CBS CORP
Form 10-K
February 25, 2011

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-K

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

**For the fiscal year ended December 31, 2010**

**OR**

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

**For the transition period from ________________ to ________________**

**Commission File Number 001-09553**

# CBS CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **DELAWARE** | **04-2949533** |
| (State or other jurisdiction of incorporation or organization) | (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 | NYSE Amex |
| 6.75% Senior Notes due 2056 | 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 ý No o

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 o No ý

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 ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that registrant was required to submit and post such files). Yes ý No o

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. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer, or smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

| | | | |
|---|---|---|---|
| Large accelerated filer ý | Accelerated filer o | Non-accelerated filer o (Do not check if a smaller reporting company) | Smaller reporting company o |

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 o No ý

As of June 30, 2010, which was the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the shares of CBS Corporation Class A Common Stock, $0.001 par value ("Class A Common Stock"), held by non-affiliates was approximately $134,365,767 (based upon the closing price of $12.98 per share as reported by the New York Stock Exchange on that date) and the aggregate market value of the shares of CBS Corporation Class B Common Stock, $0.001 par value ("Class B Common Stock"), held by non-affiliates was approximately $8,093,836,269 (based upon the closing price of $12.93 per share as reported by the New York Stock Exchange on that date).

As of February 15, 2011, 43,629,213 shares of Class A Common Stock and 628,770,581 shares of Class B Common Stock were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of CBS Corporation's Notice of 2011 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") (Portion of Item 5; Part III).

# PART I

## Item 1. *Business.*

CBS Corporation (together with its consolidated subsidiaries unless the context otherwise requires, the "Company" or "CBS Corp.") is a mass media company with operations in the following segments:

ENTERTAINMENT: The Entertainment segment is composed of the *CBS*® Television Network; CBS Television Studios; CBS Studios International; CBS Television Distribution; CBS Films®; and CBS Interactive.

CABLE NETWORKS: The Cable Networks segment is composed of *Showtime*® Networks, the Company's premium subscription program services; *CBS College Sports Network*®, the Company's cable network devoted to college athletics (to be renamed *CBS Sports Network*™ in April 2011); and Smithsonian Networks , a venture between Showtime Networks and Smithsonian Institution, which operates *Smithsonian Channel* , a basic cable program service.

PUBLISHING: The Publishing segment is composed of *Simon & Schuster,* which publishes and distributes consumer books under imprints such as *Simon & Schuster®, Pocket Books®, Scribner®* and *Free Press* .

LOCAL BROADCASTING: The Local Broadcasting segment is composed of CBS Television Stations, the Company's 29 owned broadcast television stations; and *CBS Radio*®, through which the Company owns and operates 130 radio stations in 28 United States ("U.S.") markets.

OUTDOOR: The Outdoor segment displays advertising on media, including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks, retail stores and stadium signage principally through *CBS Outdoor*®.

For the year ended December 31, 2010, contributions to the Company's consolidated revenues from its segments were as follows: Entertainment 53%, Cable Networks 10%, Publishing 6%, Local Broadcasting 20% and Outdoor 13%. The Company generated approximately 15% of its total revenues from international regions in 2010. For the year ended December 31, 2010, approximately 59% and 18% of total international revenues of approximately $2.08 billion were generated in Europe and Canada, respectively.

As technologies for delivering content and services evolve, the Company continues to pursue and expand upon opportunities to distribute its content to consumers, in the U.S. and internationally, on various platforms, including the Internet, mobile devices and video-on-demand, among others. The Company is focused on utilizing interactive features to deepen and broaden its relationship with audiences.

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, Time Warner Inc., Cumulus Media Inc. and Clear Channel Outdoor Holdings, Inc.

As of December 31, 2010, National Amusements, Inc. ("NAI"), a closely held corporation that owns and operates approximately 944 movie screens in the U.S., the United Kingdom ("U.K.") and South America and manages 16 movie screens in the U.S. and South America, directly or indirectly owned approximately 79% of the Company's voting Class A Common Stock, and approximately 6% 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. Its telephone number is (212) 975-4321 and its Web site address is www.cbscorporation.com.

**CBS CORP. BUSINESS SEGMENTS**

**Entertainment** (53%, 54% and 49% of the Company's consolidated revenues in 2010, 2009 and 2008, respectively)

The Entertainment segment consists of the CBS Television Network; CBS Television Studios, CBS Studios International and CBS Television Distribution, the Company's television production and syndication operations; CBS Films, the Company's producer and distributor of theatrical motion pictures; and CBS Interactive, the Company's online content networks for information and entertainment.

***Television Network.*** The CBS Television Network through CBS Entertainment , CBS News® and CBS Sports® distributes a comprehensive schedule of news and public affairs broadcasts, sports and entertainment programming to more than 200 domestic affiliates reaching throughout the U.S., including 16 of the Company's owned and operated television stations, and to affiliated stations in certain U.S. territories. The CBS Television 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 Television Network, which includes primetime comedy and drama series, reality-based programming, specials, children's programs, daytime dramas, game shows and late-night programs. CBS News operates a worldwide news organization, providing the CBS Television Network and the CBS Radio Network with regularly scheduled news and public affairs broadcasts, including *60 Minutes®, CBS Evening News with Katie Couric* 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 Television Network, 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 the CBS Television Network affiliates and other subscribers worldwide. CBS Sports broadcasts include *The NFL Today*, certain games from the NCAA Division I Men's Basketball Tournament, including the NCAA Men's 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. CBS Sports has rights extensions with the NFL to broadcast the AFC through the 2013 season including the broadcast of the 2013 Super Bowl. CBS Home Entertainment licenses home video rights and CBS Consumer Products licenses merchandising rights.

The CW, a broadcast network and the Company's 50/50 joint venture with Warner Bros. Entertainment, was launched in Fall 2006. The CW's programming includes *Gossip Girl*, *90210, The Vampire Diaries* and *America's Next Top Model*. Nine of the Company's owned television stations are affiliates of The CW.

***Television Production and Syndication.*** The Company, through CBS Television Studios, CBS Studios International and CBS Television Distribution, produces, acquires and/or distributes programming worldwide, including series, specials, news and public affairs. Such programming is produced primarily for broadcast on network television, exhibition on basic cable and premium subscription services or distribution via 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), *NCIS* (CBS), *The Good Wife* (CBS) and *90210* (The CW). 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 or, in the case of co-productions, distribution rights are shared with the co-producer for U.S. or foreign markets. The network license fee for a series episode is normally lower than the costs of producing the episode; however, the Company's objective is to recoup its costs and earn a profit through international and domestic syndication of episodes. International sales are generally made within one year of U.S. network run. 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 *CSI:, CSI: Miami, CSI: NY, Numb3rs, Criminal Minds* and *NCIS* 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, Inside Edition, The Insider, Dr. Phil*, *Rachael Ray* and *Judge Judy.* The Company also distributes syndicated programming internationally.

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 the Entertainment segment's operating results. Unrecognized revenues attributable to such license agreements were approximately $654.1 million and $387.0 million at December 31, 2010 and December 31, 2009, respectively.

The Company continues to expand its global channel presence through new international joint ventures. In 2010, the Company entered into a 50-50 joint venture with Reliance Broadcast Network Limited to create three new English language general entertainment television channels customized for the Indian market and surrounding territory, the first of which, *BIG CBS Prime* , launched in November 2010. Also, in 2010, the Company and a subsidiary of Ten Network Holdings Limited entered into a joint venture to provide content to *ELEVEN* , a digital multichannel service which launched in Australia in January 2011. The Company owns an approximately 33% interest in this venture. In addition, the Company owns a 50% interest in a joint venture with Chellozone (UK) Limited, a subsidiary of Liberty Global, Inc., which owns and operates six television channels in the U.K. and Ireland, including *CBS Action* , *CBS Drama* and *CBS Reality* ; and an approximately 33% interest in a joint venture, which owns two pay television channels in Australia called *TV1* and *Sci Fi*.

***CBS Films.*** CBS Films was created in September 2007 to produce and distribute theatrical motion pictures across all genres. The budget for each picture is intended to be up to $50 million in addition to advertising and marketing costs at a level consistent with industry custom. The majority of motion pictures produced or acquired by CBS Films is intended for a wide, commercial theatrical release, similar to motion pictures typically produced and released by major studios. CBS Films' U.S. theatrical releases in 2010 included *Extraordinary Measures*, *The Back-up Plan*, and *Faster*, which is a co-production with an affiliate of Sony Pictures Entertainment. U.S. theatrical releases in 2011 include *The Mechanic*, and *Beastly*, which is expected to be released in March 2011.

In general, motion pictures produced or acquired by CBS Films are exhibited theatrically in the U.S. and internationally, followed by exploitation via home entertainment (including DVD and electronic sell-through), video-on-demand, pay-per-view, pay television, free television and basic cable, digital media outlets and, in some cases, other exhibitors such as airlines and hotels. CBS Films will exploit its motion pictures (including certain ancillary rights, such as licensing and merchandising) and generate revenues in all media in the relevant release windows worldwide either directly, through affiliated CBS entities, or via third party distribution arrangements.

***CBS Interactive.*** CBS Interactive operates one of the leading online content networks for information and entertainment. CBS Interactive was ranked among the top Internet properties in the world according to comScore Media Metrix, December 2010. CBS Interactive's leading brands, including *CNET*, *CBS.com*, *CBSSports.com*, *GameSpot*, *TV.com, BNET* and *CHOW*, among others, serve targeted audiences with text, video, audio, and mobile content spanning technology, entertainment, sports, news, business, gaming and music categories. In addition to its U.S.-based business, CBS Interactive operates in Asia and Europe. CBS Interactive's worldwide brands reached approximately 256.0 million unique monthly visitors during December 2010.

CBS Interactive generates revenue principally from the sale of advertising and sponsorships, in addition to fees derived from search and commerce partners, licensing fees, subscriptions, e-commerce activities, and other paid services. Advertising spending on the Internet, as in traditional media, fluctuates significantly with economic conditions. In addition, online marketing spending follows seasonal consumer behavior throughout the calendar year to reflect trends during the calendar year.

*CNET.com* is one of the leading Web sites for technology and consumer electronics information. *GameSpot* is one of the leading gaming information Web sites according to comScore Media Metrix, December 2010. *GameSpot's* content includes video game reviews and previews, news, Webcasts, videos, online tournaments and game downloads. *CBSSports.com* provides sports content, fantasy sports, community and e-commerce features. *CBSSports.com* owns and operates *CBSCollegeSports.com College Network* and *MaxPreps.com*. In 2010, CBSSports.com hosted the NCAA March Madness on demand video player that provided live streaming video of the NCAA Division I Men's Basketball Championship. *TV.com* is a leading destination for entertainment and community around television where visitors can watch videos and discuss and obtain information about television shows across all networks. CBS Business Network, which is composed of *BNET.com* and *CBS MoneyWatch.com,* is a leading business media site, offering award-winning original content, as well as one of the largest business libraries available on the Internet. CBS Interactive also operates *CBS.com*, the online destination for CBS Television Network programming. Through the CBS *Audience Network ,* the Company delivers content from its Web sites and television, radio and affiliated stations, through new and existing advertiser-supported deals. The growing slate of CBS entertainment, news and sports content available includes full episodes, clips and highlights based on CBS and Showtime Networks programming as well as original made-for-the-Web content.

**Entertainment Competition.**

***Television Network.*** 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 compete for audience, advertising revenues and programming with other broadcast networks such as ABC, FOX, NBC, The CW and MyNetworkTV, independent television stations, cable program services as well as other media, including DVDs, print and the Internet. In addition, the CBS Television Network competes 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 20, 2010 to February 6, 2011, the CBS Television Network secured the #1 position for total viewers and for key adult viewers ages 25-54 and the #2 position for adult viewers ages 18-49.

***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 produce and 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.

***CBS Films.*** Motion picture production and distribution is a highly competitive business. During the life cycle of the development and production of a motion picture project, CBS Films must compete for the rights to compelling underlying source material and talent such as writers, producers, directors, on screen performers and other creative personnel. Once a motion picture is completed, CBS Films must compete with numerous other motion pictures produced by various studios and independent producers including Paramount Pictures Corporation, Walt Disney Studios Motion Pictures, Warner Bros. Entertainment, Inc., Lionsgate Entertainment, Summit Entertainment, LLC, The Weinstein Company, Metro-Goldwyn-Mayer Studios Inc. and Lakeshore Entertainment Group LLC, among others, for audience acceptance as well as limited exhibition outlets across all of the relevant release windows. In addition, the ultimate consumer has many options for entertainment other than motion pictures including video games, sports, travel, outdoor recreation, the Internet, and other cultural and computer-related activities.

***CBS Interactive.*** CBS Interactive competes with a variety of online properties for users, advertisers, and partners, including the following: general purpose portals such as AOL, MSN and Yahoo!, especially as these properties expand their content offerings; search engines such as Google, Yahoo! and MSN; online comparison shopping and retail properties, including Shopping.com, Amazon.com and eBay; vertical content sites in the categories that CBS Interactive's brands serve, such as technology, gaming, music, news, business, food, and lifestyle focused Web sites; and platforms such as blogs, podcasts and video properties. CBS Interactive also competes for users and advertisers with diversified media companies that provide both online and offline content, including magazines, cable television, network television, radio and newspapers.

**Cable Networks** (10%, 10% and 9% of the Company's consolidated revenues in 2010, 2009 and 2008, respectively)

The Cable Networks segment is composed of *Showtime Networks*, the Company's premium subscription program services; *CBS College Sports Network*, the Company's cable network devoted to college athletics; and *Smithsonian Networks*, a venture with Smithsonian Institution, which operates *Smithsonian Channel*.

***Showtime Networks.*** Showtime Networks owns and operates three commercial-free, premium subscription program services in the U.S.: *Showtime,* offering recently released theatrical feature films, original series, documentaries, boxing, mixed martial arts and other sports-related programming, and special events; *The Movie Channel*®, offering recently released theatrical feature films and related programming; and *Flix*®, offering theatrical feature films primarily from the last several decades, as well as selected other titles. At December 31, 2010, *Showtime, The Movie Channel* and *Flix*, in the aggregate, had approximately 67.1 million subscriptions in the U.S., certain U.S. territories and Bermuda.

Showtime Networks also owns and operates multiplexed channels of *Showtime* and *The Movie Channel* in the U.S. which offer additional and varied programming choices. In addition, Showtime Networks transmits high definition feeds of *Showtime, The Movie Channel* and many of their multiplexed channels, and also makes versions of *Showtime, The Movie Channel* and *Flix* available "on demand," enabling subscribers to watch selected individual programs at their convenience (in both standard and high definition in the case of *Showtime* and *The Movie Channel*, and standard definition in the case of *Flix*). In October 2010, Showtime Networks announced its plans to launch *Showtime Anytime* , a new video-streaming version of *Showtime* to be available via the Internet free of charge to *Showtime* subscribers as part of their *Showtime* subscription through participating Showtime Networks' cable, direct broadcast satellite ("DBS") and telephone company ("telco") distributors. Showtime Networks also operates the Web site *SHO.com* and various mobile applications which promote *Showtime, The Movie Channel* and *Flix* programming, and provide information and entertainment and other services.

Showtime Networks derives revenue principally from the license of its program services to numerous cable, DBS, telco, and other distributors, with a substantial portion of such revenue coming from three of the largest such distributors. The costs of acquiring exhibition 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, in addition to a motion picture output agreement with CBS Films, Showtime Networks has entered into motion picture output agreements with Buena Vista Pay Television, a subsidiary of The Walt Disney Company, for certain DreamWorks motion pictures, The Weinstein Company and Summit Entertainment for the exclusive U.S. premium subscription television rights for certain exhibition windows relating to feature films initially theatrically released in the U.S through December 2015 and, in the case of Summit Entertainment, December 2012. Showtime Networks' original series include *Dexter*®, *Californication*, *Nurse Jackie, Shameless, The Big C, The Borgias* (premiering in April 2011), *Weeds* and *United States of Tara*®, among others. Showtime Networks has entered into and may from time to time enter into co-financing, co-production and/or distribution arrangements with other parties to reduce the net cost to Showtime Networks for its original programming. In addition, Showtime Networks derives revenue by licensing rights it retains in certain of its original programming. For example, Showtime Networks and its corporate affiliate(s) have entered into licenses with television networks in various territories for exhibition of certain original series, as well as electronic sell-through arrangements with several Internet distributors, including iTunes and Amazon, among others, for certain *Showtime* programming. Showtime Networks also produces and/or provides special events to licensees on a pay-per-view basis through *Showtime PPV*®.

Showtime Networks also owns a majority of and manages Smithsonian Networks, a venture with Smithsonian Institution, which operates *Smithsonian Channel* , a basic cable service in the U.S., featuring programs of a cultural, historical, scientific and educational nature. Smithsonian Networks has launched both standard and high definition versions of *Smithsonian Channel*, as well as of its companion on demand version.

***CBS College Sports Network.*** CBS College Sports Network is a 24-hour cable program service dedicated to college sports. The network features events from approximately 15 men's and women's college sports and provides coverage of over 250 live events each year in addition to live studio shows and original programming. CBS College Sports Network had approximately 39.1 million subscribers as of December 31, 2010. The network derives its revenues from subscription fees and the sale of advertising time on its cable program service. CBS College Sports Network and Comcast Corporation each owns a 50% interest in *the mtn: MountainWest Sports Network*, which exhibits Mountain West Conference athletics and is available to U.S. cable and satellite providers.

**Cable Networks Competition.**

***Showtime Networks.*** Showtime Networks primarily competes with other providers of premium subscription program services in the U.S.: Home Box Office, Inc. and Starz Entertainment, LLC. Competition among premium subscription program services in the U.S. is dependent on: (i) the production, acquisition and packaging of original series and other original programming and the acquisition and packaging of an adequate number of recently released theatrical motion pictures; and (ii) the offering of prices, marketing and advertising support and other incentives to cable, DBS, telco and other distributors for carriage so as to favorably position and package Showtime Networks' premium subscription program services to subscribers. Home Box Office, Inc. is the dominant company in the U.S. premium subscription program service category, offering two premium subscription program services, HBO and Cinemax. Showtime Networks competes with Home Box Office, Inc. and has a smaller share of the premium subscription program service category. Starz Entertainment, LLC owns Starz, another premium subscription program service, which 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 subscription program services are important to the Company. Consolidation among multichannel video programming distributors and other marketplace factors make it more difficult to reach favorable terms and could have an adverse effect on revenues. In addition, new entrants, such as Netflix, Inc., providing programming or other services for cable and/or other platforms, including the Internet, are or could be competitive with and adversely affect the Company's media businesses, including Showtime Networks' subscription program service business.

Smithsonian Networks competes for programming, distribution and/or audiences with non-fiction and other basic cable program services, including Discovery Channel, National Geographic Channel and History, as well as with broadcast television and other media, such as DVDs, portable devices and the Internet.

***CBS College Sports Network.*** CBS College Sports Network's cable programming service principally competes with other sports-oriented cable programming services for cable, DBS and telco distribution and related revenue, for viewership and for advertising revenue. Consolidation among cable operators has made it more difficult for newer channels to secure broad distribution. In addition, the largest cable providers have created sports tiers for newer sports programming services which have not, in many cases, achieved significant subscriber penetration or acceptance. CBS College Sports Network's television service also competes with other sports programming services, such as ESPN and the FOX Sports Networks, in acquiring the television and multimedia rights to sporting events, resulting in increased rights fees and increased production expenses. *CBS College Sports Network* will be renamed *CBS Sports Network* in April 2011.

**Publishing** (6% of the Company's consolidated revenues in each of 2010, 2009 and 2008)

The Publishing segment consists of Simon & Schuster, which publishes and distributes consumer books in the U.S. and internationally.

Simon & Schuster publishes and distributes adult and children's consumer books in printed, audio and digital formats in the U.S. and internationally. Digital formats include audio downloads for the Apple iPod and MP3 players, electronic books for increasingly popular devices such as Amazon's Kindle, the Apple iPad and Barnes & Noble's NOOK, stand-alone applications for the Apple iPod and iPhone, and new hybrid text and video combinations. Simon & Schuster's major adult imprints include *Simon & Schuster*, *Pocket Books, Scribner*, *Atria Books®, Gallery Books*, *Touchstone®* and *Free Press*. Simon & Schuster's major children's imprints include *Simon Pulse®, Aladdin®* and *Simon & Schuster Books For Young Readers*. Simon & Schuster also develops special imprints and publishes titles based on the CBS Television 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 general Internet sites as well as those linked to individual titles; its created assets include online videos showcasing Simon & Schuster authors and new releases on YouTube, Facebook, MSN.com, SimonandSchuster.com and other sites. 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 and Simon & Schuster Australia.

In 2010, Simon & Schuster published 154 titles that were New York Times bestsellers, including 14 New York Times #1 bestsellers. Best-selling titles in 2010 include BROKE by Glenn Beck, WOMEN FOOD AND GOD by Geneen Roth, SPOKEN FROM THE HEART by Laura Bush and FULL DARK, NO STARS by Stephen King. Bestselling children's titles from Simon & Schuster include CLOCKWORK ANGEL by Cassandra Clare, DORK DIARIES 2 by Rachel Renee Russell and CRESCENDO by Becca Fitzpatrick. *Simon & Schuster Digital*, through *SimonandSchuster.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 print 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. In 2010, the sale of digital content represented 8.0% of Simon & Schuster's revenues. The Company expects that electronic books will represent an increasing portion of Simon & Schuster revenues in the coming years.

**Publishing Competition.** The consumer publishing business is highly competitive and has been affected over the years by consolidation trends. Mass merchandisers and on-line retailers are significant factors in the industry contributing to the general trend toward consolidation in the retail channel. The growth of the electronic book market has impacted print book retailers and wholesalers and could result in a reduction of these channels for the sales and marketing of the Company's books. In addition, unfavorable economic conditions and competition may adversely affect book retailers' operations, including distribution of the Company's books. 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. In addition, technological changes have made it increasingly possible for authors to self-publish and have led to the development of new digital distribution models in which the Company's books must compete with the availability of both a larger volume of books as well as non-book content. In recent years, the Company has had to contend with price pressure on new releases, for both printed and electronic formats, as a result of price competition among book retailers. In 2010, Simon & Schuster began to enter into agency arrangements with book retailers and wholesalers in the U.S. and the U.K. under which Simon & Schuster sells its electronic books directly to the consumer and sets the consumer price. The Company still faces price competition from retailers and from competing publishers that sell directly to consumers.

**Local Broadcasting** (20%, 18% and 21% of the Company's consolidated revenues in each of 2010, 2009 and 2008, respectively)

The Local Broadcasting segment is composed of CBS Television Stations, the Company's 29 owned broadcast television stations, and CBS Radio, through which the Company owns and operates 130 radio stations in 28 U.S. markets and related online properties. In 2010, the Company launched new local Web sites in New York, Los Angeles, San Francisco and Philadelphia, among others, which combine television and radio local media brands online to provide the latest news, traffic, weather, and sports information as well as local discounts, directories and reviews to serve the local community.

***CBS Television Stations.*** The Company owns 29 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 8 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 9 major markets. These multiple station markets are: Los Angeles (market #2), Philadelphia (market #4), Dallas-Fort Worth (market #5), San Francisco-Oakland-San Jose (market #6), Boston (market #7), Detroit (market #11), Miami-Ft. Lauderdale (market #16), Sacramento-Stockton-Modesto (market #20), and Pittsburgh (market #24). This group 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, The CW or MyNetworkTV programming and syndicated programming. The CBS Television Stations group principally derives its revenues from the sale of advertising time on its television stations. Substantially all of the Company's television stations operate Web sites, many of which are combined with the Web sites of the Company's radio stations in co-located markets, which promote the stations' programming, and provide news, information and entertainment, as well as other services. These Web sites principally derive revenues from the sale of advertising.

