan and any expenses in connection therewith will be paid by the Company to the extent they are not available to be paid from any trust fund established by the Company to help defray the costs of providing Plan benefits. Any trust fund so established will be owned by the Company and subject to the claims of creditors of the Company.

Section 7. Conditions to Receipt of Executive Pension Supplement.

Payments of benefits under this Plan to Executives are subject to the condition that the recipient shall not engage directly or indirectly in any business which is at the time competitive with any business or part thereof, or activity then conducted by, the Company, any of its subsidiaries or any other corporation, partnership, joint venture or other entity of which the Company directly or indirectly holds a 10% or greater interest (together, the "Extended Company") in the area in which such business, or part thereof, or activity is then being conducted by the Extended Company, unless such condition is specifically waived with respect to such recipient by the Company Board of Directors. Breach of the condition contained in the preceding sentence shall be deemed to occur immediately upon an Executive's engaging in competitive activity. Payments suspended for breach of the condition shall not thereafter be resumed whether or not the Executive terminates the competitive activity. A recipient shall be deemed to be engaged in such a business indirectly if he or she is an employee, officer, director, trustee, agent or partner of, or a consultant or advisor to or for, a person, firm, corporation, association, trust or other entity which is engaged in such a business or if he or she owns, directly or indirectly, in excess of five percent of any such firm, corporation, association, trust or other entity. The ongoing condition of this Section 7 shall not apply to an Executive age 65 or older.

Section 8. Administration.

(a) *Administrative Managers.* This Plan shall be administered by the Administrative Managers. The Administrative Managers shall have the right to make reasonable rules from time to time regarding the Plan; such rules shall be consistent with the policy provided herein. The Administrative Managers shall have full and absolute discretion and authority to control and manage the operation and administration of the Plan, and to interpret and apply the terms of the Plan.

(b) *Appointment of Trustee.* The Board may authorize the establishment of one or more trusts and the appointment of a trustee or trustees ("Trustee") to hold any and all assets of the Plan in trust.

(c) *Claims Procedures.*

(i) *Claims for Benefits.* Each person (including any Executive or Surviving Spouse) may file a claim with the Administrative Managers for any benefit to which that person believes he is entitled under this Plan, in accordance with procedures established by the Administrative Managers.

Generally, the Administrative Managers are required to decide each claim within ninety (90) days of the date on which the claim is filed. If special circumstances require a longer period for adjudication, the Administrative Managers must notify the claimant in writing of the reasons for an extension of time, and the date by which the Administrative Managers will decide the claim, before the ninety (90) day period expires. Extensions beyond ninety (90) days after the expiration of the initial ninety (90) day period are not permitted. If the Administrative Managers do not notify the claimant of their decision to grant or deny a claim within the time specified by this Section, the claim will be deemed to have been denied and the appeal procedure described in paragraph (c)(iii) below will become available to the claimant.

(ii) *Notice of Denial.* If the Administrative Managers deny a claim for benefits under the Plan, the claimant will receive a written notice that explains: (A) the specific reason for the denial, including specific reference to pertinent Plan provisions on which the denial is based; (B) any additional information or material necessary to perfect a claim, with an explanation of why such material is necessary, if any information would be helpful or appropriate to further consideration of the claim; and (C) the steps to be taken if the claimant wishes to appeal, including the time available for appeal.

(iii) *Appeal of Denied Claims for Benefits.* Claimants must submit a written request appealing the denial of a claim within sixty (60) days after receipt of notice described by paragraph (c)(ii). Claimants may review all pertinent documents, and submit issues and comments in writing. The Administrative Managers will provide a full and fair review of all appeals from denial of a claim for benefits, and their decision will be final and binding.

The decision of the Administrative Managers ordinarily will be given within sixty (60) days after receipt of a written request for appeal, unless special circumstances require an extension (such as for a hearing). If an extension of time for appeal is necessary, the claimant will receive written notice of the extension before the sixty (60) day period expires. The decision may not be delayed beyond one-hundred twenty (120) days after receipt of the written request for appeal. Notice of the decision on appeal will be provided in writing, and will explain the basis for the decision, including reference to applicable provisions of the Plan, in a manner calculated to be understood by the person who appealed the denial of a claim.

(iv) *Exhaustion of Remedies.* No legal action for benefits under the Plan may be brought unless and until the following steps have occurred: (A) the claimant has submitted a written application for benefits in accordance with paragraph (c)(i); (B) the claimant has been notified that the claim has been denied, as provided by paragraph (c)(ii); (C) the claimant has filed a written request appealing the denial in accordance with paragraph (c)(iii); and (D) the claimant has been notified in writing that the Administrative Managers have denied the claimant's appeal, or the Administrative Managers have failed to act on the appeal within the time prescribed by paragraph (c)(iii).

(v) *Legal Action for Benefits.* No legal action for benefits under the Plan may be brought more than one year after the time described in paragraph (c)(iv) above.

Section 9. Modification or Termination.

(a) *Right to Amend, Suspend, or Terminate.* The Company reserves the right, at any time and from time to time, without notice, to suspend or terminate the Plan or to amend, in whole or in part, any and all provisions of the Plan, acting as follows:

- (i) The Board may suspend the Plan, terminate the Plan, or adopt Plan amendments that amend any and all provisions of the Plan in whole or in part;
- (ii) The Compensation Committee of the Board may adopt Plan amendments that amend any and all provisions of the Plan in whole or in part;
- (iii) The Managers may adopt Plan amendments that amend any and all provisions of the Plan in whole or in part, provided that no amendments may be adopted by the Managers that would materially change any Plan benefits or materially increase the costs of the Plan; and
- (iv) The Administrative Managers may adopt Plan amendments that relate solely to the administration of the Plan and do not materially change any Plan benefits or materially increase the costs of the Plan.

Any such change, termination or suspension shall be effective at such time as is specified by the Board, the Compensation Committee, the Managers, or the Administrative Managers, as applicable, or, if no such time is so specified, upon the adoption thereof.

(b) *Limitations on Amendment or Termination.* Notwithstanding the above, no such change or termination may adversely affect (i) the benefits of any Executive who retires prior to such change or termination or (ii) the right of any then current Executive to receive upon retirement (or to have a Surviving Spouse or beneficiary receive upon the Executive's death), an Executive Pension Supplement, calculated as of the effective date of such change or termination, under the Plan provided that the Executive meets the following two conditions: (1) at the time of such change or termination the Executive has vested pension benefits under the WPP, the Group W Plan, the Cash Balance Plan, or any applicable defined benefit or Money Purchase Pension Plan of a Designated Entity or Designated Group, and (2) at the date of such change or termination and at the date of actual retirement or death the Executive has occupied, for the then required period next preceding such dates, a position that meets the definition of Executive in Section 1(t) of this Plan as in effect at the date of such change or termination.

Section 10. Miscellaneous.