**Television Stations**

The table below sets forth the broadcast television stations owned by the Company as of February 21, 2011.

| Station and Metropolitan Area Served(1) | Market Rank(2) | Type | Network Affiliation |
|---|---|---|---|
| WCBS-TV<br>New York, NY | 1 | UHF | CBS |
| KCAL-TV<br>Los Angeles, CA | 2 | VHF | Independent |
| KCBS-TV<br>Los Angeles, CA | 2 | UHF | CBS |
| WBBM-TV<br>Chicago, IL | 3 | VHF | CBS |
| KYW-TV<br>Philadelphia, PA | 4 | UHF | CBS |
| WPSG-TV<br>Philadelphia, PA | 4 | UHF | The CW |
| KTVT-TV<br>Dallas-Fort Worth, TX | 5 | UHF | CBS |
| KTXA-TV<br>Dallas-Fort Worth, TX | 5 | UHF | Independent |
| KPIX-TV<br>San Francisco-Oakland-San Jose, CA | 6 | UHF | CBS |
| KBCW-TV<br>San Francisco-Oakland-San Jose, CA | 6 | UHF | The CW |
| WBZ-TV<br>Boston, MA | 7 | UHF | CBS |
| WSBK-TV<br>Boston, MA | 7 | UHF | Independent |
| WUPA-TV<br>Atlanta, GA | 8 | UHF | The CW |
| WKBD-TV<br>Detroit, MI | 11 | UHF | The CW |
| WWJ-TV<br>Detroit, MI | 11 | UHF | CBS |
| KSTW-TV<br>Seattle-Tacoma, WA | 13 | VHF | The CW |
| WTOG-TV<br>Tampa-St. Petersburg-Sarasota, FL | 14 | UHF | The CW |

| Station and Metropolitan Area Served(1) | Market Rank(2) | Type | Network Affiliation |
|---|---|---|---|
| WCCO-TV<br>Minneapolis-St. Paul, MN | 15 | UHF | CBS |
| *Satellites:* | | | |
| KCCO-TV(3)<br>Alexandria, MN | | VHF | CBS |
| KCCW-TV(4)<br>Walker, MN | | VHF | CBS |
| WFOR-TV<br>Miami-Ft. Lauderdale, FL | 16 | UHF | CBS |
| WBFS-TV<br>Miami-Ft. Lauderdale, FL | 16 | UHF | MyNetworkTV |
| KCNC-TV<br>Denver, CO | 17 | UHF | CBS |
| KOVR-TV<br>Sacramento-Stockton-Modesto, CA | 20 | UHF | CBS |
| KMAX-TV<br>Sacramento-Stockton-Modesto, CA | 20 | UHF | The CW |
| KDKA-TV<br>Pittsburgh, PA | 24 | UHF | CBS |
| WPCW-TV<br>Pittsburgh, PA | 24 | VHF | The CW |
| WJZ-TV<br>Baltimore, MD | 26 | VHF | CBS |
| WBXI-CA(5)<br>Indianapolis, IN | 27 | UHF | Tr3s |

(1) Metropolitan Area Served is Nielsen Media Research's DMA.

(2) Market Rankings based on Nielsen Media Research Local Market Universe Estimate, September 2010.

(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) WBXI-CA is a Class A low power television station. Class A low power television stations do not implicate the FCC's ownership rules.

***CBS Radio.*** The Company's radio broadcasting business operates through CBS Radio, one of the largest operators of radio stations in the U.S. CBS Radio owns and operates 130 radio stations serving 28 U.S. markets as of February 21, 2011. Virtually all of the Company's owned and operated radio stations are located in the 50 largest U.S. radio markets and approximately 75% in the 25 largest U.S. radio markets. The Company's strategy generally is to operate radio stations in the largest 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.

CBS Radio's geographically dispersed stations serve diverse target demographics through a broad range of formats such as rock, classic hits/oldies, all-news, talk, Spanish language, adult contemporary, top 40/contemporary hit radio, urban, sports 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 or of selecting groups of stations to reach broad groups of consumers within and across markets and also reduces the Company's dependence on any single station, local economy, format or advertiser. At the same time, CBS Radio maintains substantial diversity in each market where its stations operate so that its stations can appeal to several demographic groups. CBS Radio's general programming strategies include employing popular on-air talent, some of whose broadcasts may be syndicated by CBS Radio using the services of a third party syndicator, broadcasting programming syndicated to it by others, acquiring the rights to broadcast sports play-by-play and producing and acquiring news content for its radio stations. The overall mix of each radio station's programming lineup is designed to fit the station's specific format and serve its local community. The Company also has agreements with Westwood One, Inc. involving compensation to the Company, the provision of radio programming to CBS Radio and the distribution by Westwood One of CBS Radio News programming.

The majority of CBS Radio's revenues are generated from the sale of local and national advertising. The major categories of radio advertisers include: automotive, retail, healthcare, telecommunications, fast food, beverage, movies and entertainment. 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 CBS Radio's revenues.

Substantially all of the Company's radio stations operate Web sites, many of which are combined with the Web sites of the Company's television stations in co-located markets, which promote the stations' programming, and provide news, information and entertainment, as well as other services. Also, CBS Radio operates music radio station Web sites and Radio.com, which streams the broadcast of CBS Radio stations and powers custom channels for AOL Radio and Yahoo! Launchcast Radio. CBS Radio also operates Last.fm, a music discovery and social networking site, mp3.com, and TheStreetDate.com. These Web sites principally derive revenues from the sale of advertising. CBS Radio is one of the most listened to online radio providers according to Ando Media's monthly Top 20 Ranker for December 2010.

**Local Broadcasting Competition.**

***CBS 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 Television Network programming and, in particular, the viewership of the CBS Television Network in the time period immediately prior to the late evening news; and in some cases, by the quality of the broadcast signal.

***CBS Radio.*** 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 Clear Channel Communications, Citadel Broadcasting, Cumulus Media Inc., Emmis Communications, Entercom Communications Corporation and Radio One. The Company's radio stations, including its Internet and streaming activities, also compete with other media, such as broadcast, cable and DBS television, other radio stations, newspapers, magazines, direct mail, the Internet, including Internet radio services such as Pandora, Live 365 and Rhapsody. The radio industry is also subject to competition from Sirius XM Radio Inc., which provides digital audio services to subscribers.

The Company's television and radio stations face increasing competition from newer technologies, including audio and visual programming delivered via the Internet, which create new ways for individuals to watch programming and listen to music and other content of their choosing while avoiding traditional commercial advertisements. Also, an increasingly broad adoption by consumers of portable digital devices could affect the ability of the Company's television and radio stations to attract audiences and advertisers.

Most of the Company's owned radio stations implement digital broadcasting. The Company believes that digital transmissions will provide listeners with improved sound quality and new programming channels and should facilitate the convergence of radio with other digital media. It is too early to predict the full effect that the implementation of digital broadcasts will have on the Company's radio businesses or on competition generally.

Aggregate total revenues for the Company's radio stations for 2010 were ranked #1 in four of the top five U.S. markets by metro area population (New York, Chicago, San Francisco, and Dallas-Fort Worth), according to the 2010 Market Total Revenues Performance Summary of Miller, Kaplan, Arase & Co., LLP.

**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 February 21, 2011 in the top 25 U.S. radio markets:

| | Radio | | | Television | | | Outdoor |
|---|---|---|---|---|---|---|---|
| **Market and Market Rank(1)** | **Stations** | **AM/ FM** | **Format** | **Stations** | **Type** | **Network Affiliation** | **Display Type** |
| New York, NY | WCBS | FM | Classic Hits | WCBS-TV | UHF | CBS | Billboards, |
| | WCBS | AM | News | | | | Subway/Rail, Bus, |
| *#1 Radio* | WFAN | AM | Sports | | | | Street Furniture, |
| *#1 Television* | WINS | AM | News | | | | Malls, Digital |
| | WWFS | FM | Adult Contemporary | | | | In-Store Networks |
| | WXRK | FM | Contemporary Hit Radio | | | | |
| Los Angeles, CA | KCBS | FM | Adult Hits | KCAL-TV | VHF | Independent | Billboards, |
| | KFWB(2) | AM | News/Talk | KCBS-TV | UHF | CBS | Subway/Rail, Bus, |
| *#2 Radio* | KAMP | FM | Contemporary Hit Radio | | | | Street Furniture, |
| *#2 Television* | KNX | AM | News | | | | Malls, Digital |
| | KROQ | FM | Alternative Rock | | | | In-Store Networks |
| | KRTH | FM | Classic Hits | | | | |
| | KTWV | FM | Adult Contemporary | | | | |
| Chicago, IL | WBBM | FM | Contemporary Hit Radio | WBBM-TV | VHF | CBS | Billboards, Malls, |
| | WBBM | AM | News | | | | Digital In-Store |
| *#3 Radio* | WCFS | FM | Adult Contemporary | | | | Networks |
| *#3 Television* | WJMK | FM | Adult Hits | | | | |
| | WSCR | AM | Sports | | | | |
| | WUSN | FM | Country | | | | |
| | WXRT | FM | Adult Album Alternative | | | | |
| San Francisco, CA | KCBS | AM | News | KPIX-TV | UHF | CBS | Billboards, |
| | KMVQ | FM | Contemporary Hit Radio | KBCW-TV | UHF | The CW | Subway/Rail, Bus, |
| *#4 Radio* | KITS | FM | Alternative Rock | | | | Street Furniture, |
| *#6 Television* | KLLC | FM | Hot Adult Contemporary | | | | Malls, Digital |
| | KFRC | AM | Oldies | | | | In-Store Networks |
| | KFRC | FM | News | | | | |
| Dallas-Fort Worth, TX | KLUV | FM | Classic Hits | KTVT-TV | UHF | CBS | Billboards, Street |
| | KMVK | FM | Spanish | KTXA-TV | UHF | Independent | Furniture, Malls, |
| *#5 Radio* | KJKK | FM | Adult Hits | | | | Digital In-Store |
| *#5 Television* | KRLD | AM | News/Talk | | | | Networks |
| | KRLD | FM | Sports | | | | |
| | KVIL | FM | Adult Contemporary | | | | |
| Houston, TX | KKHH | FM | Contemporary Hit Radio | | | | Billboards, Malls, |
| | KIKK | AM | News/Talk | | | | Digital In-Store |
| *#6 Radio* | KILT | FM | Country | | | | Networks |
| | KILT | AM | Sports | | | | |
| | KLOL | FM | Spanish | | | | |
| | KHMX | FM | Hot Adult Contemporary | | | | |
| Atlanta, GA | WAOK | AM | News/Talk | WUPA-TV | UHF | The CW | Billboards, |
| | WVEE | FM | Urban | | | | Subway/Rail, Bus, |
| *#7 Radio* | WZGC | FM | Adult Album Alternative | | | | Street Furniture, |
| *#8 Television* | | | | | | | Malls, Digital In-Store Networks |
| Philadelphia, PA | KYW | AM | News | KYW-TV | UHF | CBS | Billboards, |
| | WIP | AM | Sports | WPSG-TV | UHF | The CW | Subway/Rail, |
| *#8 Radio* | WOGL | FM | Classic Hits | | | | Street Furniture, |
| *#4 Television* | WPHT | AM | News/Talk | | | | Malls, Digital |
| | WYSP | FM | Classic Rock | | | | In-Store Networks |
| Washington, D.C. | WIAD | FM | Adult Contemporary | | | | Billboards, |
| | WLZL | FM | Spanish | | | | Subway/Rail, Bus, |

| | | | | |
|---|---|---|---|---|
| *#9 Radio* | WJFK | FM | Sports | Malls, Digital |
| | WPGC | FM | Urban | In-Store Networks |
| | WHFS | AM | News/Talk | |

| Market and Market Rank(1) | Radio Stations | AM/ FM | Format | Television Stations | Type | Network Affiliation | Outdoor Display Type |
|---|---|---|---|---|---|---|---|
| Boston, MA | WBZ | FM | Sports | WBZ-TV | UHF | CBS | Billboards, Malls, |
| | WBMX | FM | Hot Adult Contemporary | WSBK-TV | UHF | Independent | Digital In-Store |
| *#10 Radio* | WBZ | AM | News | | | | Networks |
| *#7 Television* | WODS | FM | Classic Hits | | | | |
| | WZLX | FM | Classic Rock | | | | |
| Detroit, MI | WXYT | FM | Sports | WKBD-TV | UHF | The CW | Billboards, Bus |
| | WOMC | FM | Classic Hits | WWJ-TV | UHF | CBS | Malls, Digital |
| *#11 Radio* | WDZH | FM | Contemporary Hit Radio | | | | In-Store Networks |
| *#11 Television* | WWJ | AM | News | | | | |
| | WXYT | AM | Sports | | | | |
| | WYCD | FM | Country | | | | |
| Miami-Ft. Lauderdale, FL | | | | WFOR-TV | UHF | CBS | Billboards, Malls, |
| | | | | WBFS-TV | UHF | MyNetworkTV | Subway/Rail, Bus, |
| *#12 Radio* | | | | | | | Street Furniture, |
| *#16 Television* | | | | | | | Digital In-Store Networks |
| Seattle-Tacoma, WA | KMPS | FM | Country | KSTW-TV | VHF | The CW | Billboards, Malls, |
| | KPTK | AM | News/Talk | | | | Digital In-Store |
| *#13 Radio* | KJAQ | FM | Classic Hits | | | | Networks |
| *#13 Television* | KZOK | FM | Classic Rock | | | | |
| Puerto Rico | | | | | | | Billboards |
| *#14 Radio* | | | | | | | |
| Phoenix, AZ | KOOL | FM | Classic Hits | | | | Billboards, |
| | KZON | FM | Rhythmic Contemporary Hit Radio | | | | Subway/Rail, |
| *#15 Radio* | KMLE | FM | Country | | | | Street Furniture, Malls, Digital In-Store Networks |
| Minneapolis, MN | WCCO | AM | News/Talk | WCCO-TV | UHF | CBS | Billboards, |
| | WLTE | FM | Adult Contemporary | KCCO-TV | VHF | CBS | Street Furniture, |
| *#16 Radio* | KZJK | FM | Adult Hits | KCCW-TV | VHF | CBS | Malls, Digital |
| *#15 Television* | | | | | | | In-Store Networks |
| San Diego, CA | KSCF | FM | Hot Adult Contemporary | | | | Billboards, Street |
| | KYXY | FM | Adult Contemporary | | | | Furniture, Malls, |
| *#17 Radio* | | | | | | | Digital In-Store Networks |
| Nassau-Suffolk, NY(3) | | | | | | | Billboards, |
| *#18 Radio* | | | | | | | Subway/Rail, Bus, Digital In-Store Networks |
| Denver, CO | | | | KCNC-TV | UHF | CBS | Billboards, Street |
| *#19 Radio* | | | | | | | Furniture, Malls, Digital |
| *#17 Television* | | | | | | | In-Store Networks |
| Tampa-St. Petersburg, FL | WLLD | FM | Rhythmic Contemporary Hit Radio | WTOG-TV | UHF | The CW | Billboards, Malls, |
| | WQYK | FM | Country | | | | Digital In-Store |
| *#20 Radio* | WQYK | AM | Sports | | | | Networks |
| *#14 Television* | WYUU | FM | Spanish | | | | |
| | WRBQ | FM | Classic Hits | | | | |
| | WSJT | FM | Hot Adult Contemporary | | | | |
| St. Louis, MO | KEZK | FM | Adult Contemporary | | | | Billboards, Malls, |
| | KMOX | AM | News/Talk | | | | Digital In-Store |
| *#21 Radio* | KYKY | FM | Hot Adult Contemporary | | | | Networks |
| Baltimore, MD | WJZ | AM | Sports | WJZ-TV | VHF | CBS | Billboards, |
| | WJZ | FM | Sports | | | | Subway/Rail, |
| *#22 Radio* | WLIF | FM | Adult Contemporary | | | | Street Furniture, |

| | | | | |
|---|---|---|---|---|
| *#26 Television* | WWMX | FM | Hot Adult Contemporary | Malls, Digital In-Store Networks |

| Market and Market Rank(1) | Radio Stations | AM/FM | Format | Television Stations | Type | Network Affiliation | Outdoor Display Type |
|---|---|---|---|---|---|---|---|
| Portland, OR<br>*#23 Radio* | | | | | | | Billboards, Malls, Digital In-Store Networks |
| Charlotte, NC<br>*#24 Radio* | WSOC<br>WKQC<br>WFNZ<br>WNKS<br>WPEG<br>WBAV<br>WBCN | FM<br>FM<br>AM<br>FM<br>FM<br>FM<br>AM | Country<br>Adult Contemporary<br>Sports<br>Contemporary Hit Radio<br>Urban<br>Urban Adult<br>News/Talk | | | | Malls, Digital In-Store Networks |
| Pittsburgh, PA<br>*#25 Radio*<br>*#24 Television* | KDKA<br>KDKA<br>WDSY<br>WBZZ | AM<br>FM<br>FM<br>FM | News/Talk<br>Sports<br>Country<br>Hot Adult Contemporary | KDKA-TV<br>WPCW-TV | UHF<br>VHF | CBS<br>The CW | Billboards, Malls, Digital In-Store Networks |

(1) Radio market rank based on Fall 2010 Radio Market Ranking as provided by Arbitron Inc. Television market rank based on Nielsen Media Research Local Market Universe Estimate, September 2010.

(2) The FCC granted an application permitting the Company to assign KFWB-AM to a divestiture trust. Subsequently, a petition for reconsideration of this grant was filed with the FCC. The petition remains pending and closing of this assignment has been delayed. Upon closing, the Company will beneficially own but will not operate KFWB-AM. (See "CBS Business Segments Regulation Broadcasting Ownership Regulation Radio-Television Cross-Ownership Rule").

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

**Outdoor** (13%, 13% and 16% of the Company's consolidated revenues in 2010, 2009 and 2008, respectively)

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 and stadium signage and in retail stores. 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 all 45 of the largest metropolitan markets in Mexico. Additionally, Outdoor has the exclusive rights to manage advertising space on approximately 90% of the total bus fleet in the U.K. and has a variety of outdoor advertising displays in the Netherlands, France, Italy, Puerto Rico, the Republic of Ireland, Spain, Argentina, Brazil, Uruguay, Chile and China. The Company operates its Outdoor businesses through *CBS Outdoor* in the U.S., Canada, South America and Europe, *CBS Outernet*® in the U.S. and *Vendor*® in Mexico. 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 is 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. Until recently, these impressions were not measured by independent third parties. Commencing in January 2011, impressions for all fixed display such as billboards, street furniture and transit station signs are measured through the new "Eyes On" technology administered by the Traffic Audit Bureau, an independent agency formed by a number of major outdoor advertising vendors, advertising agencies and advertisers. 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, street furniture and retail store advertising markets. Outdoor primarily operates two types of billboard advertising displays, commonly referred to as "bulletins" and "posters."

Billboard space is generally sold for periods ranging from 4 weeks to 12 months. Billboards are generally mounted on structures owned by Outdoor located on leased real property. Lease agreements are negotiated with both public and private landowners for varying terms ranging from month-to-month to year-to-year, can be for terms of 10 years or longer and may provide for renewal options. There is no significant concentration of billboards under any one lease or subject to negotiation with any one landlord.

Transit advertising includes advertising on or in transit systems, including the interiors and exteriors of buses, trains and 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. Due to the difficult advertising marketplace worldwide, certain transit contracts, including the London Underground contract which also has reduced revenues due to project delays, are operating at their minimum guarantee levels.

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. 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. There is no assurance that Outdoor will be successful in reducing its minimum payments, entering into new agreements or renewing certain existing agreements and any such agreements may provide a lesser return to the Company.

Newer technologies for outdoor advertising displays, such as changeable message displays and digital billboards using light-emitting diode and liquid crystal display technology, continue to evolve. The Company keeps apprised of and has adopted such new technologies as they evolve and mature. For example, Outdoor is utilizing digital technology containing moving images in the London Underground, New York City subways and in retail outlets through CBS Outernet. CBS Outernet, a leading distributor of video programming and advertising content to retail stores, enables customized messaging by region and retail environment. Generally, CBS Outernet enters into revenue-sharing arrangements with retailers based on advertising sales.

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, developing and entering into new markets and using advanced technologies to build greater awareness and promote tactical advertising. In addition, the Company purchases outdoor advertising assets within its existing markets or in contiguous markets. 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., JCDecaux S.A., Cemusa Inc., Titan Outdoor Holdings, Inc. and Lamar Advertising Company as well as hundreds of smaller regional 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. As 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.

**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 and Privacy**

Laws affecting intellectual property are of significant importance to the Company. (See "Intellectual Property" on page I-22).

*Unauthorized Distribution of Copyrighted Content and Piracy.* Unauthorized distribution, reproduction or display of copyrighted material over the Internet and through physical devices without regard to content owners' copyright rights in television programming, motion pictures, clips and books, such as through pirated DVDs, user-generated content, streaming, Internet downloads, file "sharing" and 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 and public relations programs and legislative activity. In addition to these efforts, the Company continues to enter into and explore possibilities for commercial arrangements with various online providers to further protect and exploit its content.

*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.

*Privacy.* The laws and regulations governing the collection, use and transfer of consumer information are complex and rapidly evolving, particularly as they relate to the Company's interactive businesses. The Company monitors and considers these laws and regulations in the design and operation of its legal and regulatory compliance programs.

**Broadcasting**

*General.* Television and radio broadcasting are subject to the jurisdiction of the FCC pursuant to 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 DBS systems and certain other electronic media that compete with broadcast stations.

*Indecency and Profanity Regulation.* The FCC's rules prohibit the broadcast of obscene material at any time and indecent or profane material between the hours of 6 a.m. and 10 p.m. Broadcasters risk violating the prohibition against broadcasting indecent or profane material because the vagueness of the FCC's indecency/profanity definition makes it difficult to apply, particularly with respect to spontaneous, live programming. The FCC's maximum forfeiture penalty for broadcasting indecent or profane programming is $325,000 per indecent or profane utterance with a maximum forfeiture exposure of $3.0 million for any continuing violation arising from a single act or failure to act. The Company is and has been involved in litigation and, from time to time, has received and may receive in the future letters of inquiry from the FCC prompted by complaints alleging that certain programming on its broadcast stations included indecent or profane material. (See Item 7. "Management's Discussion and Analysis of Results of Operations and Financial Condition Legal Matters Indecency Regulation" on page II-35).

*License Renewals.* Radio and television broadcast licenses are typically granted for standard terms 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 a number of pending renewal applications, nine of which have been opposed by third parties (there are two opposed renewal applications for Radio and seven opposed renewal applications for Television Stations).

*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 December 2007, the FCC concluded a proceeding which examined whether to modify its various ownership rules, but with the exception of the newspaper-broadcast cross-ownership rule, the FCC declined to do so. The FCC's action was appealed to the United States Court of Appeals for the Third Circuit by the Company and other interested parties. Oral argument in this case took place in February 2011.

The FCC's ownership rules are briefly summarized below.

*Local Radio Ownership.* The FCC's local radio ownership rule 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. The Company's FM radio portfolio exceeds the FCC's numerical limit in one market, West Palm Beach, which is grandfathered. While the rules do not require the divestiture of any existing radio ownership combinations, the Company is not permitted to transfer its radio portfolio in that market intact, except to qualified small businesses.

*Local Television Ownership.* Under the FCC's local television ownership rule, 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 permits the ownership of more than one television station within the same DMA so long as certain signal contours of the stations involved do not overlap. Satellite television stations that simply rebroadcast the programming of a "parent" television 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 FCC's national television ownership rule, 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 reach approximately 38% of all U.S. television households but for purposes of the national ownership limitation, the Company's reach is less than this amount applying the UHF discount in accordance with the FCC's methodology.

*Radio-Television Cross-Ownership Rule.* The radio-television cross-ownership rule 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. The FCC granted an application permitting the Company to assign radio station KFWB-AM in Los Angeles to a divestiture trust, the closing of which would bring the Company into compliance with the rule. A petition for reconsideration of this grant has been filed with the FCC, which remains pending, and the closing of this assignment has been delayed.

*Newspaper-Broadcast Cross-Ownership.* The newspaper-broadcast cross-ownership rule prohibits the common ownership of a broadcast station and daily newspaper in the same market. The FCC modified the newspaper-broadcast cross-ownership rule by establishing a presumption in favor of permitting cross-ownership of a daily newspaper and one broadcast station (but not one of the "top four" television stations) in the top 20 markets under certain circumstances and establishing a waiver procedure for such combinations in smaller markets. However, the United States Court of Appeals for the Third Circuit has stayed the effectiveness of this rule change. The rule in effect continues to prohibit the cross-ownership of daily newspapers and broadcast stations in all markets absent a waiver by the FCC.

*Dual Network Rule.* The dual network rule prohibits any of the four major networks, ABC, CBS, FOX and NBC, from combining.

*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 NAI holds an attributable interest in both the Company and Viacom Inc., the business of each company is attributable to the other for certain FCC purposes, which may have the effect of limiting and affecting the activities, strategic business alternatives and business terms available to the Company. (See Item 1A. "Risk Factors The Businesses of the Company and Viacom Inc. Will Be Attributable to the Other Company for Certain Regulatory Purposes").

*Alien Ownership.* In general, the Communications Act prohibits foreign individuals or entities from owning more than 20% of the voting power or equity of the Company.

*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, a television 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 and secures instead the right to negotiate consideration in return for consenting to carriage. The Company has elected the retransmission consent option in substantially all cases for the period beginning January 1, 2009, and, since 2006, has implemented a systematic process of seeking monetary consideration for its retransmission consent.

Similarly, federal legislation and FCC rules govern the retransmission of broadcast television stations by DBS operators. DBS operators are required to carry the signals of all local television broadcast stations requesting carriage in local markets in which the DBS 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. Substantially all of the Company's owned and operated television stations are being transmitted into their local markets by the two major DBS operators pursuant to retransmission consent agreements.

*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 on their main program stream three hours per week of educational and informational programming ("E/I programming") designed for children 16 years of age and younger. FCC rules also impose E/I programming requirements on each additional digital multicast program stream transmitted by television stations, with the requirement increasing in proportion to the additional hours of free programming offered on multicast channels. These rules also limit the display during children's programming of Internet addresses of Web sites that contain or link to commercial material or that use program characters to sell products.

*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. Because the Company and Viacom Inc. are under common control by NAI, Viacom Inc.'s businesses could be attributable to the Company for purposes of the FCC's program access rules. (See Item 1A. "Risk Factors The Businesses of the Company and Viacom Inc. Will Be Attributable to the Other Company for Certain Regulatory Purposes").

*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. The FCC has authorized AM and FM radio stations to broadcast digital signals using excess spectrum within the same allotted bandwidth used for analog transmissions. In 2010, the FCC increased the maximum allowable power for digital broadcasts, which will improve the robustness and geographic coverage of digital transmissions. As of February 1, 2011, 107 of the Company's radio stations had commenced digital broadcasts.

**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, outdoor advertising is 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 New York City, Los Angeles, Philadelphia 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.

Certain products, services and types of displays are or may be targeted by federal, state and local laws and regulations. For example, out-of-court settlements between the major U.S. tobacco companies, the U.S. government, and all 50 states as well as regulations promulgated by the U.S. Food and Drug Administration agency provide for a ban on the outdoor advertising of tobacco products. In addition, state and local governments continue to initiate proposals designed to limit outdoor advertising of alcohol. 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, distributes and exploits under licenses intellectual property worldwide. It is the Company's practice to protect its products, including its television, radio and motion picture products, characters, publications and other original and acquired works and audiovisual works made for digital exploitation. 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®, CBSSports.com®, CNET®, CBS Radio®, Showtime®, The Movie Channel®, Flix®, CBS Outdoor®, CBS Films®, CBS Outernet®, CBS Audience Network , BNET®, CHOW , TV.com , Last.fm®, CSI:®, NCIS , Entertainment Tonight®, Star Trek®, Simon & Schuster®, CBS College Sports Network®, CBS Interactive* 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, 2010, the Company employed approximately 25,380 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. makes available free of charge on or through the Investor Relations section of its Web site, www.cbscorporation.com, 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.

**Item 1A.** ***Risk Factors.***

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

This document, including "Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition," and the documents incorporated by reference into this Annual Report on Form 10-K, 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. Additional risks, uncertainties and other factors may be described in the Company's news releases and other filings made under the securities laws. 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. The following discussion of risk factors should be read in conjunction with "Item 7. Management's Discussion and Analysis of Results of Operations and

Financial Condition" and the consolidated financial statements and related notes in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

**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 and new technologies which allow consumers to time shift programming, make and store digital copies 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, Including Its Television and Radio Programs and Motion Pictures, Which Is Difficult to Predict**

Television, radio and motion picture content production and distribution are inherently risky businesses because the revenues derived from the production and distribution of a television or radio program or motion picture, and the licensing of rights to the associated intellectual property, depend primarily upon their acceptance by the public, which is difficult to predict. The commercial success of a television or radio program or motion picture also depends upon the quality and acceptance of other competing programs and motion pictures 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. The use of new ratings technologies and measurements could have an impact on the Company's program ratings. 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 similarly dependent on audience acceptance of its programming and publications, respectively. The theatrical success of a motion picture, based in large part upon audience acceptance, is a significant factor in determining the revenues it is likely to generate in home entertainment sales, licensing fees and other exploitation during the various other distribution windows. Consequently, low public acceptance of the Company's content, including its television and radio programs, motion pictures and publications, 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 (including motion pictures) businesses fluctuate primarily with the acceptance of such programming by the public, which is difficult to predict. The Company's revenue from its television, radio, cable networks and motion picture 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 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 Television Network's most widely viewed broadcasts, including the NCAA's Men's Final Four, 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 certain 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. CBS Films competes for compelling source material for and the talent necessary to produce motion pictures. 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 $7.99 billion as of December 31, 2010, primarily included $3.92 billion for sports programming rights, $3.29 billion relating to television, radio, film production and licensing and $777.1 million for talent contracts, with $1.33 billion of these amounts payable in and after 2016. 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 distribute, could lead to decreased profitability or losses for a significant period of time.

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

Video, telecommunications, radio and data services technologies used in the entertainment industry are changing rapidly as are the digital distribution models for books. 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 the foregoing include the convergence of television broadcasts and online delivery of programming to televisions, video-on-demand, satellite radio, new video and electronic book formats, user-generated content sites, Internet and mobile distribution of video content via streaming and downloading, 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 and systems that enable users to store programming, 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. Also, the growing uses of user-generated content sites and live and stored video streaming sites, which house unauthorized copies of copyrighted content, including those emanating from other countries in various languages, may adversely impact the Company's businesses. In addition, further increases in the use of digital devices which allow users to view or listen to content of their own choosing, in their own time and remote locations, while avoiding traditional commercial advertisements or subscription payments, could adversely affect the Company's radio and television broadcasting advertising and subscription revenues. Cable providers and DBS 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. Television manufacturers, cable providers and others are developing and offering technology to enable viewers to locate digital copies of programming from the Internet to view on television monitors, which could diminish viewership of the Company's programming. Generally, changing consumer behavior may impact the Company's traditional distribution methods, for example, by reducing viewership of its programming (including motion pictures), the demand for DVD product and/or the desire to see motion pictures in theaters, which could have an adverse impact on the Company's revenues and profitability. 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.

**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 (including motion pictures), books and other copyrighted material is prevalent in many parts of the world and is made easier by the availability of digital copies of content and technological advances allowing conversion of such programming and other content into digital formats, which facilitate the creation, transmission and sharing of high quality unauthorized copies of the Company's content. Recent technological advances, which facilitate the streaming of programming via the Internet to television screens, may increase piracy. The proliferation of unauthorized copies and piracy of programming has an adverse effect on the Company's businesses and profitability because these unauthorized actions 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. Also, while legal protections exist, piracy and technological tools with which to carry it out continue to escalate and present challenges for enforcement. Failure of legal protections to evolve and enable enhanced enforcement efforts to combat piracy could make it more difficult for the Company to adequately protect its intellectual property, which could negatively impact its value and further increase the Company's enforcement costs.

**The Company's Operating Results Are Subject to Seasonal Variations and Other Factors**

The Company's business has experienced and is expected to continue to experience seasonality due to, among other things, seasonal advertising patterns and seasonal influences on people's viewing, reading, attendance 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 CBS Films' revenue from motion pictures is dependent on the timing, mix, number and availability of its pictures. In addition, advertising revenues in even-numbered years benefit from advertising placed by candidates for political offices. The effects of such seasonality make it difficult to estimate future operating results based on the previous results of any specific quarter and may adversely affect operating results.

**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, DBS and other platforms. The Company's ability to attract audiences and advertisers and obtain favorable distribution depends in part on its ability to provide popular television programming and radio programming, motion pictures 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 audiences, advertising revenue, and distribution more intense. In addition, consolidation among book retailers and the growth of on-line sales and electronic books sales have resulted in increased competition for limited physical shelf space for the Company's publications and for the attention of consumers on-line. Competition for audiences and advertising comes from: broadcast television stations and networks; cable television systems and networks; motion picture studios; the Internet; terrestrial and satellite radio and portable devices; 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. In book publishing, price competition among electronic and print book retailers could decrease the prices for new releases and the outlets available for book sales. This competition could result in lower ratings and advertising and subscription and other revenues or increased promotional and other expenses and, consequently, lower earnings and cash flow for the Company. The Company cannot be assured 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.

**Economic Conditions May Adversely Affect the Company's Businesses and Customers**

The U.S. and other countries where the Company operates have experienced slowdowns and volatilities in their economies. A downturn could lead to lower consumer and business spending for the Company's products and services, particularly if customers, including advertisers, subscribers, licensees, retailers, theater operators and other consumers of the Company's content offerings and services, reduce demands for the Company's products and services. In addition, in unfavorable economic environments, the Company's customers may have difficulties obtaining capital at adequate or historical levels to finance their ongoing business and operations and may face insolvency, all of which could impair their ability to make timely payments and continue operations, including distribution of the Company's content. The Company is unable to predict the duration and severity of weakened economic conditions and such conditions and resultant effects could adversely impact the Company's businesses, operating results, and financial condition.

**Volatility and Weakness in Capital Markets May Adversely Affect Credit Availability and Related Financing Costs for the Company**

Bank and capital markets can experience periods of volatility and disruption. If the disruption in these markets is prolonged, the Company's ability to refinance, and the related cost of refinancing, some or all of its debt could be adversely affected. Although the Company can currently access the bank and capital markets, there is no assurance that such markets will continue to be a reliable source of financing for the Company. In addition, the Company's access to and cost of borrowing can be affected by the Company's short- and long-term debt ratings assigned by ratings agencies. These factors, including the tightening of credit markets, or a decrease in the Company's debt ratings, could adversely affect the Company's ability to obtain cost-effective financing.

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

The Company produces and acquires programming (including motion pictures) and content and incurs costs for all types of creative talent, including actors, authors, writers and producers as well as marketing and distribution. An increase in any of these costs may lead to decreased 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 be assured 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. 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. Any restrictions on political advertising may adversely affect the Company's advertising revenues. The FCC has initiated a proceeding to examine and potentially regulate more closely embedded advertising such as product placement and product integration. Enhanced restrictions affecting these means of delivering advertising messages may adversely affect the Company's advertising revenues. 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. Legislation could be enacted, which could remove over-the-air broadcasters' existing exemption from payment of a performance royalty to record companies and performers of music which is broadcast on radio stations and could have an adverse impact on the cost of music programming for the Company. In addition, changes in international laws and regulations governing the Internet may have an adverse impact on the Company's international businesses and Internet properties. 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 indecency/profanity definition, coupled with the spontaneity of live programming. The FCC vigorously enforces its indecency rules against the broadcasting industry. The FCC has found on a number of occasions that the content of radio and television broadcasts has contained indecent material. In such instances, the FCC issued fines or advisory warnings to the offending licensees. Moreover, the FCC has in some instances imposed 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. The fines for broadcasting indecent material are a maximum of $325,000 per utterance. If the FCC denied a license renewal or revoked the license 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 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 increase enforcement of or otherwise expand existing laws and rules. If such an extension, attempt to increase 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**

The CBS Television Network provides its affiliates with up to approximately 98 hours of regularly scheduled programming per week. In return, the CBS Television Network's affiliated stations broadcast network-inserted commercials during that programming. Loss of network affiliation agreements of the CBS Television Network 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 of these affiliation agreements on less favorable terms may also adversely affect the Company's results of operations. The non-renewal or termination of retransmission agreements with cable, DBS and other distributors 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 CBS College Sports Network are also dependent upon the maintenance of affiliation agreements with cable, DBS and other distributors, and there can be no assurance that these agreements will be renewed in the future on terms acceptable to such programmers. The loss of one or more of these arrangements could reduce the distribution of Showtime Networks' and CBS College Sports Network's program services and reduce revenues from subscriber fees and advertising, 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 DBS distributors and increased vertical integration of such distributors into the cable or broadcast network business have provided more leverage to these distributors 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 favorable or 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 including extreme weather 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**

The Company will test goodwill and indefinite-lived intangible assets, including FCC licenses, for impairment during the fourth quarter of each year and between annual tests if events or circumstances require an interim impairment assessment. A downward revision in the estimated fair value of a reporting unit or intangible assets, including FCC licenses, could result in a non-cash impairment charge. Also, any significant shortfall, now or in the future, in the expected popularity of the programming for which the Company has acquired rights could lead to a downward revision in the fair value of such assets. Any such impairment charge for goodwill, intangible assets and/or programming could have a material adverse effect on the Company's reported net earnings.

**Dividends and Dividend Rates Cannot Be Guaranteed**

The Company's Board of Directors assesses relevant factors when considering the declaration of a dividend on the Company's common stock. The Company cannot guarantee that it will continue to declare dividends, including at the same or similar rates.

**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. While the Company does not maintain a written succession plan with respect to Chairman of the Board, in accordance with the Company's Corporate Governance Guidelines, the non-management directors of the CBS Board consider annually succession planning for the position of Chairman. Because 79% of the voting shares are controlled by Sumner Redstone there can be no assurance now or in the future that he or the successors to the voting control may not seek to effect succession of the Chairman; however, and in all cases, the Board will elect the next Chairman by a majority vote of the entire Board. 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. Cable Networks produces programming and CBS Films produces motion pictures with highly regarded directors, actors and other talent who are important to achieving audience endorsement of their content. There can be no assurance that these entertainment personalities, authors and talent will remain with or be drawn to the Company or will retain their current audiences or readership. If the Company fails to retain or attract these entertainment personalities, authors and talent 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, outdoor advertising is the subject of targeted state and municipal taxes and fees. Such laws may increase the Company's costs and 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.

**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 be assured 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 or others 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, radio, cable networks and motion picture businesses by causing delays in the production of the Company's television or radio programming, motion pictures or the Company's outdoor business by disrupting its ability to place advertising on outdoor faces. Depending on their duration, strikes or work stoppages could have an adverse effect on the Company's revenues and operating income.

**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 direct and indirect 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, Mr. David R. Andelman is a director of NAI and serves as a director 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.

**Sales of Additional Shares of Common Stock by NAI Could Adversely Affect the Stock Price**

NAI, through its direct and indirect ownership of the Company's Class A Common Stock, has voting control of the Company. Based on information received from NAI, shares of the Company's voting Class A common stock and non-voting Class B common stock owned by NAI Entertainment Holdings LLC ("NAI EH"), a wholly-owned subsidiary of NAI, are pledged to NAI EH's lenders. NAI holds more than 50% of the Company's voting Class A shares directly and these shares are not pledged. If NAI EH defaults on its obligations and the lenders foreclose on the collateral, the lenders or anyone to whom the lenders transfer the Company's shares could sell such shares or convert those shares of voting Class A Common Stock into shares of non-voting Class B Common Stock and sell such shares, which could adversely affect the Company's share price. Additionally, if the lenders foreclose on the pledged shares of voting Class A Common Stock, NAI will no longer directly or indirectly own those shares and such lenders or other transferees would have voting rights in the Company. In addition, there can be no assurance that NAI or NAI EH at some future time will not sell or pledge additional shares of the Company's stock, which could adversely affect the Company's share price.

**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:

- 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.

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

So long as the Company and Viacom Inc. 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 certain rules and regulations of the FCC and certain rules regarding political campaign contributions in the U.S., among others potentially. 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 Viacom Inc. may have the effect of limiting and affecting the activities, strategic business alternatives and business terms 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 Viacom Inc. in connection with the separation of former Viacom Inc. ("Former Viacom") into two publicly traded entities, CBS Corporation and new Viacom Inc., which was completed on December 31, 2005 (the "Separation"), the Company may not make acquisitions, enter into agreements or accept or agree to any condition that purports to bind Viacom Inc. or subjects Viacom Inc. to restrictions it is not otherwise subject to by legal order without Viacom Inc.'s consent. These restrictions could limit and affect the activities, strategic business alternatives and business terms available to the Company.

**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 Viacom Inc. entered into various agreements, including the Separation Agreement, 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") and certain related party arrangements pursuant to which the Company and Viacom Inc. 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 Viacom Inc. 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 Viacom Inc. 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 Viacom Inc. under these agreements are legal or contractual liabilities of the other company. If Viacom Inc. 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 may own both CBS Corp. common stock and Viacom Inc. common stock, and both the Company and Viacom Inc. 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 Viacom Inc.'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 Viacom Inc. Mr. David R. Andelman is a director of NAI and serves as a director of the Company. Mr. Frederic V. Salerno is a director of Viacom Inc. and 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 Viacom Inc.'s management, directors and controlling stockholder face decisions that could have different implications for the Company and

Viacom Inc. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between the Company and Viacom Inc. regarding the terms of the agreements governing the Separation and the relationship between the Company and Viacom Inc. thereafter. These agreements include, among others, the Separation Agreement, the Tax Matters Agreement and any commercial agreements between the parties or their affiliates. On occasion, the Company and Viacom Inc. may compete with each other in various commercial enterprises. Potential conflicts of interest could also arise if the Company and Viacom Inc. enter into any commercial arrangements with each other in the future. Each of Mr. Redstone and Ms. Redstone may also face conflicts of interest with regard to the allocation of his or her time between the Company and Viacom Inc. CBS Corp.'s certificate of incorporation contains provisions related to corporate opportunities that may be of interest to both the Company and Viacom Inc. 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 Viacom Inc. acquires knowledge of a potential corporate opportunity for both the Company and Viacom Inc., such director, officer or controlling stockholder may present such opportunity to the Company or Viacom Inc. 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 the Company renounces any interest in any such opportunity presented to Viacom Inc. These provisions create the possibility that a corporate opportunity of one of such companies may be used for the benefit of the other company.

**Item 1B.** ***Unresolved Staff Comments.***

Not applicable.

**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 space, 831,000 square feet of which is office space. The Company occupies approximately 276,000 square feet of the office space and leases the balance 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. Showtime Networks leases approximately 200,000 square feet at 1633 Broadway, New York, New York under a lease which expires in 2026. Simon & Schuster leases approximately 290,000 square feet of office space at 1230 Avenue of the Americas, New York, New York, which lease runs to 2019. As part of the Company's acquisition of CNET Networks, Inc. in June 2008, the Company acquired CNET's headquarters lease for approximately 280,000 square feet of space at 235 2nd Street, San Francisco, California. This lease runs through 2022. Also, as part of the acquisition of CNET, the Company acquired a lease for approximately 400,000 square feet of space at 28 East 28th Street (also known as 63 Madison Avenue), New York, New York, approximately 114,800 square feet of which is occupied by the Company and the balance subleased to third parties. This lease expires in 2019. 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.***

*Securities Action.* On December 12, 2008, the City of Pontiac General Employees' Retirement System filed a self-styled class action complaint in the United States District Court for the Southern District of New York against the Company and its Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and Treasurer, alleging violations of federal securities law. The complaint, which was filed on behalf of a putative class of purchasers of the Company's common stock between February 26, 2008 and October 10, 2008 (the "Class Period"), alleges that, among other things, the Company's failure to timely write down the value of certain assets caused the Company's reported operating results during the Class Period to be materially inflated. The plaintiffs seek unspecified compensatory damages. On February 11, 2009, a motion was filed in the case on behalf of The City of Omaha, Nebraska Civilian Employees' Retirement System, and The City of Omaha Police and Fire Retirement System (collectively, the "Omaha Funds") seeking to appoint the Omaha Funds as the lead plaintiffs in this case; on March 5, 2009, the court granted that motion. On May 4, 2009, the plaintiffs filed an Amended Complaint, which removes the Treasurer as a defendant and adds the Executive Chairman. On July 13, 2009, all defendants filed a motion to dismiss this action. On March 16, 2010, the court granted the Company's motion and dismissed this action as to the Company and all defendants. On April 30, 2010, the plaintiffs filed a motion for leave to serve an amended complaint. On September 23, 2010, the court issued an order granting leave to amend. On October 8, 2010, the Company was served with an Amended Complaint, which redefines the Class Period to be April 29, 2008 to October 10, 2008 and alleges that the impairment charge should have been taken during the first quarter of 2008. The Company filed a motion to dismiss this Amended Complaint on November 19, 2010. The Company believes that the plaintiffs' claims are without merit and intends to vigorously defend itself in the litigation.

*Claims Related to Former Businesses: Asbestos.* The Company is a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred principally as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. The Company is typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of the Company's products is the basis of a claim. Claims against the Company in which a product has been identified principally relate to exposures allegedly caused by asbestos-containing insulating material in turbines sold for power-generation, industrial and marine use, or by asbestos containing grades of decorative micarta, a laminate used in commercial ships.

Claims are frequently filed and/or settled in groups, which may make the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of December 31, 2010, the Company had pending approximately 52,220 asbestos claims, as compared with approximately 62,360 as of December 31, 2009 and 68,520 as of December 31, 2008. During 2010, the Company received approximately 5,170 new claims and closed or moved to an inactive docket approximately 15,310 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement. Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. The Company's total costs for the years 2010 and 2009 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately $13.7 million and $17.8 million, respectively. The Company's costs for settlement and defense of asbestos claims may vary year to year as insurance proceeds are not always recovered in the same period as the insured portion of the expenses.

Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased by exposure to asbestos; lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure; other cancers, and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. The predominant number of claims against the Company are non-cancer claims. In a substantial number of the pending claims, the plaintiff has not yet identified the claimed injury. The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities. This belief is based upon many factors and assumptions, including the number of outstanding claims, estimated average cost per claim, the breakdown of claims by disease type, historic claim filings, costs per claim of resolution and the filing of new claims. While the number of asbestos claims filed against the Company has trended down in recent years, it is difficult to predict future asbestos liabilities, as events and circumstances may occur including, among others, the number and types of claims and average cost to resolve such claims, which could affect the Company's estimate of its asbestos liabilities.

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

**Item 4.** ***(Removed and Reserved).***

**EXECUTIVE OFFICERS OF THE COMPANY**

Set forth below is certain information concerning the executive officers of the Company as of February 21, 2011.

| Name | Age | Title |
|---|---|---|
| Sumner M. Redstone | 87 | Executive Chairman of the Board of Directors and Founder |
| Leslie Moonves | 61 | President and Chief Executive Officer and Director |
| Anthony G. Ambrosio | 50 | Executive Vice President, Human Resources and Administration |
| Louis J. Briskman | 62 | Executive Vice President and General Counsel |
| Martin D. Franks | 60 | Executive Vice President, Planning, Policy and Government Affairs |
| Joseph R. Ianniello | 43 | Executive Vice President and Chief Financial Officer |
| Richard M. Jones | 45 | Senior Vice President and General Tax Counsel |
| Gil Schwartz | 59 | Executive Vice President and Chief Communications Officer |
| Thomas S. Shilen, Jr. | 51 | Senior Vice President, Controller and Chief Accounting Officer |
| Angeline C. Straka | 65 | 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 January 1, 2006. He was Chairman of the Board of Former Viacom from 1987 until January 1, 2006 and served as Chief Executive Officer of Former Viacom from 1996 until January 1, 2006. 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 Executive Committee. Mr. Redstone has lectured at a variety of universities, including Harvard Law School, Brandeis University, and in 1982 joined the faculty of the Boston University School of Law. 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 and Founder of Viacom Inc.

Mr. Moonves has been President and Chief Executive Officer and a Director of the Company since January 1, 2006. 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 January 1, 2006. Previously, he served as Co-Executive Vice President, Human Resources of Former Viacom 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 January 1, 2006. Previously, since September 2005, he served as Executive Vice President and General Counsel of the businesses that comprise the Company since January 1, 2006. 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. Franks has been Executive Vice President, Planning, Policy and Government Affairs of the Company since January 1, 2006. 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.

Mr. Ianniello has been Executive Vice President and Chief Financial Officer since August 2009. Prior to that, Mr. Ianniello served as Deputy Chief Financial Officer of the Company since November 2008, as Senior Vice President, Chief Development Officer and Treasurer of the Company since September 2007, as Senior Vice President, Finance and Treasurer of the Company since January 1, 2006, as Senior Vice President and Treasurer of Former Viacom since July 2005, as Vice President, Corporate Development of Former Viacom from 2000 to 2005.

Mr. Jones has been Senior Vice President and General Tax Counsel of the Company since January 1, 2006 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. Schwartz has been Executive Vice President and Chief Communications Officer of the Company since January 1, 2006. 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 January 1, 2006. 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. Shilen has been Senior Vice President, Controller and Chief Accounting Officer of the Company since March 1, 2010. Previously, he was Senior Vice President and Corporate Controller of Sara Lee Corporation since November 2008. Prior to that, Mr. Shilen served as Senior Vice President, Global Reporting and Deputy Controller for American Express from 2007 to 2008, Chief Administrative Officer and Chief Financial Officer for Citi Home Equity from 2005 to 2007, and as Chief Financial Officer with The Citigroup Private Bank from 2003 to 2005. Prior to that, Mr. Shilen served as Chief Financial Officer or Controller for various divisions of General Electric Company from 1998 to 2003, and prior to that, held various finance positions at PepsiCo, Inc.

Ms. Straka has been Senior Vice President, Deputy General Counsel and Secretary of the Company since January 1, 2006. 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. 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 and its predecessor, Westinghouse Electric 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.***

CBS Corporation (the "Company" or "CBS Corp.") voting Class A Common Stock and CBS Corporation non-voting Class B Common Stock are listed and traded on the New York Stock Exchange ("NYSE") under the symbols "CBS.A" and "CBS", respectively.

The following table sets forth, for the calendar periods indicated, the per share range of high and low sales prices for CBS Corporation's Class A and Class B Common Stock, as reported on the NYSE.

| | Voting Class A Common Stock | | Non-Voting Class B Common Stock | |
|---|---|---|---|---|
| | **High** | **Low** | **High** | **Low** |
| **2010** | | | | |
| 1st quarter | $ 14.94 | $ 12.34 | $ 14.95 | $ 12.33 |
| 2nd quarter | $ 16.94 | $ 12.90 | $ 16.98 | $ 12.86 |
| 3rd quarter | $ 16.19 | $ 12.29 | $ 16.23 | $ 12.26 |
| 4th quarter | $ 19.82 | $ 15.94 | $ 19.65 | $ 15.89 |
| **2009** | | | | |
| 1st quarter | $ 9.16 | $ 3.06 | $ 9.19 | $ 3.06 |
| 2nd quarter | $ 9.14 | $ 3.75 | $ 9.15 | $ 3.65 |
| 3rd quarter | $ 13.17 | $ 5.69 | $ 13.16 | $ 5.65 |
| 4th quarter | $ 14.58 | $ 11.29 | $ 14.56 | $ 11.29 |

On February 23, 2011, the Company announced a quarterly cash dividend of $.05 per share on its Class A and Class B Common Stock, payable on April 1, 2011. The Company declared a quarterly cash dividend on its Class A and Class B Common Stock during each of the four quarters of 2010 and 2009, for a total $139.2 million and $135.8 million, respectively. CBS Corp. currently expects to continue to pay a regular cash dividend to its stockholders.