(a) *Limitations on Alienation.* No Executive, former Executive or Surviving Spouse shall have the right to anticipate, alienate, sell, transfer, assign, pledge, encumber, or otherwise subject to lien any of the benefits provided under this Plan. Such rights may not be subject to the debts, contracts, liabilities, engagements or torts of the Executive, former Executive or Surviving Spouse of an Executive.

Notwithstanding the preceding paragraph, the Plan shall honor a qualified domestic relations order (within the meaning of Section 414(p) of the Code).

(b) *Incompetent Beneficiaries.* If, in the opinion of the Company, a person to whom a benefit is payable is unable to care for his or her affairs because of illness, accident or any other reason, any payment due the person, unless prior claim therefore shall have been made by a duly qualified guardian or other duly appointed and

qualified representative of such person, may be paid to some member of the person's family, or to some other party who, in the opinion of the Company, has incurred expense for such person. Any such payment shall be a payment for the account of such person and shall be a complete discharge of the Company's liability under this Plan.

(c) *No Additional Rights Created.* The Company, in adopting and maintaining this Plan, shall not be held to create or vest in any Executive or any other person any interest, pension or benefits other than the benefits specifically provided herein, or to confer upon any Executive the right to remain in the service of the Company or any Affiliated Entity.

Section 11. Creditors' Claims.

Any assets purchased by the Company to provide benefits under this Plan shall at all times remain subject to the claims of general creditors of the Company and any Executive, former Executive or Surviving Spouse of an Executive participating in the Plan has only an unsecured promise to pay benefits from the Company.

Section 12. Governing Law.

To the extent not preempted by federal law, the laws of the State of New York shall govern the construction and administration of the Plan.

Section 13. Severability.

If any provision of this Plan or the application thereof to any circumstance or person is held to be invalid by a court of competent jurisdiction, the remainder of the Plan and the application of such provision to other circumstances or persons shall not be affected thereby.

Section 14. Authority to Expand Benefits.

The Board or the Compensation Committee of the Board may, from time to time and without notice, by resolution of the Board or of the Compensation Committee of the Board, authorize the payment of benefits or expand the benefits otherwise payable or to be payable hereunder to any one or more individuals. The Board and the Compensation Committee shall each have the right to delegate authority to take any action that they may take under this Section 14 of the Plan within such limits as they each may approve from time to time.

EXECUTIVE BUY BACK

The Executive Buy Back process permits newly eligible Executives to "buy back" past years of Executive Benefit Service under the Plan for periods of time during which they did not make the Maximum Contribution.

If an Employee did not make the Maximum Contribution during each of the years of his or her Eligibility Service prior to the time he or she first became an Executive, the Employee will be permitted to pay an amount equal to the Maximum Contributions that would have been payable during the ten years prior to the date he or she first became an Executive (or such lesser period from the later of January 1, 1985 or the date the Employee was employed by the Company, an Employer, a Designated Entity or a Designated Group) plus compounded interest on that amount in order to "buy back" his or her non-contributory years of service.

Upon qualifying as an Executive, an Executive will be offered an Executive Buy Back opportunity at the time he or she first becomes an Executive. The actual terms of the Executive Buy Back will be determined from time to time by the Administrative Managers. This election will be offered one time to the Executive and his or her decision whether or not to "buy back" will be irrevocable.

Executive Buy Back payments will be made to the Company and will not be deposited into the trust for the CCPP, including the WPP. Any Executive Buy Back payments made by the Executive will not increase the Executive's Qualified Plan Benefit.

If, at some point, an Employee is no longer an Executive or otherwise becomes ineligible to receive an Executive Pension Supplement, any Executive Buy Back payments the Employee has made (including any interest the Employee paid) plus any other amount as defined in the last sentence of Section 1(aa) (the definition of Maximum Contribution) paid by the Employee to the Company will be refunded, with interest, at such time as the Employee meets one of the following criteria: termination or retirement from the Company, an Employer, a Designated Entity or a Designated Group; or death; provided however, no refund shall be made if the Employee is an eligible Executive, whether or not the amount of his or her Executive Pension Supplement exceeds zero. All interest rates will be determined at the discretion of the Company.

REHIRED EXECUTIVES

This Appendix B shall not apply with respect to any Executive who is rehired after March 31, 1999.

Section 1. Retired Executives Rehired as Executives.

If an Executive who retired from the Company, an Employer, a Designated Entity or a Designated Group and who received or is receiving an Executive Pension Supplement as a lump sum or on a monthly basis is rehired in an Executive position by the Company, an Employer, a Designated Entity or a Designated Group, the following provisions apply:

(a) For an Executive who elected a monthly Executive Pension Supplement, the Plan will:

(i) suspend all Executive Pension Supplement payments; and

(ii) if, but only if, the Executive is Retirement Eligible at the time of subsequent actual retirement:

(1) restore previous years of Eligibility Service and Executive Benefit Service accrued prior to the Executive's retirement; and

(2) recalculate the Executive's Executive Pension Supplement in accordance with the Plan at his or her subsequent actual retirement date as long as the Executive then meets all Plan benefit qualification requirements.

The Executive, having previously met the five years of continuous service as an Executive requirement prior to his or her first retirement, need not again meet that requirement. The Executive's Average Annual Compensation will be computed without regard to the break in service, using zero for any periods during which the Executive was a retiree.

In addition, if the Executive elected to take a lump sum Qualified Plan Benefit with respect to his or her initial retirement, then in any subsequent calculation of the Executive's Executive Pension Supplement, the Executive's Executive Pension Base will be reduced by both the Executive's Qualified Plan Benefit received at the time of the initial retirement and the Executive's Qualified Plan Benefit accrued from the date of rehire through the date of his or her subsequent retirement.

(b) For an Executive who elected a lump sum Executive Pension Supplement and who is Retirement Eligible at the time of subsequent actual retirement, the Plan will:

(i) restore previous years of Eligibility Service but not previous years of Executive Benefit Service; and

(ii) calculate the Executive's additional Executive Pension Supplement at his or her subsequent actual retirement date on the basis of years of service after the rehire in accordance with the Plan as long as the Executive then meets all Plan benefit qualification requirements.

As under Section 1(a) of this Appendix B, the Executive, having previously met the five years of continuous service as an Executive requirement prior to his or her first retirement, need not again meet that requirement. The Executive's Average Annual Compensation will be computed without regard to the break in service, using zero for any periods during which the Executive was a retiree.

In addition, if the Executive elected a monthly Qualified Plan Benefit with respect to his or her initial retirement, then the Executive's Qualified Plan Benefit accrued from the date of rehire through the subsequent date

of actual retirement will be subtracted from the Executive's Executive Pension Base in calculating the Executive's additional Executive Pension Supplement at his or her subsequent retirement.