On November 4, 2010, the Company announced that its Board of Directors approved a $1.5 billion share repurchase program with respect to its Class A and Class B Common Stock. In connection with the approval of this program, the Company's previous share repurchase programs, which had remaining authorization of $649.4 million, were terminated. During 2010, the Company did not purchase any shares under its publicly announced share repurchase programs.

As of February 15, 2011, there were approximately 1,899 record holders of CBS Corp. Class A Common Stock and approximately 29,301 record holders of CBS Corp. Class B Common Stock.

Information required by this item is also contained in the CBS Corp. Proxy Statement for the Company's 2011 Annual Meeting of Stockholders under the heading "Equity Compensation Plan Information," which information is incorporated herein by reference.

**Performance Graph**

The following graph compares the cumulative total stockholder return on CBS Corp. Class A and Class B Common Stock with the cumulative total return on the companies listed in the Standard & Poor's 500 Stock Index ("S&P 500") and a Peer Group of companies identified below.

The performance graph assumes $100 invested on December 31, 2005 in each of the Class A and Class B Common Stock of CBS Corp., the S&P 500 and the Peer Group identified below including reinvestment of dividends, through the calendar year ended December 31, 2010.

**Total Cumulative Stockholder Return**
**For Five-Year Period Ending December 31, 2010**

| December 31, | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| CBS Corp. Class A Common Stock | $ 100.00 | $ 125.41 | $ 110.88 | $ 37.04 | $ 65.18 | $ 89.33 |
| CBS Corp. Class B Common Stock | $ 100.00 | $ 128.02 | $ 115.45 | $ 37.63 | $ 66.53 | $ 91.41 |
| S&P 500 | $ 100.00 | $ 115.79 | $ 122.15 | $ 76.96 | $ 97.32 | $ 111.98 |
| Peer Group (a) | $ 100.00 | $ 131.92 | $ 117.24 | $ 58.51 | $ 82.21 | $ 92.52 |

(a) The Peer Group consists of the following companies: The Walt Disney Company, News Corporation, Time Warner Inc., Cumulus Media Inc. and Clear Channel Outdoor Holdings, Inc.

**Item 6.** ***Selected Financial Data.***

**CBS CORPORATION AND SUBSIDIARIES**
**(In millions, except per share amounts)**

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009(a) | 2008(a)(b) | 2007 | 2006(c) |
| Revenues | $ 14,059.8 | $ 13,014.6 | $ 13,950.4 | $ 14,072.9 | $ 14,320.2 |
| Operating income (loss) | $ 1,816.3 | $ 1,011.4 | $ (12,158.7) | $ 2,621.8 | $ 2,606.4 |
| Net earnings (loss) from continuing operations | $ 724.2 | $ 226.5 | $ (11,673.4) | $ 1,230.8 | $ 1,382.9 |
| Net earnings from discontinued operations | $ | $ | $ | $ 16.2 | $ 277.6 |
| Net earnings (loss) | $ 724.2 | $ 226.5 | $ (11,673.4) | $ 1,247.0 | $ 1,660.5 |
| Basic earnings (loss) per common share: | | | | | |
| Net earnings (loss) from continuing operations | $ 1.07 | $ .34 | $ (17.43) | $ 1.72 | $ 1.81 |
| Net earnings from discontinued operations | $ | $ | $ | $ .02 | $ .36 |
| Net earnings (loss) | $ 1.07 | $ .34 | $ (17.43) | $ 1.75 | $ 2.17 |
| Diluted earnings (loss) per common share: | | | | | |
| Net earnings (loss) from continuing operations | $ 1.04 | $ .33 | $ (17.43) | $ 1.70 | $ 1.79 |
| Net earnings from discontinued operations | $ | $ | $ | $ .02 | $ .36 |
| Net earnings (loss) | $ 1.04 | $ .33 | $ (17.43) | $ 1.73 | $ 2.15 |
| Dividends per common share | $ ..20 | $ ..20 | $ 1.06 | $ ..94 | $ ..74 |
| At Year End: | | | | | |
| Total assets: | | | | | |
| Continuing operations | $ 26,065.5 | $ 26,869.7 | $ 26,975.6 | $ 40,322.5 | $ 43,225.6 |
| Discontinued operations | 77.1 | 92.3 | 105.3 | 107.7 | 283.2 |
| Total assets | $ 26,142.6 | $ 26,962.0 | $ 27,080.9 | $ 40,430.2 | $ 43,508.8 |
| Total debt: | | | | | |
| Continuing operations | $ 6,000.8 | $ 6,996.9 | $ 6,996.1 | $ 7,087.7 | $ 7,042.3 |
| Discontinued operations | 20.5 | 20.5 | 33.5 | 43.0 | 83.0 |
| Total debt | $ 6,021.3 | $ 7,017.4 | $ 7,029.6 | $ 7,130.7 | $ 7,125.3 |
| Total Stockholders' Equity | $ 9,820.6 | $ 9,019.4 | $ 8,597.3 | $ 21,472.4 | $ 23,522.5 |

(a) In 2009, CBS Corporation (the "Company" or "CBS Corp.") recorded non-cash impairment charges of $210.0 million ($131.2 million, net of tax), or $.19 per diluted share, to reduce the carrying value of FCC licenses in certain radio markets and to reduce the carrying value of the allocated goodwill in connection with the sale of certain radio stations. In 2008, the Company recorded non-cash impairment charges of $14.18 billion ($12.73 billion, net of tax), or $19.00 per diluted share, principally to reduce the carrying value of goodwill and intangible assets.

(b) On June 30, 2008, the Company completed the acquisition of CNET Networks, Inc. ("CNET") for $1.8 billion. CNET has been included in the Company's results since its acquisition.

(c) On June 30, 2006, the Company sold Paramount Parks to Cedar Fair, L.P. for $1.24 billion. As a result, Paramount Parks is presented as a discontinued operation in the Company's consolidated financial statements.

**Item 7.** ***Management's Discussion and Analysis of Results of Operations and Financial Condition.***
***(Tabular dollars in millions, except per share amounts)***

Management's discussion and analysis of the results of operations and financial condition of CBS Corporation (together with its consolidated subsidiaries, unless the context otherwise requires, the "Company" or "CBS Corp.") 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 Concerning Forward-Looking Statements.

**Overview**

In 2010, CBS Corporation's results were driven by the economic recovery and the strength of the Company's content, which led to increases in revenues of 8% to $14.06 billion, operating income of 80% to $1.82 billion and diluted earnings per share of 215% to $1.04. The Company generated net cash flow from operating activities of $1.74 billion which was used, along with cash on hand, to reduce its outstanding debt by $1.40 billion, including a $400.0 million reduction to the accounts receivable securitization program, as well as to fund $284.3 million of capital expenditures and pay $141.7 million of dividends to the Company's shareholders.

Revenue growth in 2010 was led by increases of 18% at Local Broadcasting, 6% at Entertainment, 9% at Cable Networks and 6% at Outdoor. Total advertising sales for 2010 increased 12% reflecting growth in both local and national advertising sales, primarily driven by the economic recovery and an increase in market share. Advertising revenues also benefited from the telecast of *Super Bowl XLIV* on the CBS Television Network and higher political advertising sales from the 2010 mid-term elections. Affiliate and subscription fees increased 9% driven by rate increases and growth in subscriptions at the Company's cable networks as well as higher retransmission revenues. Content licensing and distribution revenues decreased 2%, as increases in international syndication sales of television series and the addition of theatrical revenues in 2010, were more than offset by a decline in domestic syndication sales due to the first-cycle syndication sales of five major titles in 2009.

For 2010, operating income of $1.82 billion and diluted earnings per share of $1.04 both grew at a higher rate than revenues as the revenue growth was primarily driven by high margin advertising and affiliate revenues. Operating income and diluted earnings per share comparisons were also impacted by 2009 pre-tax non-cash impairment charges of $210.0 million ($131.2 million, net of tax) or $.19 per diluted share.

For 2010, free cash flow of $1.45 billion increased 75% from $827.8 million for 2009 principally reflecting higher operating income partially offset by higher payments for taxes and a discretionary contribution of $167.0 million to pre-fund the Company's qualified pension plans in 2010. The Company generated net cash flow from operating activities of $1.74 billion for 2010 versus $939.4 million for 2009, which included a $150.0 million reduction to amounts outstanding under the Company's accounts receivable securitization program. Free cash flow, a non-GAAP financial measure, reflects the Company's net cash flow provided by (used for) operating activities before increases and decreases to the accounts receivable securitization program and less capital expenditures. See "Reconciliation of Non-GAAP Financial Information" on pages II-12 and II-13 for a reconciliation of net cash flow provided by (used for) operating activities, the most directly comparable financial measure in accordance with accounting principles generally accepted in the United States of America ("GAAP"), to free cash flow.

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

CBS Corp. operates in the following segments:

ENTERTAINMENT: The Entertainment segment consists of the *CBS Television Network*, *CBS Television Studios*, *CBS Studios International*, *CBS Television Distribution*, *CBS Films* and *CBS Interactive*. Entertainment revenues are generated primarily from advertising sales, content licensing and distribution, and affiliate and subscription fees. Entertainment contributed 53%, 54% and 49% to consolidated revenues for the years ended December 31, 2010, 2009 and 2008, respectively.

CABLE NETWORKS: The Cable Networks segment consists of *Showtime Networks*, *CBS College Sports Network* and *Smithsonian Networks*. *CBS College Sports Network* will be renamed *CBS Sports Network* in April 2011. Cable Networks revenues are generated primarily from affiliate fees, and content licensing and distribution. Cable Networks contributed 10% to consolidated revenues for each of the years ended December 31, 2010 and 2009 and 9% for the year ended December 31, 2008.

PUBLISHING: The Publishing segment consists of *Simon & Schuster's* consumer book publishing business with imprints such as *Simon & Schuster*, *Pocket Books*, *Scribner* and *Free Press*. Publishing contributed 6% to consolidated revenues for each of the years ended December 31, 2010, 2009 and 2008.

LOCAL BROADCASTING: The Local Broadcasting segment consists of *CBS Television Stations* and *CBS Radio*, with revenues generated primarily from advertising sales. Local Broadcasting contributed 20%, 18% and 21% to consolidated revenues for the years ended December 31, 2010, 2009 and 2008, respectively.

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, stadium signage and in retail stores with revenues generated primarily from advertising sales. Outdoor contributed 13% to consolidated revenues for each of the years ended December 31, 2010 and 2009 and 16% for the year ended December 31, 2008.

**Consolidated Results of Operations  2010 vs. 2009 and 2009 vs. 2008**

*Revenues*

The following tables present the Company's consolidated revenues by type for each of the years ended December 31, 2010, 2009 and 2008.

| **Revenues by Type Year Ended December 31,** | **2010** | **2009** | **Increase/(Decrease) 2010 vs. 2009** | | **2008** | **Increase/(Decrease) 2009 vs. 2008** | |
|---|---|---|---|---|---|---|---|
| Advertising | $ 9,152.8 | $ 8,171.4 | $ 981.4 | 12% | $ 9,239.9 | $ (1,068.5) | (12)% |
| Content licensing and distribution | 3,071.5 | 3,120.4 | (48.9) | (2) | 3,157.6 | (37.2) | (1) |
| Affiliate and subscription fees | 1,597.7 | 1,462.3 | 135.4 | 9 | 1,289.4 | 172.9 | 13 |
| Other | 237.8 | 260.5 | (22.7) | (9) | 263.5 | (3.0) | (1) |
| **Total Revenues** | $ 14,059.8 | $ 13,014.6 | $ 1,045.2 | 8% | $ 13,950.4 | $ (935.8) | (7)% |

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

| **Percentage of Revenues by Type** | **Year Ended December 31, 2010** | **2009** | **2008** |
|---|---|---|---|
| Advertising | 65% | 63% | 66% |
| Content licensing and distribution | 22 | 24 | 23 |
| Affiliate and subscription fees | 11 | 11 | 9 |
| Other | 2 | 2 | 2 |
| **Total** | 100% | 100% | 100% |

Advertising sales increased 12% to $9.15 billion in 2010 from $8.17 billion in 2009 reflecting a broad recovery in both national and local advertising markets with growth across many key categories including automotive, financial services and retail, as well as higher political advertising from the 2010 mid-term elections. Network advertising revenues increased 12% with growth in primetime and sports, including the 2010 telecast of *Super Bowl XLIV* on the CBS Television Network. Local advertising sales increased 12% with growth from CBS Television Stations, CBS Radio and CBS Outdoor. CBS Interactive display advertising revenues increased 19%. In 2009, advertising sales decreased 12% to $8.17 billion in 2009 from $9.24 billion in 2008 primarily reflecting softness in the local advertising marketplace resulting from the weak economic environment with declines in spending across many categories, including automotive, healthcare and retail, as well as lower political advertising sales. The decline in advertising revenues in 2009 also reflected the unfavorable impact of foreign exchange rate changes, partially offset by the impact of the acquisition of CNET Networks, Inc. ("CNET") in June 2008. For 2009, Network advertising sales decreased 2% and local advertising sales decreased 20%.

Content licensing and distribution revenues are principally comprised of fees from the licensing of internally produced programming to television, theaters and digital mediums, as well as for home entertainment sales; fees from the distribution of third party programming; and revenues from the publishing and distribution of consumer books. Content licensing and distribution revenues decreased 2% to $3.07 billion in 2010 from $3.12 billion in 2009 principally reflecting lower domestic syndication sales driven by the timing of availabilities, as 2010 included the second-cycle syndication sale of *CSI: Crime Scene Investigation* as compared to 2009 which included revenues from the first-cycle availabilities of five major titles, *Medium, Criminal Minds*, *Ghost Whisperer*, *Everybody Hates Chris* and *Numb3rs*. This decrease was partially offset by higher international syndication sales of television programming and the addition of theatrical revenues in 2010. In 2009, content licensing and distribution revenues decreased 1% to $3.12 billion from $3.16 billion in 2008 principally reflecting 7% lower publishing revenues due to the soft retail market and the unfavorable impact of foreign exchange rate changes, as well as 16% lower home entertainment revenues. Syndication revenues increased in 2009 reflecting the five previously mentioned major domestic syndication availabilities, partially offset by the 2008 domestic syndication sale of *CSI: NY* and the timing of international syndication sales.

Affiliate and subscription fees are principally comprised of revenues received from cable television operators, direct broadcast satellite ("DBS") operators, telephone companies ("Telcos") and other distributors for the carriage of the Company's cable networks, as well as for retransmission consent for the CBS Television Network and the Company's owned and operated television stations; fees received from non-CBS owned television stations affiliated with the CBS Television Network; and subscriber fees for online content. For 2010, affiliate and subscription fees increased 9% to $1.60 billion from $1.46 billion in 2009 and for 2009, affiliate and subscription fees increased 13% from $1.29 billion in 2008 principally reflecting growth in subscriptions and rate increases at Showtime Networks and CBS College Sports Network, and higher retransmission revenues. For 2009, the increase was also due to the impact of the acquisition of CNET in June 2008.

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

Other revenues, which include ancillary fees for Entertainment, Cable Networks, Local Broadcasting and Outdoor operations, decreased 9% to $237.8 million in 2010 from $260.5 million in 2009 principally reflecting lower ancillary digital revenues. For 2009, other revenues decreased 1% to $260.5 million in 2009 from $263.5 million in 2008 primarily reflecting the absence of 2008 revenues associated with the Company's former agreements with Westwood One, Inc., which were concluded during the first quarter of 2008, partially offset by the impact of the acquisition of CNET in June 2008.

*International Revenues*

The Company generated approximately 15% of its total revenues from international regions in 2010, 14% in 2009 and 16% in 2008.

| Year Ended December 31, | 2010 | % of International | 2009 | % of International | 2008 | % of International |
|---|---|---|---|---|---|---|
| United Kingdom | $ 458.9 | 22% | $ 430.8 | 23% | $ 584.3 | 26% |
| Other Europe | 757.6 | 37 | 715.4 | 38 | 903.5 | 40 |
| Canada | 383.6 | 18 | 309.8 | 17 | 350.6 | 16 |
| All other | 475.8 | 23 | 404.6 | 22 | 407.7 | 18 |
| **Total International Revenues** | $ 2,075.9 | 100% | $ 1,860.6 | 100% | $ 2,246.1 | 100% |

*Operating Expenses*

The table below presents the Company's consolidated operating expenses by type for each of the years ended December 31, 2010, 2009 and 2008.

| Operating Expenses by Type<br>Year Ended December 31, | 2010 | 2009 | Increase/(Decrease) 2010 vs. 2009 | | 2008 | Increase/(Decrease) 2009 vs. 2008 | |
|---|---|---|---|---|---|---|---|
| Programming | $ 3,509.7 | $ 3,336.2 | $ 173.5 | 5% | $ 3,291.3 | $ 44.9 | 1% |
| Production | 2,061.2 | 2,061.8 | (.6) | | 2,033.6 | 28.2 | 1 |
| Billboard, transit and other occupancy | 1,028.7 | 1,019.4 | 9.3 | 1 | 1,084.3 | (64.9) | (6) |
| Participation, distribution and royalty | 693.1 | 597.0 | 96.1 | 16 | 505.0 | 92.0 | 18 |
| Other | 1,692.6 | 1,685.3 | 7.3 | | 1,736.5 | (51.2) | (3) |
| **Total Operating Expenses** | $ 8,985.3 | $ 8,699.7 | $ 285.6 | 3% | $ 8,650.7 | $ 49.0 | 1% |

Programming expenses represented 39% of total operating expenses in 2010 and 38% in 2009 and 2008, and reflect the amortization of acquired rights of programs exhibited on the broadcast and cable networks, and television and radio stations. Programming expenses increased 5% to $3.51 billion in 2010 from $3.34 billion in 2009 reflecting higher sports programming costs, principally associated with the 2010 telecast of *Super Bowl XLIV* and the *2010 NCAA Division I Men's Basketball Championship* on the CBS Television Network, partially offset by lower acquired television series costs. For 2009, programming expenses increased 1% to $3.34 billion from $3.29 billion in 2008 reflecting higher television series costs, principally from the impact of the Writers Guild of America ("WGA") strike which reduced programming costs for the 2007/2008 broadcast season, partially offset by lower costs from more internally produced series airing on the CBS Television Network for the 2009/2010 broadcast season.

Production expenses represented 23% of total operating expenses in 2010 and 24% in 2009 and 2008, and reflect the direct costs of internally developed television and theatrical film content, as well as television and radio costs, including on-air talent and other production costs. Production expenses of

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

$2.06 billion for 2010 remained relatively flat compared to 2009 reflecting lower costs associated with lower domestic syndication sales, offset by increased investment in new television series and theatrical films. For 2009, production expenses increased 1% to $2.06 billion from $2.03 billion in 2008 reflecting additional investment in new television series partially offset by lower radio talent costs and lower costs associated with the mix of syndication sales.

Billboard, transit and other occupancy expenses represented 11% of total operating expenses in 2010, 12% in 2009 and 13% in 2008, and reflect lease and franchise costs associated with billboards, transit and other outdoor displays, rent expense on production facilities, and other occupancy costs. Billboard, transit and other occupancy expenses increased 1% to $1.03 billion in 2010 from $1.02 billion in 2009 primarily driven by higher franchise expenses reflecting costs for new Outdoor transit contracts, partially offset by reductions attributable to lost contracts and cost-savings initiatives. This increase was partially offset by lower billboard lease costs, as well as lower maintenance and display site costs principally due to cost-savings initiatives. For 2009, billboard, transit and other occupancy expenses decreased 6% to $1.02 billion from $1.08 billion in 2008 primarily due to the impact of foreign exchange rate changes and lower billboard lease costs in Europe.

Participation, distribution and royalty costs, which represented 8% of total operating expenses in 2010, 7% in 2009 and 6% in 2008, primarily include participation and residual expenses for television programming, royalty costs for Publishing content and other distribution expenses incurred with respect to television and feature film content, including print and advertising. Participation, distribution and royalty costs increased 16% to $693.1 million in 2010 from $597.0 million in 2009 primarily reflecting higher advertising expense for theatrical films. For 2009, participation, distribution and royalty costs increased 18% from $505.0 million in 2008 principally reflecting higher participations associated with higher syndication sales, higher publishing royalty expenses and higher advertising for theatrical films.

Other operating expenses, which represented 19% of total operating expenses in 2010 and 2009, and 20% in 2008, primarily include compensation costs, costs associated with book sales, including printing and warehousing, and costs associated with the production and hosting of internet sites. For 2010, other operating expenses remained relatively flat at $1.69 billion. For 2009, other operating expenses decreased 3% to $1.69 billion from $1.74 billion in 2008 primarily reflecting lower Publishing operations costs, including lower production costs driven by the decrease in revenues and lower freight and delivery costs, as well as lower employee-related costs due to restructuring and cost-savings initiatives, partially offset by increased costs associated with digital media, including the impact of the acquisition of CNET in June 2008.

*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, represented 19% of revenues for each of the years 2010, 2009 and 2008. SG&A expenses increased $126.9 million, or 5%, to $2.62 billion in 2010 from $2.49 billion in 2009 principally reflecting higher selling expenses and incentive compensation driven by the improved operating results, higher advertising expense, a settlement of $28.0 million in 2009 relating to a previously disposed business, and 2009 gains of $40.3 million from the sale and exchange of certain long-lived assets, partially offset by a settlement of $90.2 million in 2010 related to the favorable resolutions of certain disputes regarding previously disposed businesses and lower pension and postretirement benefit costs. In 2010, pension and postretirement benefits expenses decreased $50.6 million from 2009 primarily due to the favorable performance of pension plan assets in 2009.

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

For 2009, SG&A expenses decreased $120.3 million, or 5%, to $2.49 billion from $2.61 billion in 2008, primarily due to lower employee-related costs resulting from restructuring and cost-savings initiatives implemented across the Company's segments, lower selling expenses driven by the revenue decline, lower advertising expenses, the favorable impact from the termination of a real estate lease arrangement and gains on the sale and exchange of certain long-lived assets. These decreases were partially offset by increased pension costs and the impact of the acquisition of CNET. In 2009, pension and postretirement benefits expenses increased $91.0 million from 2008 due to the unfavorable performance of pension plan assets in 2008.

*Restructuring Charges*

During the year ended December 31, 2010, the Company recorded restructuring charges of $80.6 million, reflecting $65.9 million of severance costs associated with the elimination of positions and $15.6 million of contract termination and other associated costs, partially offset by the reversal of $.9 million as a result of changes in estimates of previously established restructuring accruals. During the year ended December 31, 2009, the Company recorded restructuring charges of $22.8 million, reflecting $20.8 million of severance costs and $6.7 million of contract termination and other associated costs, partially offset by the reversal of $4.7 million as a result of changes in estimates of previously established restructuring accruals. During the year ended December 31, 2008, the Company recorded restructuring charges of $136.7 million, which reflected $127.5 million of severance costs and $9.2 million of contract termination and other associated costs. As of December 31, 2010, the cumulative amount paid since the restructuring activities began in 2008 was $182.7 million, of which $166.8 million was for severance costs and $15.9 million was related to contract termination and other associated costs. The Company expects to substantially utilize the remaining reserves by the end of 2011.

| | Balance at December 31, 2009 | 2010 Charges | 2010 Payments | Balance at December 31, 2010 |
|---|---|---|---|---|
| Entertainment | $ 2.2 | $ 22.8 | $ (13.7) | $ 11.3 |
| Cable Networks | .1 | 3.1 | (1.4) | 1.8 |
| Publishing | 2.4 | 3.7 | (3.9) | 2.2 |
| Local Broadcasting | 28.6 | 25.2 | (27.9) | 25.9 |
| Outdoor | 6.2 | 25.8 | (15.8) | 16.2 |
| Corporate | .3 | | (.3) | |
| **Total** | $ 39.8 | $ 80.6 | $ (63.0) | $ 57.4 |

| | Balance at December 31, 2008 | 2009 Charges | 2009 Payments | Balance at December 31, 2009 |
|---|---|---|---|---|
| Entertainment | $ 17.3 | $ (.6) | $ (14.5) | $ 2.2 |
| Cable Networks | 1.5 | .1 | (1.5) | .1 |
| Publishing | 3.9 | 3.8 | (5.3) | 2.4 |
| Local Broadcasting | 58.7 | 2.3 | (32.4) | 28.6 |
| Outdoor | 7.8 | 17.2 | (18.8) | 6.2 |
| Corporate | 1.5 | | (1.2) | .3 |
| **Total** | $ 90.7 | $ 22.8 | $ (73.7) | $ 39.8 |

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*Impairment Charges*

The Company performs an annual fair value-based impairment test of goodwill and intangible assets with indefinite lives, primarily comprised of FCC licenses, during the fourth quarter and also between annual tests if an event occurs or if circumstances change that would more likely than not reduce the fair value of a reporting unit or an indefinite-lived intangible asset below its book value. Based on the 2010 annual impairment test, the estimated fair value of each of the Company's reporting units and indefinite-lived intangible assets is greater than its carrying value and therefore no impairment charge was required.

During 2009, as a result of the Company's annual impairment test of FCC licenses, the Company recorded a pre-tax non-cash impairment charge of $178.3 million at the Local Broadcasting segment to reduce the carrying value of FCC licenses in certain radio markets. This impairment resulted from reductions in projections for advertising revenues due to a weakened radio advertising marketplace.

Also in 2009, in connection with the sale of certain of its radio stations, the Company recorded a pre-tax non-cash impairment charge of $31.7 million to reduce the carrying value of FCC licenses by $20.7 million and the allocated goodwill by $11.0 million.

During the third quarter of 2008, the Company performed an interim impairment test as a result of its assessment of factors, including the continuation of adverse market conditions, which affected the Company's market value and trading multiples for entities within the Company's industry, as well as the continued economic slowdown which adversely affected the Company's advertising revenues, primarily at the Company's local businesses. As a result of this interim impairment test, the Company recorded a pre-tax non-cash impairment charge of $14.12 billion to reduce the carrying value of goodwill by $10.99 billion and intangible assets by $3.13 billion. The charge was reflected as a reduction to goodwill at the Entertainment segment of $3.80 billion, the Local Broadcasting segment of $4.34 billion and the Outdoor segment of $2.85 billion, as well as a reduction to the carrying value of intangible assets related to FCC licenses at the Local Broadcasting segment of $3.12 billion and franchise agreements at the Outdoor segment of $8.2 million.

Also in 2008, in connection with the sale of certain of its radio stations, the Company recorded a pre-tax non-cash impairment charge of $62.0 million to reduce the carrying value of FCC licenses by $30.4 million and the allocated goodwill by $31.6 million.

*Depreciation and Amortization*

Depreciation and amortization decreased $20.0 million, or 3%, to $562.3 million for 2010 from $582.3 million for 2009 principally reflecting lower depreciation for outdoor advertising properties and lower depreciation and amortization associated with interactive businesses. For 2009, depreciation and amortization increased $50.7 million, or 10%, to $582.3 million from $531.6 million for 2008 principally reflecting higher depreciation and amortization associated with fixed assets and intangible assets acquired in June 2008 in connection with the CNET acquisition and higher depreciation resulting from capital expenditures at Outdoor.

*Interest Expense*

For 2010, interest expense decreased $13.2 million to $528.8 million from $542.0 million in 2009 primarily resulting from the reduction of debt during 2010. For 2009, interest expense decreased $4.6 million to $542.0 million from $546.6 million in 2008. The Company had $6.00 billion at December 31,

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2010 and $7.00 billion at December 31, 2009, of principal amounts of debt outstanding (including current maturities) at weighted average interest rates of 7.0% and 7.2%, respectively. The debt activity during 2010 is expected to result in annualized net interest expense savings of approximately $90 million.

*Interest Income*

Interest income decreased $.5 million to $5.5 million for 2010 from $6.0 million for 2009. For 2009, interest income decreased $36.2 million to $6.0 million from $42.2 million in 2008 reflecting lower interest rates and lower average cash balances.

*Gain (Loss) on Early Extinguishment of Debt*

For 2010, the loss on early extinguishment of debt of $81.4 million was associated with the repurchase and redemption of $2.07 billion of the Company's debt, of which $750.0 million was repurchased through a tender offer (See Note 8 to the consolidated financial statements).

For 2009, the loss on early extinguishment of debt of $29.8 million was associated with the repurchase of $978.3 million of the Company's debt, of which $825.5 million was repurchased through a tender offer.

For 2008, the gain on early extinguishment of debt of $8.4 million was associated with the repurchase of $191.8 million of the Company's 7.70% senior notes due 2010.

*Other Items, Net*

For 2010, "Other items, net" of $9.9 million primarily consisted of gains of $20.7 million associated with dispositions, partially offset by foreign exchange losses of $9.6 million.

For 2009, "Other items, net" reflected a net loss of $2.6 million primarily consisting of losses of $6.7 million associated with securitizing accounts receivables and a non-cash charge of $7.7 million associated with other-than-temporary declines in the market value of the Company's investments, partially offset by foreign exchange gains of $11.1 million.

For 2008, "Other items, net" of $79.6 million principally consisted of a gain of $129.8 million on the sale of the Company's investment in Sundance Channel, foreign exchange gains of $32.3 million and a gain of $3.7 million relating to radio station divestitures, partially offset by a non-cash charge of $71.1 million associated with other-than-temporary declines in the market value of the Company's investments and $15.4 million of losses associated with securitizing accounts receivables.

*(Provision) Benefit for Income Taxes*

The provision for income taxes represents federal, state, local and foreign income taxes on earnings (loss) before income taxes and equity in loss of investee companies. The Company reported income tax provisions of $462.7 million and $182.8 million in 2010 and 2009, respectively, and an income tax benefit of $919.3 million in 2008, reflecting an effective income tax rate of 37.9% in 2010, 41.3% in 2009 and 7.3% in 2008.

The provision for income taxes for 2010 included a $62.2 million reduction of deferred tax assets associated with the 2010 Patient Protection and Affordable Care Act, partially offset by a $26.4 million reversal of previously established deferred tax liabilities. Also included in the Company's tax provision were tax benefits of $28.1 million in 2010, $47.0 million in 2009 and $39.6 million in 2008 from the settlements of income tax audits, benefits of $78.8 million in 2009 and $1.45 billion in 2008 associated with the non-cash impairment charges to reduce the carrying value of goodwill and intangible assets, and reductions of deferred tax assets associated with stock-based compensation of $42.6 million in 2009 and $7.2 million in 2008. This reduction reflects the difference between the estimated tax benefit recognized based on the grant date fair value of the stock-based compensation award versus the actual tax benefit realized based on the market value on the date of vest.

For 2011, the Company's annual effective tax rate is expected to be approximately 39%.

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

Equity in loss of investee companies, net of tax, was $34.6 million for 2010, $33.7 million for 2009 and $17.6 million for 2008 reflecting the Company's share of the operating results of its equity investments.

*Net Earnings (Loss)*

The Company reported net earnings of $724.2 million and $226.5 million in 2010 and 2009, respectively, versus a net loss of $11.67 billion in 2008. Comparability of net earnings (loss) was impacted by several large discrete items, including pre-tax non-cash impairment charges of $210.0 million ($131.2 million, net of tax) in 2009 and $14.18 billion ($12.73 billion, net of tax) in 2008, settlements of $90.2 million in 2010 and $28.0 million in 2009 from the favorable resolutions of certain disputes regarding previously disposed businesses, restructuring charges of $80.6 million in 2010, $22.8 million in 2009, and $136.7 million in 2008, pre-tax losses on the early extinguishment of debt of $81.4 million in 2010 and $29.8 million in 2009, and a gain on the sale of the Company's investment in Sundance Channel of $129.8 million ($79.9 million, net of tax) in 2008.

**Reconciliation of Non-GAAP Financial Information**

Free cash flow is a non-GAAP financial measure. Free cash flow reflects the Company's net cash flow provided by (used for) operating activities before increases and decreases to the accounts receivable securitization program and less capital expenditures. The Company's net cash flow provided by (used for) operating activities is the most directly comparable GAAP financial measure.

The Company's calculation of free cash flow for 2009 does not include increases and decreases to the accounts receivable securitization program because the Company does not consider the cash flow from this program to be indicative of the cash generated by the underlying operating performance of the Company. Accordingly, the Company considers its decision to increase or decrease its accounts receivable securitization program a financing decision. In 2010, as a result of the adoption of amended Financial Accounting Standards Board ("FASB") guidance on accounting for transfers of financial assets, increases and decreases to the accounts receivable securitization program are reflected as financing activities on the Consolidated Statement of Cash Flows. Under the previous guidance these changes were reflected as operating activities. See Note 8 to the consolidated financial statements. Also, the Company's calculation of free cash flow includes capital expenditures since investment in capital expenditures is a use of cash that is directly related to the Company's operations.

Management believes free cash flow provides investors with an important perspective on the cash available to the Company to service debt, make strategic acquisitions and investments, maintain its capital assets, satisfy its tax obligations and fund ongoing operations and working capital needs. As a result, free cash flow is a significant measure of the Company's ability to generate long-term value. It is useful for investors to know whether this ability is being enhanced or degraded as a result of the Company's operating performance. The Company believes the presentation of free cash flow is relevant and useful for investors because it allows investors to evaluate the cash generated from the Company's underlying operations in a manner similar to the method used by management. Free cash flow is one of several components of incentive compensation targets for certain management personnel. In addition, free cash flow is also a primary measure used externally by the Company's investors, analysts and peers in its industry for purposes of valuation and comparing the operating performance of the Company to other companies in its industry.

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As free cash flow is not a measure calculated in accordance with GAAP, free cash flow should not be considered in isolation of, or as a substitute for, either net cash flow provided by (used for) operating activities as a measure of liquidity or net earnings (loss) as a measure of operating performance. Free cash flow, as the Company calculates it, may not be comparable to similarly titled measures employed by other companies. In addition, free cash flow as a measure of liquidity has certain limitations, and does not necessarily represent funds available for discretionary use and is not necessarily a measure of the Company's ability to fund its cash needs. When comparing free cash flow to net cash flow provided by (used for) operating activities, the most directly comparable GAAP financial measure, users of this financial information should consider the types of events and transactions which are not reflected in free cash flow.

The following table presents a reconciliation of the Company's net cash flow provided by operating activities, the most directly comparable GAAP financial measure, to free cash flow.

| **Year Ended December 31,** | **2010** | **2009** | **2008** |
|---|---|---|---|
| Net cash flow provided by operating activities | $ 1,735.1 | $ 939.4 | $ 2,146.5 |
| Exclude: Decrease to accounts receivable securitization program | | 150.0 | |
| Capital expenditures | (284.3) | (261.6) | (474.1) |
| **Free cash flow** | $ 1,450.8 | $ 827.8 | $ 1,672.4 |

**Segment Results of Operations For the Years Ended December 31, 2010, 2009 and 2008**

The following tables present the Company's revenues, segment operating income (loss) before depreciation and amortization and impairment charges ("Segment OIBDA before Impairment Charges"), operating income (loss), depreciation and amortization, and impairment charges by segment, for each of the years ended December 31, 2010, 2009 and 2008. The Company presents Segment OIBDA before Impairment Charges (or Segment OIBDA if there is no impairment charge), as the primary measure of profit and loss for its operating segments in accordance with FASB guidance for segment reporting. The Company believes the presentation of Segment OIBDA before Impairment Charges is relevant and useful for investors because it allows investors to view segment performance in a manner similar to the primary method used by the Company's management and enhances their ability to understand the Company's operating performance. The reconciliation of Segment OIBDA before Impairment Charges to the

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Company's consolidated Net earnings (loss) is presented in Note 15 (Reportable Segments) to the consolidated financial statements.

| **Year Ended December 31,** | **2010** | **2009** | **2008** |
|---|---|---|---|
| **Revenues:** | | | |
| Entertainment | $ 7,390.7 | $ 6,976.7 | $ 6,878.8 |
| Cable Networks | 1,475.1 | 1,347.2 | 1,264.5 |
| Publishing | 790.8 | 793.5 | 857.7 |
| Local Broadcasting | 2,782.5 | 2,359.7 | 2,950.4 |
| Outdoor | 1,819.2 | 1,722.6 | 2,170.6 |
| Eliminations | (198.5) | (185.1) | (171.6) |
| **Total Revenues** | $ 14,059.8 | $ 13,014.6 | $ 13,950.4 |
| **Segment OIBDA before Impairment Charges:** | | | |
| Entertainment | $ 871.5 | $ 875.9 | $ 1,022.8 |
| Cable Networks | 566.2 | 461.0 | 389.5 |
| Publishing | 68.1 | 50.2 | 88.2 |
| Local Broadcasting | 839.7 | 512.9 | 820.0 |
| Outdoor | 262.8 | 168.7 | 467.4 |
| Corporate | (218.2) | (147.1) | (157.1) |
| Residual costs | (14.9) | (115.7) | (79.2) |
| Eliminations | 3.4 | (2.2) | 2.7 |
| **OIBDA before Impairment Charges** | 2,378.6 | 1,803.7 | 2,554.3 |
| Impairment charges | | (210.0) | (14,181.4) |
| Depreciation and amortization | (562.3) | (582.3) | (531.6) |
| **Total Operating Income (Loss)** | $ 1,816.3 | $ 1,011.4 | $ (12,158.7) |
| **Operating Income (Loss):** | | | |
| Entertainment | $ 708.4 | $ 699.9 | $ (2,914.1) |
| Cable Networks | 543.9 | 437.4 | 364.3 |
| Publishing | 60.9 | 42.5 | 78.7 |
| Local Broadcasting | 740.1 | 212.4 | (6,809.1) |
| Outdoor | 13.9 | (96.9) | (2,631.7) |
| Corporate | (239.4) | (166.0) | (170.3) |
| Residual costs | (14.9) | (115.7) | (79.2) |
| Eliminations | 3.4 | (2.2) | 2.7 |
| **Total Operating Income (Loss)** | $ 1,816.3 | $ 1,011.4 | $ (12,158.7) |
| **Depreciation and Amortization:** | | | |
| Entertainment | $ 163.1 | $ 176.0 | $ 140.1 |
| Cable Networks | 22.3 | 23.6 | 25.2 |
| Publishing | 7.2 | 7.7 | 9.5 |
| Local Broadcasting | 99.6 | 90.5 | 99.7 |
| Outdoor | 248.9 | 265.6 | 243.9 |
| Corporate | 21.2 | 18.9 | 13.2 |
| **Total Depreciation and Amortization** | $ 562.3 | $ 582.3 | $ 531.6 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Impairment Charges:** | | | | | | |
| Entertainment | $ | | $ | | $ | 3,796.8 |
| Local Broadcasting | | | | 210.0 | | 7,529.4 |
| Outdoor | | | | | | 2,855.2 |
| **Total Impairment Charges** | $ | | $ | 210.0 | $ | 14,181.4 |

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**Entertainment** *(CBS Television Network, CBS Television Studios, CBS Studios International, CBS Television Distribution, CBS Films and CBS Interactive)*

(Contributed 53%, 54% and 49% to consolidated revenues for the years ended December 31, 2010, 2009 and 2008, respectively.)

| **Year Ended December 31,** | **2010** | **2009** | **2008** |
|---|---|---|---|
| Revenues | $ 7,390.7 | $ 6,976.7 | $ 6,878.8 |
| OIBDA before impairment charges | $ 871.5 | $ 875.9 | $ 1,022.8 |
| Impairment charges | | | (3,796.8) |
| Depreciation and amortization | (163.1) | (176.0) | (140.1) |
| Operating income (loss) | $ 708.4 | $ 699.9 | $ (2,914.1) |
| OIBDA before impairment charges as a % of revenues | 12% | 13% | 15% |
| Operating income as a % of revenues | 10% | 10% | NM |
| Restructuring charges | $ 22.8 | $ (.6) | $ 22.9 |
| Capital expenditures | $ 90.6 | $ 72.4 | $ 125.8 |

NM Not meaningful

**2010 vs. 2009**

For 2010, Entertainment revenues increased 6% to $7.39 billion from $6.98 billion in 2009 primarily reflecting higher advertising and retransmission revenues, partially offset by lower content licensing and distribution revenues. Advertising revenues increased 11% primarily reflecting 12% higher national advertising revenues, driven by higher pricing due to the economic recovery and the strength of Network primetime and sports programming, including the 2010 telecast of *Super Bowl XLIV* on the CBS Television Network, as well as 19% growth in CBS Interactive display advertising revenues. Revenues from content licensing and distribution decreased 3% as higher international syndication sales, the addition of theatrical revenues in 2010 and 2010 domestic syndication sales, including the second-cycle sale of *CSI: Crime Scene Investigation,* were more than offset by the first-cycle domestic syndication sales of five major titles in 2009.

For 2010, Entertainment operating income increased 1% to $708.4 million from $699.9 million for 2009. Entertainment OIBDA for 2010 decreased $4.4 million to $871.5 million from $875.9 million in 2009 as the increase in revenues was more than offset by higher sports programming costs, principally attributable to *Super Bowl XLIV* and the *2010 NCAA Division I Men's Basketball Championship*, increased investment in television and film content, and restructuring charges of $22.8 million incurred in 2010. The restructuring charges principally reflect severance costs associated with the elimination of positions. Entertainment results included stock-based compensation expense of $42.9 million for 2010 and $44.2 million for 2009. The Company anticipates that the sports programming arrangement with the NCAA and Turner Broadcasting System, Inc. will result in improved operating income and OIBDA margins for the Entertainment segment beginning in 2011.

Capital expenditures increased $18.2 million to $90.6 million in 2010 from $72.4 million in 2009 primarily due to increased spending for high-definition upgrades.

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 fluctuations in operating results. Unrecognized revenues attributable to such license agreements were $654.1 million and $387.0 million at December 31, 2010 and 2009, respectively.

**2009 vs. 2008**

For 2009, Entertainment revenues increased 1% to $6.98 billion from $6.88 billion in 2008 primarily reflecting higher content licensing and distribution revenues and the impact of the acquisition of CNET in June 2008, partially offset by lower advertising sales. Revenues from content licensing and distribution increased 1% primarily due to higher domestic syndication sales in 2009, which included the first-cycle sales of *Medium*, *Criminal Minds*, *Ghost Whisperer*, *Everybody Hates Chris* and *Numb3rs*, compared to 2008, which included the domestic syndication sale of *CSI: NY,* partially offset by the timing of international syndication sales and lower home entertainment sales. Advertising sales decreased slightly reflecting 2% lower national television advertising sales as a result of softness in the advertising marketplace during the first half of 2009, partially offset by the impact of the acquisition of CNET. CBS Interactive display advertising revenues increased 34%, as CBS Interactive results for the first half of 2008 did not include CNET, which was acquired in June 2008. CBS Interactive display advertising revenues were also impacted by the soft advertising marketplace.

For 2009, Entertainment reported operating income of $699.9 million compared to an operating loss of $2.91 billion in 2008, which included non-cash impairment charges of $3.80 billion to reduce the carrying value of goodwill. Entertainment OIBDA before impairment charges decreased 14% to $875.9 million in 2009 from $1.02 billion in 2008 primarily due to lower advertising sales, higher investment in programming, including the impact of the WGA strike which reduced programming costs for the 2007/2008 broadcast season, partially offset by higher profits from syndication sales and the absence of $22.9 million of restructuring charges incurred in 2008. Restructuring charges in 2008 reflected severance costs associated with the elimination of positions and 2009 reflected a reversal of $.6 million due to changes in estimates of previously established restructuring accruals. Entertainment results included stock-based compensation expense of $44.2 million for 2009 and $47.4 million for 2008.

Capital expenditures decreased $53.4 million to $72.4 million in 2009 from $125.8 million in 2008 primarily due to 2008 spending for broadcast facilities and high-definition television upgrades.

**Acquisition**

During June 2008, the Company completed the acquisition of CNET for $1.8 billion.

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**Cable Networks** *(Showtime Networks, CBS College Sports Network and Smithsonian Networks)*

(Contributed 10% to consolidated revenues for each of the years ended December 31, 2010 and 2009 and 9% for the year ended December 31, 2008.)

| Year Ended December 31, | 2010 | 2009 | 2008 |
|---|---|---|---|
| Revenues | $ 1,475.1 | $ 1,347.2 | $ 1,264.5 |
| OIBDA | $ 566.2 | $ 461.0 | $ 389.5 |
| Depreciation and amortization | (22.3) | (23.6) | (25.2) |
| Operating income | $ 543.9 | $ 437.4 | $ 364.3 |
| OIBDA as a % of revenues | 38% | 34% | 31% |
| Operating income as a % of revenues | 37% | 32% | 29% |
| Restructuring charges | $ 3.1 | $ .1 | $ 2.9 |
| Capital expenditures | $ 18.9 | $ 7.7 | $ 10.8 |

**2010 vs. 2009**

For 2010, Cable Networks revenues increased 9% to $1.48 billion from $1.35 billion in 2009 primarily due to 8% higher affiliate fees, reflecting rate increases and growth in subscriptions at Showtime Networks and CBS College Sports Network, as well as higher home entertainment and download revenues of *Showtime* original series. At December 31, 2010, Showtime Networks, including *Showtime*, *The Movie Channel* and *Flix*, in the aggregate had 67.1 million subscriptions, up by 5.8 million from December 31, 2009, principally reflecting increases across all platforms, led by growth in DBS and Telco. CBS College Sports Network subscriptions of 39.1 million at December 31, 2010 were up by 4.3 million from December 31, 2009, resulting from increased carriage across all platforms as well as the launch of CBS College Sports Network by additional multi-system operators. Smithsonian Networks had 7.1 million subscriptions at December 31, 2010, up by 2.2 million from December 31, 2009.

For 2010, Cable Networks operating income increased 24% to $543.9 million from $437.4 million in 2009 and OIBDA increased 23% to $566.2 million from $461.0 million for 2009, primarily due to revenue growth, partially offset by higher marketing and advertising costs for new *Showtime* original series as well as to support the overall growth of Showtime Networks and higher costs for sports programming. Restructuring charges of $3.1 million in 2010 principally reflect costs associated with exiting an operating facility. Cable Networks results included stock-based compensation expense of $5.1 million for 2010 and $6.3 million for 2009.

Capital expenditures increased $11.2 million to $18.9 million in 2010 from $7.7 million in 2009 primarily due to increased spending on high-definition upgrades and leasehold improvements.

**2009 vs. 2008**

For 2009, Cable Networks revenues increased 7% to $1.35 billion from $1.26 billion in 2008 primarily due to 7% higher affiliate fees reflecting growth in subscriptions and rate increases at Showtime Networks and CBS College Sports Network. At December 31, 2009, Showtime Networks, including *Showtime*, *The Movie Channel* and *Flix*, in the aggregate, had 61.3 million subscriptions, up by 2.6 million from December 31, 2008, reflecting increased DBS and Telco subscriptions partially offset by a decline in cable subscriptions. At December 31, 2009, CBS College Sports Network subscriptions of 34.8 million were up by

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9.5 million from December 31, 2008, reflecting increased carriage across all platforms. Smithsonian Networks had 4.9 million subscriptions at December 31, 2009, up by 1.5 million.

For 2009, Cable Networks operating income increased 20% to $437.4 million from $364.3 million for 2008 and OIBDA increased 18% to $461.0 million from $389.5 million for the same prior-year period primarily reflecting higher affiliate fees, partially offset by higher affiliate marketing and advertising costs for new *Showtime* original series. Cable Networks results included stock-based compensation expense of $6.3 million for 2009 and $8.6 million for 2008.

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

(Contributed 6% to consolidated revenues for each of the years ended December 31, 2010, 2009 and 2008.)

| Year Ended December 31, | 2010 | 2009 | 2008 |
|---|---|---|---|
| Revenues | $ 790.8 | $ 793.5 | $ 857.7 |
| OIBDA | $ 68.1 | $ 50.2 | $ 88.2 |
| Depreciation and amortization | (7.2) | (7.7) | (9.5) |
| Operating income | $ 60.9 | $ 42.5 | $ 78.7 |
| OIBDA as a % of revenues | 9% | 6% | 10% |
| Operating income as a % of revenues | 8% | 5% | 9% |
| Restructuring charges | $ 3.7 | $ 3.8 | $ 4.2 |
| Capital expenditures | $ 6.2 | $ 5.3 | $ 9.5 |

**2010 vs. 2009**

For 2010, Publishing revenues decreased slightly to $790.8 million from $793.5 million in 2009 primarily reflecting lower book sales in the adult group, partially offset by growth in sales of digital content of 122%. Revenues from digital content represented 8% of total Publishing revenues in 2010 versus 3% in 2009. Best selling titles in 2010 included Glenn Beck's *Broke* and *The Overton Window,* and *Spoken from the Heart* by Laura Bush.

For 2010, Publishing operating income increased 43% to $60.9 million from $42.5 million in 2009 and OIBDA increased 36% to $68.1 million from $50.2 million for 2009 reflecting lower production expenses from a change in the mix of titles and the impact of cost reduction measures, partially offset by higher bad debt expense and restructuring charges of $3.7 million incurred in 2010. The restructuring charges reflected severance costs associated with the elimination of positions. Publishing results included stock-based compensation expense of $3.0 million for 2010 and $3.5 million for 2009.

**2009 vs. 2008**

For 2009, Publishing revenues decreased 7% to $793.5 million from $857.7 million in 2008, principally reflecting a soft retail market and the unfavorable impact of foreign exchange rate changes partially offset by growth of $16.1 million in digital sales of Publishing content. Best-selling titles in 2009 included *Arguing with Idiots* by Glenn Beck and Kevin Balfe and *Under the Dome* by Stephen King.

For 2009, Publishing operating income decreased 46% to $42.5 million from $78.7 million in 2008 and OIBDA decreased 43% to $50.2 million from $88.2 million in 2008 primarily driven by the revenue decline

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and higher royalty expenses, partially offset by lower production and delivery costs resulting from the revenue decrease, and lower selling, advertising and employee-related costs due to restructuring and cost-savings initiatives. Restructuring charges of $3.8 million in 2009 reflected severance costs associated with the elimination of positions. Publishing results included stock-based compensation expense of $3.5 million for 2009 and $4.2 million for 2008.