This Section 1 shall apply regardless of whether the individual was an Executive at the time of the prior termination of employment, if such individual was an Executive at the time of rehire.

Section 2. Former Executives with Vested Pensions Rehired as Executives.

If the employment of an Executive of the Company, an Employer, a Designated Entity or a Designated Group who was eligible only for a vested pension under the relevant qualified defined benefit or Money Purchase Plan, if any, was terminated and the Executive is rehired by the Company, an Employer, a Designated Entity or a Designated Group, the following provisions apply:

- (i) restore previous years of Eligibility Service and Executive Benefit Service accrued prior to the Executive's termination of employment;
- (ii) the Executive must meet the five years of continuous service as an Executive requirement prior to a subsequent actual retirement counting only years of service after the rehire; and
- (iii) only base salary and incentive awards earned after the rehire will be used in computing Average Annual Compensation.

In addition, if the Executive elected to take his or her Vested Pension as a lump sum, in any calculation of an Executive Pension Supplement at actual retirement the Executive's Executive Pension Base will be reduced by both the Executive's Qualified Plan Benefit at the time of the initial termination of employment and the Executive's Qualified Plan Benefit accrued from the date of rehire through the date of actual retirement.

This Section 2 shall apply regardless of whether the individual was an Executive at the time of the prior termination of employment, if such individual was an Executive at the time of rehire.

Section 3. Retired Executives Rehired in Non-Executive Positions.

If an Executive who retired from the Company, an Employer, a Designated Entity or a Designated Group and who received or is receiving an Executive Pension Supplement as a lump sum or on a monthly basis is rehired by the Company, an Employer, a Designated Entity or a Designated Group in a non-Executive position, the following provisions apply:

- (a) For a former Executive who elected a monthly Executive Pension Supplement, the Plan will:

- (i) suspend all Executive Pension Supplement payments; and

- (ii) if, but only if, the former Executive is still Retirement Eligible at time of subsequent actual retirement, recommence Executive Pension Supplement payments at the time of the Executive's subsequent actual retirement without recalculation of amount.

At subsequent actual retirement, the former Executive may re-select any form of payment of his or her Executive Pension Supplement then permitted under the Plan.

- (b) For a former Executive who elected to take his or her Executive Pension Supplement as a lump sum, no further benefits will be paid by the Plan.

**AMENDMENT TO THE WESTINGHOUSE EXECUTIVE
PENSION PLAN FOR THE SALE OF PGBU**

Effective as of the Closing Date of the sale by former CBS Corporation (previously Westinghouse Electric Corporation) of its Power Generation Business ("PGBU" or "Business") to Siemens Power Generation Corporation (the "Purchaser"), the Westinghouse Executive Pension Plan (the "Plan") retains liability, if any, for benefits earned to the Closing Date with respect to employees of PGBU who transfer to the Purchaser and are described as "Business Employees" in Section 5.5(a)(i) of the Asset Purchase Agreement between former CBS Corporation and the Purchaser dated November 14, 1997, as amended (the "Agreement") and are, pursuant to the Agreement, deemed to be employees of the Purchaser as of the Closing Date (hereinafter known as "PGBU Employees") subject to the following conditions:

(1) The Plan shall recognize and credit the period of employment with the Purchaser or its Affiliates on and after the Closing Date solely for purposes of calculating eligibility for the payment of benefits; provided that the Plan shall not recognize and credit any period of employment with the Business after the Purchaser and its Affiliates have sold or divested the Business, or a portion thereof (whether by asset or stock sale, merger or spin-off (each a "Disposition")) with respect to the PGBU Employees who are transferred or terminated in connection with such Disposition.

(2) The executive pension plan established by the Purchaser pursuant to Section 5.5(h)(i) of the Agreement (the "Purchaser Executive Plan") shall be solely responsible for (and the Plan shall not provide for):

(a) any benefit that becomes payable with respect to PGBU Employees retiring after the Closing Date that is the result of any reduction in force, mass layoff, or plant closing by the Purchaser or its Affiliates (that is, if the benefit would not be payable absent such an event); or

(b) any other early retirement subsidy or supplement that is not described in (1) above.

(3) Average Annual Compensation and Executive Benefit Service under the Plan with respect to PGBU Employees will be determined and frozen as of August 31, 1998, and service by PGBU Employees for Siemens Power Generation Corporation from August 19, 1998 through August 31, 1998 shall be treated as Executive Benefit Service for purposes of the Plan.

(4) The Purchaser and its Affiliates (but not any successor to the Purchaser and its Affiliates as owner of the Business or any part thereof) will be considered a Designated Entity solely for purposes of determining eligibility for payment (including suspension of payment) of benefits.

**AMENDMENT TO THE WESTINGHOUSE EXECUTIVE
PENSION PLAN FOR THE SALE OF ESBU**

Effective April 1, 1999, as a result of the sale of former CBS Corporation's Energy Systems Business ("ESBU") to WGNH Acquisition, LLC (the "Purchaser"), the Westinghouse Executive Pension Plan (the "Plan") retains liability, if any, for benefits earned to April 1, 1999 with respect to employees of ESBU who transfer to the Purchaser and are described as "Business Employees" in Section 5.5(a)(i) of the Asset Purchase Agreement between former CBS Corporation and the Purchaser Dated as of June 25, 1998, as amended (the "Agreement") and are, pursuant to the Agreement, deemed to be employees of the Purchaser as of April 1, 1999 (hereinafter known as "ESBU Employees") subject to the following conditions:

(1) The Plan shall recognize and credit the period of employment with the Purchaser or its Affiliates on and after April 1, 1999 solely for purposes of calculating eligibility for the payment of benefits; provided that the Plan shall not recognize and credit any period of employment with the Business after the Purchaser and its Affiliates have sold or divested the Business, or a portion thereof (whether by asset or stock sale, merger or spin-off (each a "Disposition")) with respect to the ESBU Employees who are transferred or terminated in connection with such Disposition.

(2) The executive pension plan established by the Purchaser (or, if none, Purchaser) pursuant to Section 5.5(h)(i) of the Agreement (the "Purchaser Executive Plan") shall be solely responsible for (and the Plan shall not provide for):

(a) any benefit that becomes payable with respect to ESBU Employees retiring after April 1, 1999 that is the result of any reduction in force, mass layoff, or plant closing by the Purchaser or its Affiliates (that is, if the benefit would not be payable absent such an event); or

(b) any other early retirement subsidy or supplement that is not described in (1) above.

(3) Average Annual Compensation and Executive Benefit Service under the Plan with respect to ESBU Employees will be determined and frozen as of April 1, 1999.

(4) The Purchaser and its Affiliates (but not any successor to the Purchaser and its Affiliates as owner of the Business or any part thereof) will be considered a Designated Entity solely for purposes of determining eligibility for payment (including suspension of payment) of benefits.