**Local Broadcasting** *(CBS Television Stations and CBS Radio)*

(Contributed 20%, 18% and 21% to consolidated revenues for the years ended December 31, 2010, 2009 and 2008, respectively.)

| **Year Ended December 31,** | **2010** | **2009** | **2008** |
|---|---|---|---|
| Revenues | $ 2,782.5 | $ 2,359.7 | $ 2,950.4 |
| OIBDA before impairment charges | $ 839.7 | $ 512.9 | $ 820.0 |
| Impairment charges | | (210.0) | (7,529.4) |
| Depreciation and amortization | (99.6) | (90.5) | (99.7) |
| Operating income (loss) | $ 740.1 | $ 212.4 | $ (6,809.1) |
| OIBDA before impairment charges as a % of revenues | 30% | 22% | 28% |
| Operating income as a % of revenues | 27% | 9% | NM |
| Restructuring charges | $ 25.2 | $ 2.3 | $ 92.0 |
| Capital expenditures | $ 73.8 | $ 70.4 | $ 109.6 |

NM Not meaningful

**2010 vs. 2009**

For 2010, Local Broadcasting revenues increased 18% to $2.78 billion from $2.36 billion for 2009 driven by growth in advertising sales. CBS Television Stations revenues increased 27% to $1.45 billion for 2010 from $1.14 billion for 2009 as a result of the improved local advertising marketplace with growth across many key categories, led by automotive, retail and financial services, as well as higher political advertising sales, and the benefit of the 2010 telecast of *Super Bowl XLIV* to the Company's owned CBS affiliated stations. CBS Radio revenues for 2010 increased 9% to $1.34 billion from $1.22 billion for 2009 and revenues from the ten largest radio markets increased 12%, reflecting the improved advertising marketplace with growth in many key categories, led by automotive and retail, and higher political advertising sales.

For 2010, Local Broadcasting operating income increased $527.7 million to $740.1 million from $212.4 million for 2009. Included in 2009 operating income were non-cash impairment charges of $210.0 million. Local Broadcasting OIBDA before impairment charges increased 64% to $839.7 million for 2010 from $512.9 million for 2009 and OIBDA before impairment charges margins increased to 30% in 2010 from 22% in 2009. These increases were primarily driven by the revenue growth and lower programming and talent expenses due to expense reduction measures, partially offset by gains of $40.3 million recorded in 2009 from the sale and exchange of certain long-lived assets and higher restructuring charges in 2010. Restructuring charges of $25.2 million for 2010 reflect severance costs associated with the elimination of positions, and contract terminations and other associated costs. Local Broadcasting results included stock-based compensation expense of $19.9 million for 2010 and $20.7 million for 2009.

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**2009 vs. 2008**

For 2009, Local Broadcasting revenues decreased 20% to $2.36 billion from $2.95 billion for 2008 primarily reflecting lower advertising sales from the impact of the economic recession and lower political advertising sales. Revenues for CBS Television Stations decreased 20% to $1.14 billion for 2009 from $1.41 billion for 2008, driven by declines in automotive, entertainment and retail as well as lower political advertising sales due to the 2008 presidential election. CBS Radio revenues decreased 21% to $1.22 billion for 2009 from $1.54 billion for 2008 and revenues from the ten largest radio markets decreased 17%, reflecting softness in the advertising marketplace resulting from the weak economic environment, with declines in automotive, retail and financial services, lower political advertising sales and the impact of station divestitures.

For 2009, Local Broadcasting reported operating income of $212.4 million versus an operating loss of $6.81 billion for 2008. Included in 2009 operating income were non-cash impairment charges of $210.0 million and included in the 2008 operating loss were non-cash impairment charges of $7.53 billion. Local Broadcasting OIBDA before impairment charges decreased 37% to $512.9 million for 2009 from $820.0 million for 2008 and OIBDA before impairment charges margins decreased to 22% for 2009 from 28% for 2008. These decreases were primarily driven by the decrease in revenues partially offset by $89.7 million lower restructuring charges in 2009 and lower talent, employee-related, marketing and promotion costs resulting from restructuring and cost-savings initiatives. Local Broadcasting results for 2009 also benefited from gains of $40.3 million from the sale and exchange of certain long-lived assets. Restructuring charges of $2.3 million in 2009 reflected $4.7 million of contract termination costs related to exiting a broadcasting equipment lease upon completion of the digital conversion, partially offset by the reversal of $2.4 million as a result of changes in estimates of previously established restructuring accruals. Local Broadcasting results included stock-based compensation expense of $20.7 million for 2009 and $27.0 million for 2008.

Capital expenditures decreased $39.2 million, or 36%, to $70.4 million for 2009 from $109.6 million for 2008 principally reflecting 2008 spending associated with the relocation of local broadcasting facilities and high-definition television upgrades.

**Dispositions**

In August 2010, the Company completed the sale of its television station in Norfolk, Virginia to Local TV Holdings, LLC, for $16.5 million, resulting in a pre-tax gain of $7.6 million included in "Other items, net" in the Consolidated Statement of Operations for the year ended December 31, 2010.

On September 30, 2009, the Company completed the sale of four of its owned radio stations in Portland, Oregon to Alpha Broadcasting for $40.0 million. In connection with the sale, the Company recorded a pre-tax non-cash impairment charge of $31.7 million to reduce the carrying value of intangible assets and the allocated goodwill.

On April 1, 2009, the Company completed a transaction with Clear Channel Communications, Inc. for the swap of five of its mid-size market stations in Baltimore, Portland, Sacramento and Seattle, for two radio stations in Houston, a top 10 radio market. On March 6, 2009, the Company completed the sale of three of its owned radio stations in Denver to Wilks Broadcasting for $19.5 million. During 2008, in connection with these two transactions, the Company recorded a pre-tax non-cash impairment charge of $62.0 million to reduce the carrying value of intangible assets and the allocated goodwill.

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

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**Outdoor** *(CBS Outdoor)*

(Contributed 13% to consolidated revenues for each of the years ended December 31, 2010 and 2009 and 16% for the year ended December 31, 2008.)

| Year Ended December 31, | 2010 | 2009 | 2008 |
|---|---|---|---|
| Revenues | $ 1,819.2 | $ 1,722.6 | $ 2,170.6 |
| OIBDA before impairment charges | $ 262.8 | $ 168.7 | $ 467.4 |
| Impairment charges | | | (2,855.2) |
| Depreciation and amortization | (248.9) | (265.6) | (243.9) |
| Operating income (loss) | $ 13.9 | $ (96.9) | $ (2,631.7) |
| OIBDA before impairment charges as a % of revenues | 14% | 10% | 22% |
| Operating income as a % of revenues | 1% | NM | NM |
| Restructuring charges | $ 25.8 | $ 17.2 | $ 13.2 |
| Capital expenditures | $ 78.0 | $ 91.0 | $ 195.7 |

NM Not meaningful

**2010 vs. 2009**

For 2010, Outdoor revenues increased 6% to $1.82 billion from $1.72 billion for 2009 reflecting the improved advertising marketplace. Americas revenues (comprising North America and South America) increased 10% (8% in constant dollars) to $1.23 billion primarily reflecting growth in the U.S. billboards and displays businesses driven by higher occupancy rates, the impact of new transit contracts, and increases in Canada. Europe revenues of $592.4 million for 2010 remained relatively flat compared to 2009 reflecting revenue growth in the United Kingdom, Holland and Italy, offset by lower revenues in France and the unfavorable impact of foreign exchange rate changes. In constant dollars, Europe revenues increased 3% from 2009. Revenues for Asia decreased $12.7 million to $1.8 million for 2010 reflecting the absence of revenues from Outdoor China following its deconsolidation in the first quarter of 2010. During the first quarter of 2010, the Company sold its controlling interest in Outdoor China, resulting in the deconsolidation of the operations and its subsequent treatment as an equity method investment. The unfavorable impact of foreign exchange rate changes on total Outdoor revenues was approximately $4 million for 2010. Approximately 45% and 47% of Outdoor revenues were generated from regions outside the U.S. for 2010 and 2009, respectively.

For 2010, Outdoor reported operating income of $13.9 million versus an operating loss of $96.9 million for 2009. Outdoor OIBDA increased 56% to $262.8 million for 2010 from $168.7 million for 2009 and Outdoor OIBDA margins increased to 14% for 2010 from 10% for 2009. These increases were driven by the revenue growth as well as lower billboard lease, maintenance and display site costs from cost-savings initiatives and lost contracts, partially offset by costs for new transit contracts and higher restructuring charges. Restructuring charges of $25.8 million for 2010 primarily reflect severance costs associated with the elimination of positions in Europe partially offset by a reversal of $.9 million due to changes in estimates of previously established restructuring accruals. Outdoor results included stock-based compensation expense of $5.1 million for 2010 and $5.6 million for 2009.

Outdoor's franchise and lease costs are generally fixed in nature and, due to the soft advertising marketplace worldwide, certain transit contracts, including the London Underground contract, which also has generated reduced revenues due to transit project delays, are operating at the minimum franchise fee guaranteed by Outdoor therefore adversely impacting OIBDA and operating income margins.

Capital expenditures decreased $13.0 million to $78.0 million in 2010 from $91.0 million in 2009 principally reflecting decreased spending for transit contracts in the United Kingdom.

**2009 vs. 2008**

For 2009, Outdoor revenues decreased 21% to $1.72 billion from $2.17 billion for 2008, due to lower advertising sales resulting from a weak advertising marketplace worldwide and the unfavorable impact of foreign exchange rate changes. Revenues for the Americas decreased 16% primarily due to revenue declines of 16% in the U.S. billboards business, 17% in the U.S. displays business and the impact of foreign exchange rate changes. In constant dollars, revenues for the Americas decreased 15% from 2008. Europe revenues decreased 27% and Asia revenues decreased 39% both driven by lower advertising sales due to a weak advertising marketplace. The revenue decline in Europe also reflected the unfavorable impact of foreign exchange rate changes. In constant dollars, revenues for Europe decreased 19% from 2008. The unfavorable impact of foreign exchange rate changes on total Outdoor revenues was approximately $97 million for 2009. Approximately 47% and 50% of Outdoor revenues were generated from regions outside the U.S. for 2009 and 2008, respectively.

For 2009, Outdoor reported an operating loss of $96.9 million versus an operating loss of $2.63 billion for 2008, which included a non-cash impairment charge of $2.86 billion to reduce the carrying value of goodwill and intangible assets. Outdoor OIBDA before impairment charges decreased $298.7 million, or 64%, to $168.7 million for 2009 from $467.4 million for 2008 principally driven by the decline in advertising sales partially offset by lower employee-related costs resulting from restructuring and cost-savings initiatives. The restructuring charges of $17.2 million for 2009 primarily reflected severance costs associated with the elimination of positions in Europe and contract termination and other associated costs partially offset by a reversal of $1.7 million due to changes in estimates of previously established restructuring accruals. Outdoor results included stock-based compensation expense of $5.6 million for 2009 and $7.3 million for 2008.

Capital expenditures decreased $104.7 million to $91.0 million in 2009 from $195.7 million in 2008 primarily reflecting decreased spending for transit contracts in the United Kingdom.

**Acquisitions**

On April 23, 2008, the Company acquired International Outdoor Advertising Group ("IOA"), the leading out-of-home advertising company in South America, for $110.8 million.

**Corporate**

For 2010, corporate expenses increased 44% to $239.4 million from $166.0 million for 2009 primarily reflecting the absence of the 2009 favorable impact from the termination of a real estate lease arrangement, higher stock-based compensation and higher incentive compensation. For 2009, corporate expenses decreased 3% to $166.0 million from $170.3 million for 2008, primarily reflecting the favorable impact from the termination of a real estate lease arrangement partially offset by higher expenses, including higher stock-based compensation, resulting from an increase in the Company's stock price. Corporate expenses included stock-based compensation expense of $59.7 million for 2010, $55.3 million for 2009 and $43.4 million for 2008.

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**Residual Costs**

Residual costs primarily include pension and postretirement benefits costs for benefit plans retained by the Company for previously divested businesses. For 2010, residual costs decreased $100.8 million to $14.9 million from $115.7 million for 2009. Residual costs for 2010 and 2009 included settlements of $90.2 million and $28.0 million, respectively, related to the favorable resolutions of certain disputes regarding previously disposed businesses. The decrease in residual costs for 2010 is also driven by the favorable performance of pension plan assets in 2009. For 2009, residual costs increased 46% to $115.7 million from $79.2 million for 2008, primarily reflecting an increase in pension costs due to the unfavorable performance of pension plan assets in 2008, partially offset by the above-mentioned settlement of $28.0 million.

**Financial Position**

Current assets decreased by $302.2 million to $5.33 billion at December 31, 2010 from $5.64 billion at December 31, 2009, primarily due to a decrease in cash and cash equivalents of $236.7 million, a decrease in other current assets of $104.7 million and a decrease in programming and other inventory of $359.6 million, reflecting the timing of sports programming and a reduction in theatrical programming for cable networks, partially offset by an increase in receivables of $347.9 million. The increase in receivables reflects the inclusion of the Company's securitized receivables on the Consolidated Balance Sheet beginning in 2010 as a result of the adoption of new FASB guidance. The allowance for doubtful accounts as a percentage of receivables decreased to 3.9% at December 31, 2010 compared with 4.7% at December 31, 2009.

Net property and equipment of $2.69 billion at December 31, 2010 decreased by $164.5 million from $2.86 billion at December 31, 2009, primarily reflecting depreciation expense of $432.4 million, partially offset by capital expenditures of $284.3 million.

Goodwill decreased by $144.0 million to $8.52 billion at December 31, 2010 from $8.67 billion at December 31, 2009 primarily reflecting the establishment of deferred tax assets associated with liabilities assumed from previous acquisitions.

Intangible assets, principally consisting of FCC licenses, leasehold agreements and franchise agreements, decreased by $129.9 million to $6.62 billion at December 31, 2010 from $6.75 billion at December 31, 2009 due to amortization expense of $129.9 million.

Current liabilities decreased by $721.0 million to $4.03 billion at December 31, 2010 from $4.75 billion at December 31, 2009, primarily due to a decrease in the current portion of long-term debt of $416.3 million, reflecting the redemption of debt due in 2010, a decrease in deferred revenue of $170.0 million and a decrease in program rights obligations of $128.1 million.

Other liabilities decreased $149.8 million to $2.52 billion at December 31, 2010 from $2.67 billion at December 31, 2009, primarily reflecting lower program rights obligations.

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**Cash Flows**

Cash and cash equivalents decreased by $236.7 million for the year ended December 31, 2010, increased by $297.2 million for the year ended December 31, 2009 and decreased by $927.4 million for the year ended December 31, 2008. The changes in cash and cash equivalents were as follows:

| **Year Ended December 31,** | **2010** | **2009** | **2008** |
|---|---|---|---|
| Cash provided by operating activities | $ 1,735.1 | $ 939.4 | $ 2,146.5 |
| Cash used for investing activities | (367.5) | (249.2) | (2,154.1) |
| Cash used for financing activities | (1,604.3) | (393.0) | (919.8) |
| Net (decrease) increase in cash and cash equivalents | $ (236.7) | $ 297.2 | $ (927.4) |

*Operating Activities.* In 2010, cash provided by operating activities increased $795.7 million to $1.74 billion from $939.4 million in 2009 principally reflecting higher operating income, the timing of programming payments and a $150.0 million reduction to amounts outstanding under the company's accounts receivable securitization program during 2009, partially offset by higher payments for taxes and higher discretionary contributions to pre-fund the Company's qualified pension plans. On January 1, 2010, the Company adopted amended FASB guidance on the accounting for transfers of financial assets and as a result, decreases to the accounts receivable securitization program during 2010 are reflected as cash flows used for financing activities.

In 2009, cash provided by operating activities decreased $1.21 billion, to $939.4 million from $2.15 billion in 2008 principally reflecting lower advertising sales, higher investment in content, and a $150.0 million reduction to amounts outstanding under the revolving accounts receivable securitization program, partially offset by lower employee-related payments due to restructuring activities and lower cash taxes paid.

The Company made discretionary contributions to pre-fund its qualified pension plans for $167.0 million in 2010, $20.0 million in 2009 and $120.0 million in 2008.

Cash paid for income taxes was $248.2 million for 2010, $55.8 million for 2009 and $240.3 million for 2008. The increase in cash taxes for 2010 reflects higher taxable income and the impact of refunds received during 2009 resulting from the filing of income tax returns for prior years. The decrease in cash taxes for 2009 reflects lower taxable income and the impact of tax refunds received during 2009.

*Investing Activities.* In 2010, cash used for investing activities of $367.5 million principally reflected capital expenditures of $284.3 million and investments in investee companies of $89.9 million, principally reflecting investment in The CW and new international television ventures, partially offset by proceeds from dispositions of $18.3 million, primarily from the sale of a television station. In 2009, cash used for investing activities of $249.2 million principally reflected capital expenditures of $261.6 million, investments in investee companies of $55.6 million, principally reflecting investment in The CW, and purchases of marketable securities of $35.6 million, partially offset by proceeds from dispositions of $128.8 million, primarily from the sales of radio stations and certain long-lived assets of the Local Broadcasting segment. In 2008, cash used for investing activities of $2.15 billion principally reflected acquisitions of $2.04 billion, primarily consisting of the acquisitions of CNET, IOA and other outdoor advertising properties, capital expenditures of $474.1 million, and investments in investee companies of $40.2 million. These cash uses were partially offset by proceeds received of $170.0 million from the sale of

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the Company's investment in Sundance Channel and dispositions of $198.2 million, primarily from television station divestitures.

Capital expenditures were $284.3 million in 2010 and $261.6 million in 2009 versus $474.1 million in 2008. The decline in capital expenditure levels since 2008 is due to spending in 2008 for transit contracts in the United Kingdom. For 2011, capital expenditures are anticipated to be similar to 2010 and 2009 levels.

*Financing Activities.* In 2010, cash used for financing activities of $1.60 billion principally reflected the repayment of notes and debentures of $2.13 billion, a $400.0 million reduction to amounts outstanding under the account receivable securitization program and dividend payments of $141.7 million, partially offset by proceeds from the issuance of senior notes of $1.09 billion. In 2009, cash used for financing activities of $393.0 million principally reflected the repayment of senior debt of $1.01 billion and dividend payments of $297.3 million, partially offset by proceeds from the issuance of senior notes of $974.4 million. In 2008, cash used for financing activities of $919.8 million principally reflected dividend payments of $705.4 million and the repayment of senior notes of $183.2 million.

**Dividends**

On February 23, 2011, the Company announced a quarterly cash dividend of $.05 per share on its Class A and Class B Common Stock, payable on April 1, 2011. The Company declared a quarterly cash dividend on its Class A and Class B Common Stock during each of the four quarters of 2010, 2009 and 2008, resulting in total annual dividends of $139.2 million, $135.8 million and $725.9 million, respectively. Dividends have been recorded as a reduction to additional paid-in capital as the Company has an accumulated deficit balance.

***Share Repurchase Program***

On November 4, 2010, the Company announced that its Board of Directors approved a $1.5 billion share repurchase program with respect to its Class A and Class B Common Stock. In January 2011, the Company began using this program to repurchase shares of CBS Corp. Class B Common Stock. The Company expects to complete this share repurchase program in approximately eighteen months, subject to market conditions. In connection with the approval of this program, the Company's previous share repurchase programs, which had remaining authorization of $649.4 million, were terminated.

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**Capital Structure**

| At December 31, | 2010 | 2009 |
|---|---|---|
| Senior debt (4.30% 8.875% due 2010 2056) | $ 5,929.6 | $ 6,909.5 |
| Other notes | 1.9 | 2.7 |
| Obligations under capital leases | 89.8 | 105.2 |
| Total debt [(a)] | 6,021.3 | 7,017.4 |
| Less discontinued operations debt [(b)] | 20.5 | 20.5 |
| Total debt from continuing operations | 6,000.8 | 6,996.9 |
| Less current portion | 27.3 | 443.6 |
| Total long-term debt from continuing operations, net of current portion | $ 5,973.5 | $ 6,553.3 |

(a) At December 31, 2010 and December 31, 2009, the senior debt balances included (i) a net unamortized premium of $1.3 million and $2.2 million, respectively, and (ii) an increase in the carrying value of the debt relating to previously settled fair value hedges of $82.5 million and $92.4 million, respectively. The face value of the Company's total debt was $5.94 billion at December 31, 2010 and $6.92 billion at December 31, 2009.

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

Total debt of $6.02 billion at December 31, 2010 and $7.02 billion at December 31, 2009 was 38% and 44%, respectively, as a percentage of the total capitalization of the Company.

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

In November 2009, prior to maturity, the Company settled $350.0 million notional amount of interest rate swaps outstanding and received $9.9 million in cash. In December 2008, prior to maturity, the Company settled $1.0 billion notional amount of interest rate swaps outstanding and received $88.4 million in cash. The increase in the carrying value of the debt attributable to the risk hedged by these interest rate swaps is being amortized as a reduction to interest expense over the term of the debt. The Company did not have any interest rate swaps outstanding at December 31, 2010 and 2009.

For the years ended December 31, 2010 and 2009, debt issuances, redemptions and repurchases were as follows:

*Debt Issuances*

October 2010, $300.0 million 4.30% senior notes due 2021
October 2010, $300.0 million 5.90% senior notes due 2040
April 2010, $500.0 million 5.75% senior notes due 2020
June 2009, $250.0 million 8.875% senior notes due 2019
May 2009, $350.0 million 8.875% senior notes due 2019
May 2009, $400.0 million 8.20% senior notes due 2014

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*Debt Redemptions*

*2010*

$543.9 million 6.625% senior notes due 2011
$414.6 million 7.70% senior notes due 2010
$335.0 million 7.25% senior notes due 2051

*Debt Repurchases*

*2010*

$400.0 million 6.625% senior notes due 2011, through a tender offer
$97.7 million 8.625% debentures due 2012, through tender offers
$252.3 million 5.625% senior notes due 2012, through tender offers
$6.1 million 6.625% senior notes due 2011
$19.5 million 5.50% senior debentures due 2033

*2009*

$825.5 million 7.70% senior notes due 2010, through a tender offer
$152.8 million 7.70% senior notes due 2010

These transactions resulted in a pre-tax loss on early extinguishment of debt of $81.4 million and $29.8 million for the years ended December 31, 2010 and 2009, respectively.

At December 31, 2010, the Company's scheduled maturities of long-term debt at face value, excluding capital leases were as follows:

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 and Thereafter |
|---|---|---|---|---|---|---|
| Long-term debt | $ 1.9 | $ 490.2 | $ | $ 498.6 | $ | $ 4,857.0 |

***Credit Facility***

At December 31, 2010, the Company had a $2.0 billion revolving credit facility which expires in December 2012 (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 Credit 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.

The Credit Facility requires the Company to maintain a maximum Consolidated Leverage Ratio of 4.0x at the end of the fourth quarter of 2010, subject to future reductions, and a minimum Consolidated Coverage Ratio of 3.0x for the trailing four quarters, each as further described in the Credit Facility. At December 31, 2010, the Company's Consolidated Leverage Ratio was approximately 2.3x and Consolidated Coverage Ratio was approximately 5.3x.

The Consolidated Leverage Ratio reflects the ratio of the Company's indebtedness from continuing operations, adjusted to exclude certain capital lease obligations, at the end of a quarter, to the Company's

Consolidated EBITDA for the trailing four consecutive quarters. Consolidated EBITDA is defined in the Credit Facility as operating income plus interest income and before depreciation, amortization and certain other non-cash items. The Consolidated Coverage Ratio reflects the ratio of Consolidated EBITDA to the Company's cash interest expense on indebtedness, adjusted to exclude certain capital lease obligations, in each case for the trailing four consecutive quarters.

The primary purpose of the Credit Facility is to support commercial paper borrowings. At December 31, 2010, the Company had no commercial paper borrowings under its $2.0 billion commercial paper program. At December 31, 2010, the remaining availability under the Credit Facility, net of outstanding letters of credit, was $1.98 billion.

***Accounts Receivable Securitization Program***

The Company participated in a revolving accounts receivable securitization program which provided for the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis. During the first quarter of 2010, the Company reduced the amounts outstanding under its revolving accounts receivable securitization program to zero from $400.0 million at December 31, 2009 and terminated the program.

On January 1, 2010, the Company adopted amended FASB guidance on the accounting for transfers of financial assets which required the Company's securitized accounts receivables to be recorded on the Consolidated Balance Sheet with a corresponding increase to debt. As a result, the decrease to the accounts receivable securitization program of $400.0 million during 2010 is reflected as cash flows used for financing activities and the decrease of $150.0 million during 2009 is reflected as cash flows used for operating activities under previous FASB guidance.

During the period before the termination of the program in 2010 and for the year ended December 31, 2009, proceeds from collections of securitized accounts receivables of $263.1 million and $1.47 billion, respectively, were reinvested in the revolving receivable securitization program. The net loss associated with securitizing the program's accounts receivables was $.5 million for 2010 and $6.7 million for the year ended December 31, 2009.

**Liquidity and Capital Resources**

The Company continually projects anticipated cash requirements for its operating, investing and financing needs as well as cash flows generated from operating activities available to meet these needs. The Company's operating needs include, among other items, commitments for sports programming rights, television and film programming, talent contracts, franchise payments, interest payments, and pension funding obligations. The Company's investing and financing spending includes capital expenditures, share repurchases, dividends and principal payments on its outstanding indebtedness. The Company believes that its operating cash flows, cash and cash equivalents, borrowing capacity under its Credit Facility, which had $1.98 billion of remaining availability at December 31, 2010 and access to capital markets are sufficient to fund its operating, investing and financing requirements for the next twelve months.