CBS CORPORATION AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS
(Tabular in millions except ratios)

	Twelve Months Ended December 31,				
	2005	2004	2003	2002	2001
Earnings (loss) before income taxes	\$ (7,511.7)	\$ (15,801.6)	\$ 1,825.8	\$ 1,829.0	\$ 225.3
Add:					
Distributions from affiliated companies	9.5	12.6	1.7	4.1	1.3
Interest expense, net of capitalized interest	719.6	693.7	715.0	753.0	844.6
Capitalized interest amortized	—	—	—	—	—
¹ / ₃ of rental expense	111.4	104.4	97.5	94.2	108.7
Total Earnings (loss)	\$ (6,671.2)	\$ (14,990.9)	\$ 2,640.0	\$ 2,680.3	\$ 1,179.9
Fixed charges:					
Interest expense, net of capitalized interest	\$ 719.6	\$ 693.7	\$ 715.0	\$ 753.0	\$ 844.6
¹ / ₃ of rental expense	111.4	104.4	97.5	94.2	108.7
Total fixed charges	\$ 831.0	\$ 798.1	\$ 812.5	\$ 847.2	\$ 953.3
Preferred Stock dividend requirements	—	—	—	—	—
Total fixed charges and Preferred Stock dividend requirements	\$ 831.0	\$ 798.1	\$ 812.5	\$ 847.2	\$ 953.3
Ratio of earnings to fixed charges	Note a	Note a	3.2x	3.2x	1.2x
Ratio of earnings to combined fixed charges and Preferred Stock dividend requirements	Note a	Note a	3.2x	3.2x	1.2x

Note:

- (a) Earnings are inadequate to cover fixed charges due to the 2005 and 2004 non-cash impairment charges of \$9.48 billion and \$18.0 billion, respectively. The dollar amounts of the cover deficiencies are \$7.50 billion and \$15.79 billion in 2005 and 2004, respectively.

Subsidiaries of CBS Corporation owned greater than 50%

Domestic

<u>Subsidiary Name</u>	<u>Place of Incorporation or Organization</u>
13 Radio Corporation	Delaware
90210 Productions, Inc.	California
A.S. Payroll Company, Inc.	California
Aaron Spelling Productions, Inc.	California
Acorn Pipe Line Company	Texas
Acorn Properties, Inc.	Texas
Acorn Trading Company	Texas
Addax Music Co., Inc.	Delaware
Aetrax International Corporation	Delaware
Ages Electronics, Inc.	Delaware
Ages Entertainment Software LLC	Delaware
All is Forgiveness Productions (general partnership)	California
All Media Inc.	Delaware
ALTSIM Inc.	Delaware
Amadea Film Productions, Inc.	Texas
Amazing Race Productions Inc.	Delaware
Anastasia Advertising Art, Inc.	Florida
A-R Acquisition Corp.	Delaware
Around The Block Productions, Inc.	Delaware
Aspenfair Music, Inc.	California
Atlanta Bus Shelters	Georgia
Atlanta Television Station WUPA Inc.	Delaware
Atlantic Prospect, Inc.	New York
Audio House, Inc., The	California
Avery Productions LLC	Delaware
BAPP Acquisition Corporation	Delaware
Bay County Energy Systems, Inc.	Delaware
Bay Resource Management, Inc.	Delaware
Beverlyfax Music, Inc.	California
Big Ticket Music Inc.	Delaware
Big Ticket Pictures Inc.	Delaware

Big Ticket Productions Inc.

Delaware

Big Ticket Television Inc.

Delaware

Blackrock Insurance Corporation

New York

Blue Cow Inc.	Delaware
Bombay Hook LLC	Delaware
Bonneville Wind Corporation	Utah
Branded Productions, Inc.	California
Brotherhood Productions Inc.	Rhode Island
Bruin Music Company	Delaware
Bustop Shelters of Nevada, Inc.	Nevada
C&W Land Corporation	New Jersey
C-28 FCC Licensee Subsidiary, LLC	Delaware
Caroline Film Productions, Inc.	California
CBS Broadcast International Asia Inc.	New York
CBS Broadcasting Inc.	New York
CBS Consumer Products Inc.	Delaware
CBS Corporate Services Inc.	Delaware
CBS Dallas Media, Inc.	Delaware
CBS Dallas Ventures, Inc.	Texas
CBS General Entertainment Australia Inc.	Delaware
CBS Mass Media Corporation	Delaware
CBS Music LLC	Delaware
CBS News Communications Inc.	New York
CBS Operations Inc.	Delaware
CBS Outdoor Group Inc.	Delaware
CBS Outdoor Inc.	Delaware
CBS Outdoor L.A. Inc.	Delaware
CBS Outdoor Mexico Inc.	Delaware
CBS Overseas Inc.	New York
CBS Radio East Holdings Corporation	Delaware
CBS Radio East Inc.	Delaware
CBS Radio Holdings Corp. of Chesapeake	Delaware
CBS Radio Holdings Corp. of Massachusetts	Delaware
CBS Radio Holdings Corp. of Orlando	Delaware
CBS Radio Holdings, Inc.	Virginia
CBS Radio Inc.	Delaware
CBS Radio Inc. of Atlanta	Delaware
CBS Radio Inc. of Baltimore	Delaware
CBS Radio Inc. of Boston	Delaware

CBS Radio Inc. of Chesapeake

Delaware

CBS Radio Inc. of Chicago

Delaware

CBS Radio Inc. of Detroit

Delaware

CBS Radio Inc. of Florida

Delaware

CBS Radio Inc. of Glendale

Delaware

CBS Radio Inc. of Illinois	Delaware
CBS Radio Inc. of Los Angeles	Delaware
CBS Radio Inc. of Maryland	Delaware
CBS Radio Inc. of Michigan	Delaware
CBS Radio Inc. of Northern California	Delaware
CBS Radio Inc. of Philadelphia	Delaware
CBS Radio Inc. of Tampa	Delaware
CBS Radio Inc. of Washington	Delaware
CBS Radio Inc. of Washington, D.C.	Delaware
CBS Radio KFRC-AM Inc.	Delaware
CBS Radio KFRC-FM, Inc.	Delaware
CBS Radio Media Corporation	Delaware
CBS Radio Network, Inc.	Delaware
CBS Radio of Cleveland Inc.	Delaware
CBS Radio of Portland Inc.	Delaware
CBS Radio of Sacramento Inc.	Pennsylvania
CBS Radio Partner I Inc.	Delaware
CBS Radio Promotions Group Inc.	Delaware
CBS Radio Sales Company	Delaware
CBS Radio Services Inc.	Delaware
CBS Radio Stations Inc.	Delaware
CBS Radio Technical Services Inc.	Delaware
CBS Radio Texas Partner II Inc.	Delaware
CBS Radio Tower Inc.	Delaware
CBS Radio Ventures, Inc.	Delaware
CBS Radio WLIF, Inc.	Maryland
CBS Radio WLIF-AM, Inc.	Maryland
CBS Radio WPGC (AM), Inc.	Delaware
CBS Services Inc.	Delaware
CBS Sports Inc.	Delaware
CBS Stations Group Texas L.P.	Texas
CBS Studios Inc.	Delaware
CBS Studios Overseas Productions Inc.	Delaware
CBS Subsidiary Management Corp.	Delaware
CBS Survivor Productions Inc.	Delaware
CBS Technology Corporation	Delaware

CBS Television Stations Inc.

Delaware

CBS/UPN Television Stations Inc.

Delaware

Centurion Satellite Broadcast Inc.

Delaware

CCG Ventures, Inc.

Delaware

Central Fidelity Insurance Co.	Vermont
Channel 28 Television Station, Inc.	Delaware
Channel 34 Television Station LLC	Delaware
Charter Crude Oil Company	Texas
Charter Futures Trading Company	Texas
Charter International Oil Company	Texas
Charter Media Company	Delaware
Charter Oil Company	Florida
Charter Oil Services, Inc.	Texas
Chazo Productions Inc.	Delaware
Classless Inc.	Delaware
Columbia Television, Inc.	New York
Commissioner.com, Inc.	New York
Compelling Music LLC	California
Consolidated Caguas Corporation	Delaware
Delaware Resource Beneficiary, Inc.	Delaware
Delaware Resource Lessee Trust	Delaware
Delaware Resource Management, Inc.	Delaware
Design-Graphics, Inc.	Florida
Desilu Productions Inc.	Delaware
Detroit Television Station WKBD Inc.	Virginia
Dutchess Resource Management, Inc.	Delaware
Dynamic Soap, Inc.	California
Eagle Direct, Inc.	Delaware
Elite Productions Inc.	Delaware
Eighth Century Productions	Delaware
Elysium Productions Inc.	Delaware
Energy Development Associates Inc.	Delaware
EPI Music LLC	California
Erica Film Productions, Inc.	California
ET Asia Entertainment Group LLC	Delaware
ET Media Group Inc.	Delaware
Evergreen Programs LLC	New York
EWB Corporation	Delaware
Eye Explorations Inc.	Delaware
Eye Net Works Inc.	Delaware

Eye Productions Inc.

Delaware

Fifty-Sixth Century Antrim Iron Company, Inc.

Delaware

Film Intex Corporation

Delaware

First Hotel Investment Corporation

Delaware

Forty-Fourth Century Corporation	Delaware
Four Crowns, Inc.	Delaware
French Street Management LLC	Delaware
Front Street Management Inc.	Delaware
G&L Sign Manufacturing Corp.	Puerto Rico
G&W Leasing Company	Delaware
G&W Natural Resources Company, Inc.	Delaware
Games Exchange Inc.	Delaware
Gateway Fleet Company	Pennsylvania
GLD Holdings. L.L.C.	Delaware
Glendale Property Corp.	Delaware
Glory Productions Inc.	Delaware
Gloucester Titanium Company, Inc.	Delaware
GNS Productions Inc.	Delaware
GolfWeb	California
Gorgen, Inc.	California
Grammar Productions Inc.	Delaware
Granite Productions Inc.	California
Green Tiger Press, Inc.	California
Gregory Environmental Systems, L.P.	Delaware
Group W Television Stations, L.P.	Delaware
Gulf & Western Indonesia, Inc.	Delaware
Hamilton Projects, Inc.	New York
Hemisphere Broadcasting Corporation	Delaware
Hit Radio, Inc.	New York
HR Acquisition Corp.	Delaware
Image Edit, Inc.	Delaware
IMR Acquisition Corp.	Delaware
Independent Petrochemical Corporation	Ohio
INFCO Network Inc.	Delaware
Infinity Outdoor of Florida Holding Co.	Delaware
Infinity Outdoor of Florida Inc.	Florida
Inside Edition Inc.	New York
Interstitial Programs Inc.	Delaware
Irvine Games Inc.	Delaware
Irvine Games USA Inc.	Delaware

Jumbo Ticket Songs Inc.

Delaware

Just U Productions, Inc.

California

K.W.M., Inc.

Delaware

Katled Systems Inc.

Delaware

Kilo Mining Corporation	Pennsylvania
King World Corporation	Delaware
King World Development Inc.	California
King World Direct Inc.	Delaware
King World Media Sales Inc.	Delaware
King World Merchandising, Inc.	Delaware
King World Productions, Inc.	Delaware
King World Studios West Inc.	California
King World/CC Inc.	New York
Kings Island Company	Delaware
KUTV Holdings, Inc.	Delaware
KW Development Inc.	California
KWP Studios Inc.	California
KWTS Productions Inc.	California
Large Ticket Songs Inc.	Delaware
Laurel Entertainment LLC	Delaware
Levitt Property Managers, Inc.	California
Los Angeles Television Station KCAL LLC	Delaware
Low Key Productions Inc.	Delaware
LT Holdings Inc.	Delaware
Magic Molehill Productions, Inc.	California
Matlock Company, The	Delaware
Mattalex Corporation	Delaware
Melrose Productions Inc.	California
Meredith Productions LLC	Delaware
Merlot Film Productions, Inc.	California
Merritt Inc.	Delaware
Miami Television Station WBFS Inc.	Delaware
MVP.com Sports, Inc.	Delaware
National Advertising Company	Delaware
New Jersey Zinc Exploration Company, The	Delaware
New York Subways Advertising Co., Inc.	Delaware
Nicki Film Productions, Inc.	Delaware
North Shore Productions Inc.	Delaware
NTA Films, Inc.	New York
O Good Songs Company	California

O'Connor Combustor Corporation

California

OM/TV Productions Inc.

Delaware

OS Bus, Inc.

Georgia

OS Florida, Inc.

Florida

OSI Tall Wall Media, LLC	California
Our Home Productions Inc.	Delaware
Outdoor Management Network, Inc.	California
Outdoor Media Displays Posters, Inc.	Puerto Rico
Outdoor Systems (New York), Inc.	New York
Outdoor Systems Electrical Corp.	New York
Outdoor TDI LLC	Delaware
Outlet Networks Inc.	Delaware
Paramount (PDI) Distribution Inc.	Delaware
Paramount Advertiser Services Inc.	Delaware
Paramount Asia Inc.	Delaware
Paramount Communications Technology Group Inc.	Delaware
Paramount Entertainment Services Inc.	Delaware
Paramount Parks Experience Inc.	Nevada
Paramount Parks Global Services Inc.	Delaware
Paramount Parks Inc.	Delaware
Paramount Television Service, Inc.	Delaware
Part-Time Productions Inc.	Delaware
PCCGW Company, Inc.	Delaware
PCI Canada Inc.	Delaware
PCI Network Partner II Inc.	Delaware
PCI Network Partner Inc.	Delaware
Permutation Productions Inc.	Delaware
Philadelphia Television Station WPSG Inc.	Delaware
Pittsburgh Television Station WNPA Inc.	Delaware
PMV Productions, Inc.	Delaware
Possum Point Incorporated	Delaware
Pottle Productions, Inc.	California
Preye, Inc.	California
Proxy Music LLC	California
PSG of PHA Inc.	Virginia
Quemahoning Coal Processing Company	Pennsylvania
Radford Studio Center Inc.	California
Radio Data Group, Inc.	Virginia
Raven Media LLC	Delaware
Real TV Music Inc.	Delaware

Recovery Ventures Inc.