The Company's funding for short-term and long-term obligations will come primarily from cash flows from operating activities. Any additional cash funding requirements are financed with short-term borrowings, including commercial paper, and long-term debt. To the extent that commercial paper is not available to the Company, the existing Credit Facility provides sufficient capacity to satisfy short-term borrowing needs.

Funding for the Company's long-term debt obligations due over the next five years of $990.7 million is expected to come from cash generated from operating activities and the Company's ability to refinance its debt.

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***Contractual Obligations***

As of December 31, 2010 the Company's significant contractual obligations, including payments due by period were as follows:

| | | Payments Due by Period | | | |
|---|---|---|---|---|---|
| | Total | 2011 | 2012-2013 | 2014-2015 | 2016 and thereafter |
| Programming and talent commitments [a] | $ 7,990.9 | $ 2,933.5 | $ 3,294.1 | $ 784.5 | $ 978.8 |
| Guaranteed minimum franchise payments [b] | 1,614.8 | 400.8 | 665.5 | 449.8 | 98.7 |
| Purchase obligations [c] | 640.1 | 207.7 | 275.6 | 71.3 | 85.5 |
| Operating leases [d] | 2,373.4 | 315.7 | 533.6 | 435.0 | 1,089.1 |
| Other long-term contractual obligations [e] | 953.3 | | 720.7 | 174.7 | 57.9 |
| Long-term debt obligations [f] | 5,847.7 | 1.9 | 490.2 | 498.6 | 4,857.0 |
| Interest commitments on long-term debt [g] | 6,610.0 | 406.2 | 767.6 | 681.3 | 4,754.9 |
| Capital lease obligations (including interest) [h] | 112.2 | 22.5 | 32.1 | 17.7 | 39.9 |
| **Total** | $ 26,142.4 | $ 4,288.3 | $ 6,779.4 | $ 3,112.9 | $ 11,961.8 |

(a) Programming and talent commitments of the Company primarily include $3.92 billion for sports programming rights, $3.29 billion relating to television, radio, and film production and licensing and $777.1 million for talent contracts.

(b) Outdoor has franchise rights entitling it to display advertising on media including transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks, stadium signage and in retail stores. 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.

(c) 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.

(d) Consists of long-term operating lease commitments for office space, billboards, equipment, transponders and studio facilities. Total future minimum payments of $2.37 billion include $898.7 million for Outdoor billboards.

(e) Long-term contractual obligations including program liabilities, participations due to producers and residuals.

(f) Long-term debt obligations are presented at face value, including discontinued operations debt.

(g) Future interest based on scheduled debt maturities, excluding capital leases.

(h) Includes capital leases for satellite transponders.

The table above excludes future contributions to the Company's pension plans and $213.7 million of reserves for uncertain tax positions and the related accrued interest and penalties, as the Company cannot reasonably predict the amount of and periods in which cash payments relating to these items are expected to occur. In 2011, the Company expects to contribute a minimum of $130 million to its pension plans. The Company, at its discretion, may make additional contributions in 2011 to pre-fund its qualified pension plans. Also in 2011, the Company expects to contribute approximately $83 million to its other postretirement benefit plans.

***Off-Balance Sheet Arrangements***

The Company has indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. At December 31, 2010, the outstanding letters of credit and surety bonds approximated $386.1 million and were not recorded on the Consolidated Balance Sheet.

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Prior to the separation of former Viacom Inc. into CBS Corp. and Viacom Inc. on December 31, 2005, former Viacom had entered into guarantees with respect to obligations related to Blockbuster Inc. ("Blockbuster"), including certain Blockbuster store leases; Famous Players theater leases; certain UCI theater leases; and certain theater leases related to W.F. Cinema Holdings L.P. In connection with the separation, Viacom Inc. has agreed to indemnify the Company with respect to these guarantees. In addition, the Company and Viacom Inc. have agreed to indemnify each other with respect to certain other matters pursuant to the separation agreement between the parties.

In the course of its business, the Company both provides and receives indemnities which are intended to allocate certain risks associated with business transactions. Similarly, the Company may remain contingently liable for various obligations of a business that has been divested in the event that a third party does not live up to its obligations under an indemnification obligation. The Company records a liability for its indemnification obligations and other contingent liabilities when probable under generally accepted accounting principles.

**Critical Accounting Policies**

The preparation of the Company's financial statements in conformity with generally accepted accounting principles 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 revenues and 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 revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions.

The Company considers the following accounting policies to be the most critical as they are important to the Company's financial condition and results of operations, and require 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.

*Programming and Production Costs*

Accounting for television and theatrical film production costs requires management's judgment as it relates to total estimated revenues to be earned ("Ultimate Revenues") and costs to be incurred throughout the life of each television program or theatrical film. These estimates are used to determine the amortization of capitalized production costs, expensing of participation costs, and any necessary net realizable value adjustments to capitalized production costs. For each television program or theatrical film, management bases these estimates on the performance in the initial markets, the existence of future firm commitments to sell and the past performance of similar television programs or theatrical films.

The costs incurred in acquiring television programs are capitalized when the program is accepted and available for airing and expensed over the period in which an economic benefit is expected to be derived. Management's judgment is required in determining the timing of the expensing of these costs, which is dependent on the economic benefit expected to be generated from the program.

Ultimate revenue estimates for internally produced television programming and theatrical films, and the estimated economic benefit for acquired programming are updated regularly based on information

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available as the television program and theatrical film progresses through its life cycle. Overestimating ultimate revenues or a failure to adjust for a downward revision in the estimated economic benefit to be generated from acquired programming could result in the understatement of the amortization of capitalized production or programming costs, future net realizable value adjustments and estimated accruals for participation expense.

*Impairment of Goodwill and Intangible Assets*

The Company tests goodwill and intangible assets with indefinite lives, primarily comprised of FCC 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.

*Goodwill*

Goodwill is tested for impairment at the reporting unit level, which is one level below or the same as an operating segment. The first step of the goodwill impairment test examines whether the book value of each of the Company's reporting units exceeds its fair value. If the book value of the reporting unit exceeds its fair value, the second step of the test requires the Company to then compare the implied fair value of that reporting unit's goodwill with the book value of its goodwill to determine the amount of impairment charge, if any. The estimated fair value of each reporting unit is computed 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 adds the present value of the estimated annual cash flows over a discrete projection period to the residual value of the business at the end of the projection period. This technique requires the use of significant estimates and assumptions such as growth rates, operating margins, capital expenditures and discount rates. The estimated growth rates, operating margins and capital expenditures for the projection period are based on the Company's internal forecasts of future performance as well as historical trends. The residual value is estimated based on a perpetual nominal growth rate, which is based on projected long-range inflation in the U.S. and long-term industry projections, and for 2010 was between 2.0% and 3.5%. The discount rates, which for 2010 ranged from 8.0% to 11.0%, are determined based on the average of the weighted average cost of capital of comparable entities. Certain future events and circumstances, including deterioration of market conditions, higher cost of capital, a decline in the advertising market or a decrease in audience acceptance of programming, could result in changes to these assumptions and judgments. A downward revision of these assumptions could cause the fair values of the reporting units to fall below their respective carrying values. The Company would then perform the second step of the goodwill impairment test to determine the amount of any non-cash impairment charge. Such a charge could have a material effect on the consolidated statement of operations and balance sheet.

Based on the 2010 annual impairment test, the fair value of each of the Company's reporting units exceeded their respective book values. The individual carrying values of the following reporting units with significant goodwill balances were within 10% of their respective estimated fair values:

| | | Significant Assumptions | |
|---|---|---|---|
| **Reporting Unit** | **Reporting Unit Fair Value in Excess of Carrying Value** | **Perpetual Nominal Growth Rate** | **Discount Rate** |
| CBS Interactive | 6.1% | 3.5% | 10.0% |
| CBS Radio | 8.7% | 2.0% | 8.5% |

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At December 31, 2010, the book value of goodwill for the CBS Interactive and CBS Radio reporting units was $883.8 million and $1.88 billion, respectively. An increase to the discount rates of 40 basis points and 60 basis points for Interactive and Radio, respectively, or a decrease to the perpetual nominal growth rates of 60 basis points and 80 basis points for Interactive and Radio, respectively, assuming no changes to other factors, would cause the fair values of these reporting units to fall below their respective carrying values. The Company would then perform the second step of the goodwill impairment test to determine the amount of any non-cash impairment charge.

*FCC Licenses*

FCC licenses are tested for impairment at the geographic market level by comparing the fair value of the intangible asset by geographic market with its book value. The Company considers each geographic market, which is comprised of all of the Company's radio or television stations within that geographic market, to be a single unit of accounting because the FCC licenses at this level represent their highest and best use. The estimated fair value of each FCC license is computed using the Greenfield Discounted Cash Flow Method ("Greenfield Method"), which attempts to isolate the income that is attributable to the license alone. The Greenfield Method is based upon modeling a hypothetical start-up station and building it up to a normalized operation that, by design, lacks inherent goodwill and whose other assets have essentially been added as part of the build-up process. The Greenfield Method adds the present value of the estimated annual cash flows of the start-up station over a projection period to the residual value at the end of the projection period. The annual cash flows over the projection period include assumptions for overall advertising revenues in the relevant geographic market, the start-up station's operating costs and capital expenditures, and a three-year build-up period for the start-up station to reach a normalized state of operations, which reflects the point at which it achieves an average market share. In order to estimate the revenues of a start-up station, the total market advertising revenue in the subject market is estimated based on recent industry projections. Operating costs and capital expenditures are similarly estimated based on industry-average data. The residual value is calculated using a perpetual nominal growth rate, which is based on projected long-range inflation in the U.S. and long-term industry projections. The discount rate is determined based on the average of the weighted average cost of capital of comparable entities in the broadcast industry.

The discount rates and perpetual nominal growth rates used for each radio and television station for 2010 were as follows:

| **Reporting Unit** | **Discount Rate** | **Perpetual Nominal Growth Rate** |
|---|---|---|
| Television stations | 8.0% | 2.5% |
| Radio stations | 8.5% | 2.0% |

The assumptions used in determining fair values of the FCC licenses require management to make significant judgments. Certain events and circumstances, including deterioration of market conditions, higher cost of capital or a decline in the local radio or television advertising markets, could result in changes to these assumptions and judgments. The estimated fair values of the FCC licenses are highly dependent on the assumptions of future economic conditions in the individual geographic markets in which the Company owns and operates television and radio stations. Deterioration in the economic conditions or a change in population size of any individual geographic market could adversely impact advertisers' ability or willingness to purchase advertising on the radio and television stations in that market. Advertising expenditures by companies in certain industries, including automotive, entertainment and retail, have historically represented a significant portion of the local radio and television advertising revenues in all geographic markets. As a result, a decrease in spending by advertisers in these categories or adverse economic conditions, particularly in larger markets such as New York, Los Angeles, Chicago and San Francisco, where the Company holds FCC licenses with substantial carrying values, could have a significant impact on the fair value of the FCC licenses.

Based on the 2010 annual impairment test, the estimated fair value of the FCC licenses in each radio and television market exceeded their respective carrying values and therefore no impairment charge was necessary. However, eight radio markets, which had an aggregate carrying value of FCC licenses of $1.63 billion, were each within 5% of their respective estimated fair value, and five radio markets, which had an aggregate carrying value of FCC licenses of $589.3 million, were each within 10% of their respective estimated fair value. Additionally, three television markets, which had an aggregate carrying value of FCC licenses of $596.3 million, were each within 10% of their respective estimated fair value. In each of the remaining radio and television markets, the estimated fair value of FCC licenses was in excess of the respective carrying values at December 31, 2010 by more than 10%. A downward revision to the present value of future cash flows could result in impairment and a non-cash charge would be required. Such a charge could have a material effect on the Company's Consolidated Statement of Operations and Consolidated Balance Sheet.

*Reserves and Legal Matters*

Estimates of reserves and liabilities related to legal issues and discontinued businesses, including asbestos and environmental matters, require significant judgments 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 predecessor operations of the Company, including environmental and asbestos, are adequate, there can be no assurance that circumstances will not change in future periods. This belief is based upon many factors and assumptions, including the number of outstanding claims, estimated average cost per claim, the breakdown of claims by disease type, historic claim filings, costs per claim of resolution and the filing of new claims.

*Pensions*

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 is determined based on the weighted average return of high quality bond portfolios, constructed to provide cash flows necessary to meet each of the Company's pension plans' expected future benefit payments, as determined for the projected benefit obligation. The expected return on plan assets assumption was derived using the current and expected asset allocation of the pension plan assets and considering historical as well as expected returns on various classes of plan assets. As of December 31, 2010, the unrecognized actuarial losses decreased from the prior year end, due primarily to an increase in plan asset values. 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 $3 million in 2011 pension expense and will change the projected benefit obligation by approximately $90 million. The estimated impact of a 25 basis point change in the expected rate of return on plan assets is a change of approximately $9 million in 2011 pension expense.

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*Income Taxes*

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. When recording the worldwide provision for income taxes, an estimated effective tax rate for the year is applied to interim 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 2010 and 2009, the Company recognized tax benefits of $28.1 million and $47.0 million, respectively, related to the net impact of the settlement of certain prior year tax audits. For positions taken in a previously filed tax return or expected to be taken in a future tax return, the Company evaluates each position to determine whether it is more likely than not that the tax position will be sustained upon examination, based on the technical merits of the position. A tax position that meets the more-likely-than-not recognition threshold is subject to a measurement assessment to determine the amount of benefit to recognize in the Consolidated Statement of Operations and the appropriate reserve to establish, if any. If a tax position does not meet the more-likely-than-not recognition threshold a tax reserve is established and no benefit is recognized. 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 reserve for uncertain tax positions of $213.7 million at December 31, 2010 is properly recorded pursuant to the recognition and measurement provisions of FASB guidance for uncertainty in income taxes.

*Stock-based Compensation*

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized over the vesting period during which an employee is required to provide service in exchange for the award. For each award of employee stock options the fair value is estimated on the date of grant using the Black-Scholes option-pricing model. The determination of the assumptions used in the Black-Scholes model requires management to make significant judgments and estimates. The use of different assumptions and estimates in the Black-Scholes option pricing model could have a material impact on the estimated fair value of option grants and the related expense. The risk-free interest rate is based on a U.S. Treasury rate in effect on the date of grant with a term equal to the expected life. The expected term is determined based on historical employee exercise and post-vesting termination behavior. The expected dividend yield is based on the then current annual dividend rate. The expected stock price volatility is determined using a weighted average of historical volatility and implied volatility of publicly traded options to purchase CBS Corp. Class B Common Stock. Given the existence of an actively traded market for CBS Corp. options, the Company was able to derive implied volatility using publicly traded options to purchase CBS Corp. Class B Common Stock that were trading near the grant date of the employee stock options at a similar exercise price and a remaining term of greater than one year.

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**Legal Matters**

*Securities Action.* On December 12, 2008, the City of Pontiac General Employees' Retirement System filed a self-styled class action complaint in the United States District Court for the Southern District of New York against the Company and its Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer, and Treasurer, alleging violations of federal securities law. The complaint, which was filed on behalf of a putative class of purchasers of the Company's common stock between February 26, 2008 and October 10, 2008 (the "Class Period"), alleges that, among other things, the Company's failure to timely write down the value of certain assets caused the Company's reported operating results during the Class Period to be materially inflated. The plaintiffs seek unspecified compensatory damages. On February 11, 2009, a motion was filed in the case on behalf of The City of Omaha, Nebraska Civilian Employees' Retirement System, and The City of Omaha Police and Fire Retirement System (collectively, the "Omaha Funds") seeking to appoint the Omaha Funds as the lead plaintiffs in this case; on March 5, 2009, the court granted that motion. On May 4, 2009, the plaintiffs filed an Amended Complaint, which removes the Treasurer as a defendant and adds the Executive Chairman. On July 13, 2009, all defendants filed a motion to dismiss this action. On March 16, 2010, the court granted the Company's motion and dismissed this action as to the Company and all defendants. On April 30, 2010, the plaintiffs filed a motion for leave to serve an amended complaint. On September 23, 2010, the court issued an order granting leave to amend. On October 8, 2010, the Company was served with an Amended Complaint, which redefines the Class Period to be April 29, 2008 to October 10, 2008 and alleges that the impairment charge should have been taken during the first quarter of 2008. The Company filed a motion to dismiss this Amended Complaint on November 19, 2010. The Company believes that the plaintiffs' claims are without merit and intends to vigorously defend itself in the litigation.

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

In another case involving broadcasts on another network, in June 2007, the United States Court of Appeals for the Second Circuit vacated the FCC's November 2006 finding that the broadcast of fleeting and isolated expletives was indecent and remanded the case to the FCC (the "fleeting expletives case"). On March 17, 2008, the United States Supreme Court granted the FCC's petition to review the United States Court of Appeals for the Second Circuit's decision. On November 4, 2008, the United States Supreme Court heard argument in this case. On April 28, 2009, the United States Supreme Court issued a 5-4 decision reversing the Second Circuit's judgment on administrative grounds in favor of the FCC and remanding the fleeting expletives case to the Second Circuit. The Second Circuit requested additional briefing and argument was heard on January 13, 2010. On July 13, 2010, the Second Circuit struck down an FCC policy on indecency and found that the FCC's indecency policies and decisions regarding the use of

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"fleeting expletives" on radio and television violated the First Amendment. On August 25, 2010, the FCC filed a petition for rehearing en banc and, on August 31, 2010, the Second Circuit issued an order directing all parties and intervenors to file briefs in response to the FCC's petition on September 21, 2010, which were filed. On November 22, 2010, the Second Circuit denied the FCC's petition for rehearing.

Following the April 28, 2009 decision in the fleeting expletives case, on May 4, 2009, the United States Supreme Court remanded the Super Bowl Proceeding to the United States Court of Appeals for the Third Circuit and requested supplemental briefing from the Company and the FCC, in light of the United States Supreme Court's fleeting expletives decision. Argument was heard by the Third Circuit in the Super Bowl Proceeding on February 23, 2010. On May 18, 2010 and on December 22, 2010, at the Third Circuit's request, the Company and the FCC each submitted supplemental briefs. The parties are awaiting a decision from the Third Circuit.

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

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

*Claims Related to Former Businesses: Asbestos.* The Company is a defendant in lawsuits claiming various personal injuries related to asbestos and other materials, which allegedly occurred principally as a result of exposure caused by various products manufactured by Westinghouse, a predecessor, generally prior to the early 1970s. Westinghouse was neither a producer nor a manufacturer of asbestos. The Company is typically named as one of a large number of defendants in both state and federal cases. In the majority of asbestos lawsuits, the plaintiffs have not identified which of the Company's products is the basis of a claim. Claims against the Company in which a product has been identified principally relate to exposures allegedly caused by asbestos-containing insulating material in turbines sold for power-generation, industrial and marine use, or by asbestos containing grades of decorative micarta, a laminate used in commercial ships.

Claims are frequently filed and/or settled in groups, which may make the amount and timing of settlements, and the number of pending claims, subject to significant fluctuation from period to period. The Company does not report as pending those claims on inactive, stayed, deferred or similar dockets which some jurisdictions have established for claimants who allege minimal or no impairment. As of December 31, 2010, the Company had pending approximately 52,220 asbestos claims, as compared with approximately 62,360 as of December 31, 2009 and 68,520 as of December 31, 2008. During 2010, the Company received approximately 5,170 new claims and closed or moved to an inactive docket approximately 15,310 claims. The Company reports claims as closed when it becomes aware that a dismissal order has been entered by a court or when the Company has reached agreement with the claimants on the material terms of a settlement. Settlement costs depend on the seriousness of the injuries that form the basis of the claim, the quality of evidence supporting the claims and other factors. The Company's total costs for the years 2010 and 2009 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately $13.7 million and $17.8 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.

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Filings include claims for individuals suffering from mesothelioma, a rare cancer, the risk of which is allegedly increased by exposure to asbestos; lung cancer, a cancer which may be caused by various factors, one of which is alleged to be asbestos exposure; other cancers, and conditions that are substantially less serious, including claims brought on behalf of individuals who are asymptomatic as to an allegedly asbestos-related disease. The predominant number of claims against the Company are non-cancer claims. In a substantial number of the pending claims, the plaintiff has not yet identified the claimed injury. The Company believes that its reserves and insurance are adequate to cover its asbestos liabilities. This belief is based upon many factors and assumptions, including the number of outstanding claims, estimated average cost per claim, the breakdown of claims by disease type, historic claim filings, costs per claim of resolution and the filing of new claims. While the number of asbestos claims filed against the Company has trended down in recent years, it is difficult to predict future asbestos liabilities, as events and circumstances may occur including, among others, the number and types of claims and average cost to resolve such claims, which could affect the Company's estimate of its asbestos liabilities.

*Other.* 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.

CBS Outdoor Limited has commenced legal actions against London Underground Limited with respect to disputes regarding project delays and other matters, including the calculation of franchise fees due from CBS Outdoor Limited arising under its 2006 transit contract with London Underground Limited. In these actions, CBS Outdoor Limited is seeking recovery of monetary damages and other forms of relief. In August 2010, CBS Outdoor Limited filed a claim against London Underground Limited in the High Court of Justice Queen's Bench Division Commercial Court in the U.K. and, in November 2010, London Underground Limited filed a defense and counterclaim against CBS Outdoor Limited, in each case, with respect to such franchise fee calculation disputes.

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

**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 its exposure to market risks from fluctuations in foreign currency exchange rates and interest rates. In accordance with its policy, the Company does not use derivative instruments unless there is an underlying exposure and, therefore, the Company does not hold or enter into derivative financial instruments for speculative trading purposes.

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***Foreign Exchange Risk***

The Company conducts business in various countries outside the U.S., 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, generally within the next twelve months, in currencies such as the British Pound, the Euro, the Canadian Dollar and the Australian Dollar, foreign currency forward contracts are used. Additionally, the Company designates forward contracts used to hedge projected future television and film production costs as cash flow hedges. Gains or losses on the effective portion of designated cash flow hedges are initially recorded in other comprehensive income and reclassified to the statement of operations when the hedged item is recognized. Additionally, the Company enters into non-designated forward contracts to hedge non-U.S. dollar denominated cash flows. The change in fair value of the non-designated contracts is included in "Other items, net" in the Consolidated Statements of Operations. The Company manages the use of foreign exchange derivatives centrally.

At December 31, 2010, the notional amount of all foreign currency contracts was $113.9 million, of which $2.0 million relates to the hedging of future production costs and $111.9 million represents hedges of expected foreign currency cash flows. At December 31, 2009, the notional amount of all foreign currency contracts was $97.1 million, of which $2.1 million relates to the hedging of future production costs and $95.0 million represents hedges of expected foreign currency cash flows.

***Interest Rate Risk***

All of the Company's long-term debt has been issued under fixed interest rate agreements. The Company had entered into fixed-to-floating rate swap agreements for a portion of this debt, which were designated as fair value hedges. In November 2009, prior to maturity, the Company settled its $350.0 million notional amount of interest rate swaps outstanding and received $9.9 million in cash. The Company did not have any interest rate swaps outstanding at December 31, 2010 and 2009.

***Credit Risk***

The Company continually monitors its positions with, and credit quality of, the financial institutions that 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, 2010 or 2009, 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, is the Executive Chairman of the Board of Directors and founder of both CBS Corp. and Viacom Inc. In addition, Ms. Shari Redstone, Mr. Sumner M. Redstone's daughter, is the president and a director of NAI and the vice chair of the board of directors of both CBS Corp. and Viacom Inc. Mr. David R. Andelman is a director of CBS Corp. and serves as a director of NAI. Mr. Frederic V. Salerno is a director of CBS Corp. and serves as a director of Viacom Inc. See Item 1A. "Risk Factors" in Part I of this report for additional information on the Company's relationship with NAI and Viacom Inc. At December 31, 2010, NAI directly or indirectly owned approximately 79% of CBS

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Corp.'s voting Class A Common Stock and owned approximately 6% of CBS Corp.'s Class A Common Stock and non-voting Class B Common Stock on a combined basis.

*Viacom Inc.* CBS Corp., as part of its normal course of business, enters into transactions with Viacom Inc. and its subsidiaries. CBS Corp., through its Entertainment segment, licenses its television products to Viacom Inc., primarily MTV Networks and BET Networks. In addition, CBS Corp. recognizes advertising revenues for media spending placed by various subsidiaries of Viacom Inc., primarily Paramount Pictures. Paramount Pictures also distributes certain of the Company's television products in the home entertainment market. CBS Corp.'s total revenues from these transactions were $262.4 million, $243.3 million and $448.8 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Showtime Networks licenses motion picture programming from Paramount Pictures under an exclusive output agreement which covered feature films initially theatrically released in the U.S. through 2007. Showtime Networks has exhibition rights to each film licensed under this agreement during three pay television exhibition windows over the course of several years after each such film's initial theatrical release. This agreement has not been renewed for new feature films initially theatrically released in the U.S. after 2007. In addition, CBS Corp. places advertisements with and purchases other goods and services from various subsidiaries of Viacom Inc. The total amounts purchased in connection with these transactions were $26.9 million, $23.0 million and $93.4 million for the years ended December 31, 2010, 2009 and 2008, respectively.