Delaware

Republic Distribution LLC

Delaware

Republic Entertainment LLC

Delaware

Republic Pictures Enterprises LLC	Delaware
Republic Pictures Productions LLC	California
RH Productions Inc.	California
RTV News Inc.	Delaware
RTV News Music Inc.	Delaware
Sacramento Television Stations Inc.	Delaware
Salm Enterprises, Inc.	California
San Francisco Television Station KBHK Inc.	Virginia
San Francisco Walls, Inc.	California
Saucon Valley Iron and Railroad Company, The	Pennsylvania
SBX Acquisition Corp.	Delaware
Scott-Mattson Farms, Inc.	Florida
SDI Raven LLC	Delaware
SEG Equity Holdings, Inc.	Delaware
Ship House, Inc.	Florida
Show Works Productions Inc.	Delaware
Showtime Live Entertainment Inc.	Delaware
Showtime Marketing Inc.	Delaware
Showtime Networks Inc.	Delaware
Showtime Networks Inc. (U.K.)	Delaware
Showtime Networks Satellite Programming Company	Delaware
Showtime Online Inc.	Delaware
Showtime Pictures Development Company	Delaware
Showtime Satellite Networks Inc.	Delaware
Showtime/Sundance Holding Company Inc.	Delaware
SIFO One Inc.	Delaware
SIFO Two Inc.	Delaware
Simon & Schuster Global Services Inc.	Delaware
Simon & Schuster International Inc.	Delaware
Simon & Schuster, Inc.	New York
Soapmusic Company	Delaware
Solar Service Company	Delaware
SongFair Inc.	Delaware
Spelling Daytime Songs Inc.	Delaware
Spelling Daytime Television Inc.	Delaware
Spelling Entertainment Group LLC	Delaware

Spelling Entertainment LLC

Delaware

Spelling Satellite Networks Inc.

California

Spelling Television Inc.

Delaware

SportsLine.com, Inc.

Delaware

St. Johns Realty Investors	Massachusetts
Starfish Productions Inc.	Florida
Stargate Acquisition Corp.	Delaware
Stargate Acquisition Corp. One	Delaware
Stranglehold Productions, Inc.	California
Sunset Beach Productions, Inc.	Delaware
T & R Payroll Company	Delaware
Taylor Forge Memphis, Inc.	Delaware
TDI Canada Ltd.	Delaware
TDI Northwest, Inc.	Washington
TDI Worldwide, Inc.	Delaware
Television Station KTXA LP	Delaware
Television Station WTCN LLC	Delaware
Television Station WWHB LLC	Delaware
Television Stations Group Partner I Inc.	Virginia
Television Stations Group Partner II LLC	Delaware
Texas CBS Radio Broadcasting L.P.	Delaware
Texas CBS Radio L.P.	Delaware
Thaxton Management, LLC	Massachusetts
They Productions Inc.	Delaware
Things of the Wild Songs Inc.	Delaware
Third Century Company	Delaware
Thirteenth Century Corporation	Delaware
Thirtieth Century Corporation	Delaware
Timber Purchase Company	Florida
Titus Productions, Inc.	California
TMRG, Inc.	Delaware
Toe-To-Toe Productions Inc.	Delaware
Torand Payroll Company	Delaware
Torand Productions Inc.	Delaware
Total Warehouse Services Corporation	Delaware
Trans-American Resources, Inc.	Delaware
Transportation Displays Inc.	Delaware
TSM Services Inc.	Delaware
Tube Mill, Inc.	Alabama
TV Scoop Inc.	Delaware

UCGI, Inc.	Delaware
Universal American Corporation	Delaware
UPN (general partnership)	Delaware
UPN Holding Company, Inc.	California
UPN Properties, Inc.	California

UPN Television Stations Inc.	Delaware
Ureal Productions Inc.	Delaware
VE Development Company	Delaware
VE Drive Inc.	Delaware
VE Television Inc.	Delaware
VI Services Corporation	Delaware
VIA Aircraft Management Inc.	Delaware
Viacom Broadcasting West Inc.	Delaware
Viacom Communications Services Inc.	Delaware
Viacom Corporate Services Inc.	Delaware
Viacom DBS Inc.	Delaware
Viacom Employee Services Inc.	Delaware
Viacom Executive Services Corporation	Delaware
Viacom Film Funding Company Inc.	Delaware
Viacom First Run Development Company Inc.	Delaware
Viacom First Run Limited	Delaware
Viacom Foundation Inc. (not for profit corporation)	New York
Viacom IDA Inc.	Delaware
Viacom Investments Inc.	Delaware
Viacom IRB Acquisition Inc	Delaware
Viacom Japan Inc.	New York
Viacom K-Band Inc.	Delaware
Viacom Networks Inc.	New York
Viacom Outdoor Sports Marketing Inc.	Delaware
Viacom Phoenix Inc.	Delaware
Viacom Pictures Inc.	Delaware
Viacom Pictures Movie Music LLC	Delaware
Viacom Pictures Overseas Inc.	Delaware
Viacom Pictures Songs Inc.	Delaware
Viacom PNW Sports Inc.	Delaware
Viacom Productions LLC	Delaware
Viacom Receivables Funding II Corporation	Delaware
Viacom Receivables Funding III Corporation	Delaware
Viacom Retail Stores, Inc.	Delaware
Viacom Satellite News Inc.	Delaware
Viacom Services Inc.	Delaware

Viacom Shopping Inc.	Delaware
Viacom World Wide Ltd.	New York
Viacom/Westinghouse of PA Inc.	Delaware
Via-Sac Music Inc.	Delaware
VISI Services Inc.	Delaware

Visions Productions, Inc.	New York
VJK Inc.	Delaware
VNM Inc.	Delaware
VP Direct Inc.	Delaware
VP Programs Inc.	California
VSC Compositions LLC	New York
VSC Music LLC	New York
Waste Resource Energy, Inc.	Delaware
WBCE Corp.	New York
WCC FSC I, Inc.	Delaware
WCC Project Corp.	Delaware
Western Row Properties, Inc.	Ohio
Westinghouse Aircraft Leasing Inc.	Delaware
Westinghouse Asset Management Inc.	Delaware
Westinghouse Canada Holdings L.L.C.	Delaware
Westinghouse CBS Holding Company, Inc.	Delaware
Westinghouse Electric Corporation	Delaware
Westinghouse Environmental Management Company Of Ohio, Inc.	Delaware
Westinghouse Hanford Company	Delaware
Westinghouse Holdings Corporation	Delaware
Westinghouse Idaho Nuclear Company, Inc.	Delaware
Westinghouse Investment Corporation	Delaware
Westinghouse Licensing Corporation	Pennsylvania
Westinghouse Reinvestment Corporation, LLC	Delaware
Westinghouse World Investment Corporation	Delaware
W-F Productions, Inc.	Delaware
Wilshire Entertainment Inc.	Delaware
Wilshire/Hauser Company	Delaware
Wilson-Curtis, Inc.	Missouri
World Volleyball League, Inc.	New York
Worldvision Enterprises (United Kingdom), Ltd.	New York
Worldvision Enterprises of Canada, Limited	New York
Worldvision Enterprises LLC	New York
Worldvision Home Video LLC	New York
WPIC Corporation	Delaware
WT Animal Music Inc.	Delaware

WT Productions Inc.

Delaware

WV Productions, Inc.

Delaware

York Resource Energy Systems, Inc.

Delaware

Young Reader's Press, Inc.

Delaware

Foreign

Subsidiary Name	Place of Incorporation or Organization
1020917 Ontario Inc.	Canada (Ontario)
14 Hours Productions Inc	Canada (Ontario)
1554994 Ontario Inc.	Canada (Ontario)
176309 Canada Inc.	Canada (Federal)
4400 Productions Inc.	Canada (B.C.)
559733 British Columbia Ltd.	Canada (B.C.)
730806 Alberta Ltd.	Canada (Alberta)
Abaco Farms, Limited	Bahamas
Agency Films Inc.	Canada (Ontario)
Amanda Productions Inc	Canada (Ontario)
Amber Productions Inc.	Canada (B.C.)
Antilles Oil Company, Inc.	Puerto Rico
Are We Having Fun Yet? Productions Inc	Canada (B.C.)
Bahamas Underwriters Services Limited	Bahamas
Butterick Road Productions Inc.	Canada (Ontario)
Cania Productions Inc.	Canada (Ontario)
Cayman Overseas Reinsurance Association	Cayman Islands
CBS Broadcast International BV	The Netherlands
CBS Broadcast International of Canada, Ltd.	Canada (Ontario)
CBS Broadcast Services Limited	London, UK
CBS Canada Co.	Canada (Nova Scotia)
CBS Canadian Film and Television Inc.	Canada (Ontario)
CBS Pictures Canada Inc.	Canada (Ontario)
CBS International Television Australia Pty. Limited	Australia
CBS International Television Canada Inc.	Canada (Ontario)
CBS Productions Inc.	Canada (Ontario)
CBS TeleNoticias do Brasil Ltda. (IN LIQUIDATION)	Brazil
Charter International Finance N.V.	Netherlands Antilles
Charter Oil (Bahamas) Limited	Bahamas
Charter Oil Specialities Limited	Bahamas
Cinema Dominicana S.A.	Dominican Republic
Climate Productions Inc.	Canada (Ontario.)
Danger Productions Inc	Canada (Ontario)
DC Films Inc.	Canada (B.C.)

Etablissements Pegouret SA	France
Famous Players Investments B.V.	Netherlands
GFB Productions Inc.	Canada (Ontario)
Giraudy Viacom Outdoor SA	France
Go Outdoor Systems Holdings S.A.	France
Grand Bahamas Petroleum Company Limited	Bahamas
Grande Alliance Co. Ltd.	Cayman Islands
GS Films Inc.	Canada (Ontario)
Gulf & Western do Brazil Industria e Comercio Limitada (IN LIQUIDATION)	Brazil
Gulf & Western International NV	Netherlands Antilles
Gulf & Western Limited	Bahamas
Haunted Productions Inc.	Canada (B.C.)
Heartland Productions Inc.	Canada (Alberta)
Inprime Investments Limited	British Virgin Islands
International Raw Materials Limited	Bahamas
Intersales BV	Netherlands
Jake Productions Inc	Canada (B.C.)
Justice Productions Inc.	Canada (Ontario)
L23 Productions Inc.	Canada (Ontario)
LDI Limited	UK
Level Nine Productions Inc.	Canada (B.C.)
List Productions Inc.	Canada (Ontario)
LS Productions Inc.	Canada (Ontario)
Magic Hour Productions, Ltd.	Canada (B.C.)
Mars Film Produzione S.P.A. (IN LIQUIDATION)	Italy
Maxi Crown B.V.	Netherlands
Mayday Productions Inc	Canada (Ontario)
Media Trend S.R.L.	Italy
Mega Publicidad Exterior SL	Spain
Metro Poster Advertising Ltd.	Ireland
Metrobus Advertising Limited	UK
Mobi Espace SARL	France
New CORAL Ltd.	Cayman Islands
New Providence Assurance Company Limited	Bahamas



Number One FSC Ltd.	US Virgin Islands
Orpheus Productions Inc.	Canada (B.C.)
Outdoor Images Limited	UK
Overseas Services B.V.	Netherlands
Paramount Italia Srl	Italy
Paramount Parks International B.V.	Netherlands
Paramount Pictures (U.K.) Limited.	UK
Paramount Show Services International LDC	Cayman Islands
Paramount Television International Services, Ltd.	Bermuda
Paramount Television Limited	UK
Peak FSC, Ltd.	Bermuda
Pentagon Productions Inc.	Canada (Ontario)
Platinum Television Productions Inc.	Canada (Ontario)
Pocket Books of Canada, Ltd.	Canada (Federal)
Prospect Company Ltd.	Cayman Islands
Publishing FSC Ltd.	US Virgin Islands
R.G.L. Realty Limited	UK
Raianna Productions Inc.	Canada (Federal)
Republic Pictures Corporation of Canada, Ltd.	Canada
Republic Pictures Netherlands Antilles N.V. (IN LIQUIDATION)	Netherlands Antilles
Ripple Vale Holdings Limited	British Virgin Islands
Roadshow Advertising Ltd.	Ireland
RWS Productions Inc.	Canada (B.C.)
Sagia Productions Inc.	Canada (Ontario)
Season Four Sentinel Productions Inc.	Canada (B.C.)
Season Four Soul Food Productions Inc.	Canada (Ontario)
Season Three Seven Days Productions Inc.	Canada (B.C.)
Season Three Soul Food Productions Inc.	Canada (Federal)
Season Three Viper Productions Inc.	Canada (B.C.)
Season Two CI Productions Inc.	Canada (Ontario)
Sentinel Productions Inc.	Canada (B.C.)
Servicios Administrativos America, S de RL de CV	Mexico

Servicios Westinghouse De Chile (IN LIQUIDATION)	Chile
SF Films Inc.	Canada (Ontario)
Showtime UK Holdings Limited*	UK
Showtime Ventures Limited	UK
Signways Holdings Limited	Ireland
Simon & Schuster (Australia) Pty. Limited	Australia
Simon & Schuster (U.K.) Limited	UK
Simon & Schuster of Canada (1976) Ltd.	Canada (Federal)
Sky Blue Investments Limited	Jersey
Spelling Television (Canada) Inc.	Canada (B.C.)
Spelling Television Quebec Inc.	Canada (Federal)
Split Decision Productions Inc.	Canada (B.C.)
Sportsline Europe Limited	UK
Sportsline UK Limited	UK
St. Francis Ltd.	Cayman Islands
St. Ives Company Ltd.	Cayman Islands
Streak Productions Inc.	Canada (Ontario)
SU 2 Productions Inc.	Canada (Ontario)
TB Productions Inc.	Canada (Ontario)
TDI (BP) Limited	UK
TDI (FB) Limited	UK
TDI Buses Limited	UK
TDI France Holding SAS	France
TDI Holdings Limited	UK
TDI Luxembourg Sarl	Luxembourg
TDI Mail Holdings Limited	UK
TDI Transit Advertising Limited	UK
Tele-Vu Ltee.	Canada (Federal)
TMI International B.V.	Netherlands
Two of Us Films Inc.	Canada (Ontario)
Ultra Productions Inc.	Canada (Ontario)
Viacom A.G.	Switzerland
Viacom Canada Inc.	Canada (Federal)
Viacom Enterprises Canada Ltd.	Canada (Federal)



Viacom Finanz AG	Switzerland
Viacom Holdings (Germany) B.V.	Netherlands
Viacom Holdings (Germany) II B.V.	Netherlands
Viacom International (Netherlands) B.V.	Netherlands
Viacom International Canada Ltd.	Canada (Ontario)
Viacom International Holdings B.V.	Netherlands
Viacom International Pty. Limited	Australia
Viacom Middle East Holdings VOF	Netherlands Antilles
Viacom Outdoor (Beijing) Ltd.	China
Viacom Outdoor Advertising Limited	Ireland
Viacom Outdoor BV	Netherlands
Viacom Outdoor Holding Srl	Italy
Viacom Outdoor Limited	UK
Viacom Outdoor Limited	Northern Ireland
Viacom Outdoor Mexico S De RL de CV	Mexico
Viacom Outdoor Norte SL	Spain
Viacom Outdoor SA	Spain
Viacom Outdoor Srl	Italy
Viacom UK Limited	UK
Viper Productions Inc.	Canada (B.C.)
WCC FSC III, Inc.	Virgin Islands
WCC FSC IX, Inc.	Virgin Islands
WCC FSC V, Inc.	Bermuda
WCC FSC VIII, Inc.	Virgin Islands
Weicom Media Limited	Hong Kong
Westinghouse (New Zealand) Ltd.	New Zealand
Westinghouse Corporate Resources	UK
Westinghouse Electric Europe Coordination Center SA	Belgium
Westinghouse Electric GmbH, Birsfelden	Switzerland
Westinghouse Foreign Sales Corporation	Barbados
Westinghouse Wireless Communications Products, SRL de CV	Mexico
Winning Productions Inc.	Canada (Ontario)
Woburn Insurance Ltd.	Bermuda
Worldvision Enterprises (France) S.A.R.L.	France
Worldvision Enterprises de Venezuela	Venezuela
Worldvision Enterprises Latino-Americana, S.A.	Panama

Worldvision Enterprises, GmbH

Germany

Worldvision Filmes do Brasil, Ltda.

Brazil

Worldvision Foreign Sales Corporation

US Virgin Islands

WVI Films BV

Netherlands

Yellams LDC

Cayman Islands

YP Productions Inc.

Canada (Ontario)

Zone Broadcasting Showtime (Turkey) Limited

UK

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-3 (No.333-52728, No.333-62052 and No. 333-131438) and Forms S-8 (No. 333-131257, No. 333-124172, No. 33-59141, No. 333-34125, No. 333-36440, No. 333-55346, No. 333-75752, No. 333-82422, No. 333-88613, No. 333-108105 and No. 333-50452) of CBS Corporation of our report dated March 16, 2006 relating to the consolidated financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York
March 16, 2006

CBS CORPORATION
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of CBS CORPORATION, a Delaware corporation (the "Company"), hereby constitutes and appoints each of Louis J. Briskman and Angeline C. Straka, severally and not jointly, to be his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ DAVID R. ANDELMAN

David R. Andelman

CBS CORPORATION
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of CBS CORPORATION, a Delaware corporation (the "Company"), hereby constitutes and appoints each of Louis J. Briskman and Angeline C. Straka, severally and not jointly, to be his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ JOSEPH A. CALIFANO, JR.

Joseph A. Califano, Jr.

CBS CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ WILLIAM S. COHEN

William S. Cohen

CBS CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ PHILIPPE P. DAUMAN

Philippe P. Dauman

CBS CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ CHARLES K. GIFFORD

Charles K. Gifford

CBS CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ BRUCE GORDON

Bruce Gordon

CBS CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ SHARI REDSTONE

Shari Redstone

CBS CORPORATION
Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ SUMNER M. REDSTONE

Sumner M. Redstone

CBS CORPORATION

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ ANN N. REESE

Ann N. Reese

CBS CORPORATION

Power of Attorney

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IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ JUDITH A. SPRIESER

Judith A. Sprieser

CBS CORPORATION
Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that the undersigned director of CBS CORPORATION, a Delaware corporation (the "Company"), hereby constitutes and appoints each of Louis J. Briskman and Angeline C. Straka, severally and not jointly, to be his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (and any amendments thereto); granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto signed my name this 16th day of March, 2006.

/s/ ROBERT D. WALTER

Robert D. Walter

CERTIFICATION

I, Leslie Moonves, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 16, 2006

/s/ Leslie Moonves

Leslie Moonves
President and Chief Executive Officer

QuickLinks

[CERTIFICATION](#)

CERTIFICATION

I, Fredric G. Reynolds, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 16, 2006

/s/ Fredric G. Reynolds

Fredric G. Reynolds
Executive Vice President and
Chief Financial Officer

QuickLinks

[CERTIFICATION](#)

**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 Annual Report of CBS Corporation (the "Company") on Form 10-K for the period ending December 31, 2005 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
March 16, 2006

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to CBS Corporation and will be retained by CBS Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

**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 Annual Report of CBS Corporation (the "Company") on Form 10-K for the period ending December 31, 2005 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
March 16, 2006

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Report. A signed original of this written statement required by Section 906 has been provided to CBS Corporation and will be retained by CBS Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)