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

| **At December 31,** | **2010** | **2009** |
|---|---|---|
| **Amounts due from Viacom Inc.** | | |
| Receivables | $ 104.0 | $ 164.4 |
| Other assets (Receivables, noncurrent) | 252.2 | 268.3 |
| **Total amounts due from Viacom Inc.** | $ 356.2 | $ 432.7 |
| **Amounts due to Viacom Inc.** | | |
| Accounts payable | $ 5.6 | $ 2.8 |
| Program rights | 4.1 | 18.4 |
| Other liabilities (Program rights, noncurrent) | .5 | 3.8 |
| **Total amounts due to Viacom Inc**. | $ 10.2 | $ 25.0 |

*Other Related Parties* The Company owns 50% of The CW, a television broadcast network, which is accounted for by the Company as an equity investment. CBS Corp. earns revenues from The CW, primarily from the licensing of the Company's television programming. Total revenues from The CW were $136.1 million, $130.5 million and $121.9 million for the years ended December 31, 2010, 2009 and 2008, respectively.

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

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**Adoption of New Accounting Standards**

*Variable Interest Entities*

Effective January 1, 2010, the Company adopted revised FASB guidance which changes the model for determining whether an entity should consolidate a Variable Interest Entity ("VIE"). This new model requires an assessment of whether an entity has a controlling financial interest in a VIE and is therefore the primary beneficiary and required to consolidate the VIE. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

*Transfers of Financial Assets*

Effective January 1, 2010, the Company prospectively adopted amended FASB guidance on accounting for transfers of financial assets. This amended guidance removes the concept of a qualifying special-purpose entity, establishes specific conditions for reporting a transfer of a portion of a financial asset as a sale, and limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset and/or when the transferor has continuing involvement with the transferred financial asset. The adoption of this guidance required the Company's securitized accounts receivables to be recorded on the Consolidated Balance Sheet with a corresponding increase to debt. As part of its effort to decrease debt and interest expense, the Company reduced the amounts outstanding under its revolving accounts receivable securitization program during the first quarter of 2010, from $400.0 million at December 31, 2009 to zero and terminated the program.

**Recent Pronouncements**

*Revenue Arrangements with Multiple Deliverables*

In October 2009, the FASB issued guidance on revenue arrangements with multiple deliverables, effective for the Company beginning January 1, 2011. This guidance establishes a hierarchy for determining the selling price of a deliverable in a multiple element arrangement. The selling price used for each deliverable will be based on Company-specific objective evidence if available, third party evidence if Company-specific evidence is not available, or estimated selling price if neither Company-specific objective evidence nor third party evidence is available. This guidance requires the best estimate of the selling price that would be used to sell the deliverable on a stand-alone basis. The adoption of this guidance will not have a material effect on the Company's consolidated financial statements.

**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."

**Item 8.** ***Financial Statements and Supplementary Data.***

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting and for the effectiveness of internal control over financial reporting, as such term is defined in Rule 13a-15(f) or Rule 15d-15(f) of the Exchange Act. Our internal control over financial reporting includes those policies and procedures that (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets; (b) 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 are being made only in accordance with authorizations of management and the directors of the Company; and (c) 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.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. 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.

Management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2010 based on the framework set forth in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2010.

The effectiveness of our internal control over financial reporting as of December 31, 2010 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

**CBS CORPORATION**

By: /s/ LESLIE MOONVES

Leslie Moonves
*President*
*Chief Executive Officer*

By: /s/ JOSEPH R. IANNIELLO

Joseph R. Ianniello
*Executive Vice President*
*Chief Financial Officer*

By: /s/ THOMAS S. SHILEN, JR.

Thomas S. Shilen, Jr.
*Senior Vice President, Controller*
*Chief Accounting Officer*

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of CBS Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity, comprehensive income (loss) and cash flows present fairly, in all material respects, the financial position of CBS Corporation and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 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. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 8 to the consolidated financial statements, the Company changed the manner in which it accounts for transfers of financial assets in 2010.

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
PricewaterhouseCoopers LLP
New York, New York
February 25, 2011

**CBS CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In millions, except per share amounts)**

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2010 | 2009 | 2008 |
| Revenues | $ 14,059.8 | $ 13,014.6 | $ 13,950.4 |
| Expenses: | | | |
| Operating | 8,985.3 | 8,699.7 | 8,650.7 |
| Selling, general and administrative | 2,615.3 | 2,488.4 | 2,608.7 |
| Restructuring charges (Note 4) | 80.6 | 22.8 | 136.7 |
| Impairment charges (Note 3) | | 210.0 | 14,181.4 |
| Depreciation and amortization | 562.3 | 582.3 | 531.6 |
| Total expenses | 12,243.5 | 12,003.2 | 26,109.1 |
| Operating income (loss) | 1,816.3 | 1,011.4 | (12,158.7) |
| Interest expense | (528.8) | (542.0) | (546.6) |
| Interest income | 5.5 | 6.0 | 42.2 |
| Gain (loss) on early extinguishment of debt (Note 8) | (81.4) | (29.8) | 8.4 |
| Other items, net | 9.9 | (2.6) | 79.6 |
| Earnings (loss) before income taxes and equity in loss of investee companies | 1,221.5 | 443.0 | (12,575.1) |
| (Provision) benefit for income taxes | (462.7) | (182.8) | 919.3 |
| Equity in loss of investee companies, net of tax | (34.6) | (33.7) | (17.6) |
| Net earnings (loss) | $ 724.2 | $ 226.5 | $ (11,673.4) |
| Basic net earnings (loss) per common share | $ 1.07 | $ .34 | $ (17.43) |
| Diluted net earnings (loss) per common share | $ 1.04 | $ ..33 | $ (17.43) |
| Weighted average number of common shares outstanding: | | | |
| Basic | 678.7 | 673.6 | 669.8 |
| Diluted | 694.5 | 682.9 | 669.8 |
| Dividends per common share | $ ..20 | $ ..20 | $ 1.06 |

See notes to consolidated financial statements.

**CBS CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**
**(In millions, except per share amounts)**

| | At December 31, 2010 | At December 31, 2009 |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ 480.0 | $ 716.7 |
| Receivables, less allowances of $131.0 (2010) and $142.6 (2009) | 3,248.1 | 2,900.2 |
| Programming and other inventory (Note 5) | 725.4 | 1,085.0 |
| Deferred income tax assets, net (Note 11) | 302.6 | 303.4 |
| Prepaid income taxes | 44.6 | |
| Prepaid expenses | 177.9 | 174.5 |
| Other current assets | 351.2 | 455.9 |
| Current assets of discontinued operations | 4.9 | 1.2 |
| Total current assets | 5,334.7 | 5,636.9 |
| Property and equipment: | | |
| Land | 329.1 | 329.3 |
| Buildings | 709.3 | 706.6 |
| Capital leases | 196.9 | 196.3 |
| Advertising structures | 2,072.3 | 2,039.8 |
| Equipment and other | 1,797.1 | 1,726.0 |
| | 5,104.7 | 4,998.0 |
| Less accumulated depreciation and amortization | 2,410.5 | 2,139.3 |
| Net property and equipment | 2,694.2 | 2,858.7 |
| Programming and other inventory (Note 5) | 1,425.4 | 1,464.2 |
| Goodwill (Note 3) | 8,523.5 | 8,667.5 |
| Intangible assets (Note 3) | 6,623.8 | 6,753.7 |
| Other assets | 1,468.8 | 1,489.9 |
| Assets of discontinued operations | 72.2 | 91.1 |
| Total Assets | $ 26,142.6 | $ 26,962.0 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current Liabilities: | | |
| Accounts payable | $ 438.4 | $ 436.4 |
| Accrued expenses | 613.5 | 681.5 |
| Accrued compensation | 407.5 | 320.7 |
| Participants' share and royalties payable | 943.2 | 955.0 |
| Program rights | 601.1 | 729.2 |
| Deferred revenues | 291.5 | 461.5 |
| Income taxes payable | | 4.0 |
| Current portion of long-term debt (Note 8) | 27.3 | 443.6 |
| Other current liabilities | 685.7 | 695.4 |
| Current liabilities of discontinued operations | 17.3 | 19.2 |
| Total current liabilities | 4,025.5 | 4,746.5 |
| Long-term debt (Note 8) | 5,973.5 | 6,553.3 |
| Participants' share and royalties payable | 900.8 | 967.2 |
| Pension and postretirement benefit obligations (Note 12) | 1,985.6 | 2,117.4 |
| Deferred income tax liabilities, net (Note 11) | 714.6 | 631.9 |
| Other liabilities | 2,519.6 | 2,669.4 |
| Liabilities of discontinued operations | 202.4 | 256.9 |
| Commitments and contingencies (Note 13) | | |

| | | |
|---|---|---|
| Stockholders' Equity: | | |
| Class A Common Stock, par value $.001 per share; 375.0 shares authorized; 43.7 (2010) and 51.8 (2009) shares issued | | .1 |
| Class B Common Stock, par value $.001 per share; 5,000.0 shares authorized; 756.7 (2010) and 743.4 (2009) shares issued | .8 | .7 |
| Additional paid-in capital | 43,442.5 | 43,479.2 |
| Accumulated deficit | (29,647.5) | (30,371.7) |
| Accumulated other comprehensive loss (Note 1) | (286.0) | (395.5) |
| | 13,509.8 | 12,712.8 |
| Less treasury stock, at cost; 120.2 (2010) and 120.4 (2009) Class B Shares | 3,689.2 | 3,693.4 |
| Total Stockholders' Equity | 9,820.6 | 9,019.4 |
| Total Liabilities and Stockholders' Equity | $ 26,142.6 | $ 26,962.0 |

See notes to consolidated financial statements.

**CBS CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In millions)**

| | Year Ended December 31, 2010 | 2009 | 2008 |
|---|---|---|---|
| **Operating Activities:** | | | |
| Net earnings (loss) | $ 724.2 | $ 226.5 | $ (11,673.4) |
| Adjustments to reconcile net earnings (loss) to net cash flow provided by operating activities: | | | |
| Depreciation and amortization | 562.3 | 582.3 | 531.6 |
| Impairment charges | | 210.0 | 14,181.4 |
| Deferred tax provision (benefit) | 275.7 | 216.4 | (1,221.7) |
| Stock-based compensation | 135.7 | 135.6 | 137.9 |
| Loss (gain) on early extinguishment of debt | 81.4 | 29.8 | (8.4) |
| Net gain on disposition | (18.4) | (21.4) | (133.3) |
| Write-down of investments | | 7.7 | 71.1 |
| Equity in loss of investee companies, net of tax and distributions | 35.1 | 36.0 | 23.4 |
| Decrease to accounts receivable securitization program (Note 8) | | (150.0) | |
| Amortization of deferred financing costs | 15.7 | 7.8 | 4.9 |
| Change in assets and liabilities, net of investing and financing activities | | | |
| Increase in receivables | (13.1) | (53.8) | (126.8) |
| Decrease (increase) in inventory and related program and participation liabilities, net | 121.5 | (109.7) | 243.9 |
| Decrease in other assets | 120.3 | 54.3 | 67.5 |
| Decrease in accounts payable and accrued expenses | (115.0) | (242.4) | (142.4) |
| (Decrease) increase in income taxes | (77.0) | (88.5) | 55.6 |
| (Decrease) increase in deferred revenue | (86.5) | 85.3 | 49.2 |
| Other, net | (26.8) | 13.5 | 86.0 |
| **Net cash flow provided by operating activities** | 1,735.1 | 939.4 | 2,146.5 |
| **Investing Activities:** | | | |
| Acquisitions, net of cash acquired | (11.3) | (26.1) | (2,035.3) |
| Capital expenditures | (284.3) | (261.6) | (474.1) |
| Investments in and advances to investee companies | (89.9) | (55.6) | (40.2) |
| Purchases of marketable securities | | (35.6) | (6.4) |
| Proceeds from dispositions | 18.3 | 128.8 | 198.2 |
| Proceeds from sales of investments | | 1.4 | 212.7 |
| Other investing activities | (.3) | (.5) | (9.0) |
| **Net cash flow used for investing activities** | (367.5) | (249.2) | (2,154.1) |
| **Financing Activities:** | | | |
| Repayments to banks, including commercial paper, net | | (1.5) | (5.3) |
| Proceeds from issuance of notes | 1,094.2 | 974.4 | |
| Repayment of notes and debentures | (2,125.5) | (1,007.5) | (183.2) |
| Payment of capital lease obligations | (16.4) | (15.6) | (17.2) |
| Dividends | (141.7) | (297.3) | (705.4) |
| Purchase of Company common stock | (37.1) | (18.7) | (46.4) |
| Proceeds from exercise of stock options | 6.8 | | 31.2 |
| Excess tax benefit from stock-based compensation | 15.8 | .4 | 6.5 |
| Decrease to accounts receivable securitization program (Note 8) | (400.0) | | |
| Other financing activities | (.4) | (27.2) | |
| **Net cash flow used for financing activities** | (1,604.3) | (393.0) | (919.8) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net (decrease) increase in cash and cash equivalents | | (236.7) | | 297.2 | | (927.4) |
| Cash and cash equivalents at beginning of year | | 716.7 | | 419.5 | | 1,346.9 |
| **Cash and cash equivalents at end of year** | $ | 480.0 | $ | 716.7 | $ | 419.5 |

See notes to consolidated financial statements.

**CBS CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(In millions)**

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2010 | | 2009 | | 2008 | |
| | Shares | Amount | Shares | Amount | Shares | Amount |
| **Class A Common Stock:** | | | | | | |
| Balance, beginning of year | 51.8 | $ .1 | 57.7 | $ .1 | 59.5 | $ .1 |
| Conversion of A shares into B shares | (8.1) | (.1) | (5.9) | | (1.8) | |
| Balance, end of year | 43.7 | | 51.8 | .1 | 57.7 | .1 |
| **Class B Common Stock:** | | | | | | |
| Balance, beginning of year | 743.4 | .7 | 733.5 | .7 | 727.1 | .7 |
| Conversion of A shares into B shares | 8.1 | .1 | 5.9 | | 1.8 | |
| Issuance of stock for RSU and restricted share vests | 6.6 | | 6.6 | | 5.3 | |
| Exercise of stock options | 1.3 | | | | 1.4 | |
| Retirement of Treasury Stock | (2.7) | | (2.6) | | (2.1) | |
| Balance, end of year | 756.7 | .8 | 743.4 | .7 | 733.5 | .7 |
| **Additional Paid-In Capital:** | | | | | | |
| Balance, beginning of year | | 43,479.2 | | 43,495.0 | | 44,089.6 |
| Stock-based compensation | | 132.1 | | 131.4 | | 139.1 |
| Tax benefits related to employee stock-based transactions | | 1.3 | | 7.3 | | 24.4 |
| Exercise of stock options | | 6.8 | | | | 29.0 |
| Retirement of Treasury Stock | | (37.7) | | (18.7) | | (46.4) |
| Dividends | | (139.2) | | (135.8) | | (725.9) |
| Spin-off of Viacom Inc. | | | | | | (16.7) |
| Issuance of stock options for CNET acquisition | | | | | | 1.9 |
| Balance, end of year | | 43,442.5 | | 43,479.2 | | 43,495.0 |
| **Accumulated Deficit:** | | | | | | |
| Balance, beginning of year | | (30,371.7) | | (30,598.2) | | (18,924.8) |
| Net earnings (loss) | | 724.2 | | 226.5 | | (11,673.4) |
| Balance, end of year | | (29,647.5) | | (30,371.7) | | (30,598.2) |
| **Accumulated Other Comprehensive Income (Loss):** | | | | | | |
| Balance, beginning of year | | (395.5) | | (606.9) | | 10.1 |
| Other comprehensive income (loss) | | 109.5 | | 211.4 | | (617.0) |
| Balance, end of year | | (286.0) | | (395.5) | | (606.9) |
| **Treasury Stock, at cost:** | | | | | | |
| Balance, beginning of year | 120.4 | (3,693.4) | 120.4 | (3,693.4) | 114.7 | (3,703.3) |
| Class B Common Stock purchased | 2.7 | (37.7) | 2.6 | (18.7) | 8.1 | (46.4) |
| Issuance of stock for deferred compensation | (.2) | 4.2 | | | (.3) | 9.9 |
| Retirement of Treasury Stock | (2.7) | 37.7 | (2.6) | 18.7 | (2.1) | 46.4 |
| Balance, end of year | 120.2 | (3,689.2) | 120.4 | (3,693.4) | 120.4 | (3,693.4) |

| | | | |
|---|---|---|---|
| **Total Stockholders' Equity** | $ 9,820.6 | $ 9,019.4 | $ 8,597.3 |

See notes to consolidated financial statements.

**CBS CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**
**(In millions)**

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2010** | **2009** | **2008** |
| **Net earnings (loss)** | $ 724.2 | $ 226.5 | $ (11,673.4) |
| **Other Comprehensive Income (Loss), net of tax:** | | | |
| Cumulative translation adjustments | 2.9 | 73.3 | (216.3) |
| Net actuarial gain (loss) and prior service cost (Note 12) | 104.4 | 136.8 | (397.3) |
| Unrealized gain (loss) on securities | 2.2 | 1.4 | (23.5) |
| Reclassification adjustment for net unrealized loss on securities | | | 20.1 |
| Change in fair value of cash flow hedges | | (.1) | |
| **Total Other Comprehensive Income (Loss), net of tax** | 109.5 | 211.4 | (617.0) |
| **Total Comprehensive Income (Loss)** | $ 833.7 | $ 437.9 | $ (12,290.4) |

See notes to consolidated financial statements.

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

**1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Description of Business* CBS Corporation (together with its consolidated subsidiaries unless the context otherwise requires, the "Company" or "CBS Corp.") is comprised of the following segments: Entertainment (CBS Television, comprised of the CBS Television Network, CBS Television Studios, CBS Studios International and CBS Television Distribution; CBS Films; and CBS Interactive), Cable Networks (Showtime Networks, CBS College Sports Network and Smithsonian Networks), Publishing (Simon & Schuster), Local Broadcasting (CBS Television Stations and CBS Radio) and Outdoor (CBS Outdoor, comprised of Outdoor Americas and Outdoor Europe).

*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. Investments over which the Company has a significant influence or ownership of more than 20% but less than or equal to 50%, without 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 if the fair value is not readily determinable and are accounted for as available for sale securities if the fair value is readily determinable. 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 accounting principles generally accepted in the United States ("U.S.") 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 revenues and 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.

*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, including money market funds, commercial paper and bank time deposits.

*Programming Inventory* The Company acquires rights to programming and produces programming to exhibit on its broadcast and cable networks, broadcast television and radio stations, and in theaters. The costs incurred in acquiring and producing programs and theatrical films 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 and theatrical film production costs (which include direct production costs, production overhead and acquisition costs) are stated at the lower of amortized cost or net realizable value. The Company then estimates total revenues to be earned and costs to be incurred throughout the life of each television program or theatrical film. For television programming, estimates for remaining total lifetime revenues are limited to the amount of revenue contracted for each episode in the initial market. Accordingly, television programming costs and participation costs incurred in excess of the amount of revenue contracted for each episode in the initial market are expensed as incurred on an episode by episode basis. Once it can be demonstrated that a program can be successfully licensed in the secondary

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

market, estimates for all secondary market revenues such as domestic and foreign syndication, basic cable, home entertainment and merchandising are included in the estimated lifetime revenues of such television programming. Television programming costs incurred subsequent to the establishment of the secondary market are initially capitalized and amortized, and estimated liabilities for participations are accrued, based on the proportion that current period revenues bear to the estimated remaining total lifetime revenues. The costs incurred in acquiring television programs are capitalized when the program is accepted and available for airing and expensed over the period in which an economic benefit is expected to be derived. Lifetime revenues estimates for internally produced television programming and theatrical films, and the estimated economic benefit for the acquired programming are periodically reviewed and adjustments, if any, will result in changes to amortization rates and estimated accruals for 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 $432.4 million (2010), $448.7 million (2009) and $413.0 million (2008). Amortization expense related to capital leases was $17.9 million (2010 and 2009) and $17.6 million (2008). Accumulated amortization of capital leases was $116.0 million at December 31, 2010 and $98.1 million at December 31, 2009.

*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 these 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 and the estimated fair value of the asset.

*Impairment of Investments* Investments are reviewed for impairment on a quarterly basis by comparing their fair value to their respective carrying amounts. 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, recent operating results, 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 has occurred. These factors include the length of the time and the extent to which the estimated fair value or market value has been below the carrying value, the financial condition and the near-term prospects of the investee, the intent and ability of the Company to retain its investment in the investee for a period of time 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* Goodwill is allocated to various reporting units, which are generally one level below the Company's operating 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 3 to 40 years. Goodwill and other intangible assets with indefinite lives, which consist primarily of FCC licenses and certain trade names, are not amortized but are

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

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 value of goodwill or the intangible asset exceeds its fair value, an impairment loss is recognized as a non-cash charge.

*Other Liabilities* Other liabilities consist primarily of the non-current portion of residual liabilities of previously disposed businesses, program rights obligations, deferred compensation and other employee benefit accruals.

*Discontinued Operations* Certain businesses that were previously disposed of by the Company prior to January 1, 2002, were accounted for as discontinued operations in accordance with accounting rules in effect prior to 2002. Assets and liabilities remaining in discontinued operations related to these businesses primarily include aircraft leases that are generally expected to liquidate in accordance with contractual terms.

*Revenue Recognition* Advertising revenues, net of agency commissions, are recognized in the period during which advertising spots are aired or displayed. If there is a guarantee to deliver a targeted audience rating, revenues are recognized for the actual audience rating delivered, based on the ratings data published by independent audience ratings measurement companies. Revenues are deferred for any shortfall in the audience rating with respect to an advertising spot until such time as the required audience rating is delivered. Revenues from the sale of outdoor advertising space are recognized ratably over the contract terms.

Revenues from the licensing of television programming are recognized in the period that the television series is available for telecast which may cause fluctuations in operating results. Television series initially produced for networks and first-run syndication are generally licensed to domestic and international markets concurrently. The more successful network series are later syndicated in domestic and 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. Estimates for all secondary market revenues such as domestic and foreign syndication, basic cable, home entertainment and merchandising are not included in the estimated lifetime revenues of a television series until it is demonstrated that the program can be successfully licensed in such secondary market.

Affiliate and subscription fees for cable and broadcast networks, television stations and online content are recognized in the period the service is provided. Costs for advertising and marketing services provided to the Company by cable, satellite and other distributors are recorded in selling, general and administrative expenses.

Publishing revenues are recognized when merchandise is shipped. 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.

Deferred revenues primarily consist of revenues related to advertising arrangements for which the revenues have not yet been earned. The amounts classified as current are expected to be earned within the next twelve months.

*Sales of Multiple Products or Services* Revenues derived from a single sales contract that contains multiple products and services are allocated based on the relative fair value of each delivered item and recognized in accordance with the applicable revenue recognition criteria for the specific unit of accounting.

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

*Advertising* Advertising costs are expensed as incurred. The Company incurred total advertising expenses of $433.6 million (2010), $314.3 million (2009) and $344.5 million (2008).

*Interest* Costs associated with the refinancing or issuance of debt, as well as debt discounts or premiums, are recorded as interest over the term of its 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.

*Income Taxes* The provision for income taxes includes federal, state, local, and foreign taxes. Deferred tax assets and liabilities are recognized for the estimated future tax effects of temporary differences between the financial statement carrying amounts and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be reversed. The Company evaluates the realizability of deferred tax assets and establishes a valuation allowance when it is more likely than not that all or a portion of deferred tax assets will not be realized. For tax positions taken in a previously filed tax return or expected to be taken in a future tax return, the Company evaluates each position to determine whether it is more likely than not that the tax position will be sustained upon examination, based on the technical merits of the position. A tax position that meets the more-likely-than-not recognition threshold is subject to a measurement assessment to determine the amount of benefit to recognize in the Consolidated Statement of Operations and the appropriate reserve to establish, if any. If a tax position does not meet the more-likely-than-not recognition threshold a tax reserve is established and no benefit is recognized. 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.

*Foreign Currency Translation and Transactions* The Company's assets and liabilities denominated in foreign currencies are translated at foreign exchange rates in effect at the balance sheet date, while results of operations are translated at average foreign 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 (loss). 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 is estimated based on historical bad debt experience, the aging of accounts receivable, industry trends and economic indicators, as well as recent payment history for specific customers. The provision for doubtful accounts charged to expense was $42.8 million (2010), $47.2 million (2009) and $40.3 million (2008).

*Net Earnings (Loss) per Common Share* Basic earnings (loss) per share ("EPS") is based upon net earnings (loss) divided by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed exercise of stock options and vesting of restricted stock units ("RSUs"), market-based performance share units ("PSUs") and restricted shares only in the periods in which such effect would have been dilutive. For the years ended December 31, 2010 and 2009, respectively, stock options to purchase 30.9 million and 32.4 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, 2008, all of the 36.5 million of outstanding stock options to purchase shares of Class B Common Stock and all of the 14.2 million of outstanding RSUs, PSUs and restricted shares were excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive since the Company reported a net loss.

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

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

| **Year Ended December 31,** | **2010** | **2009** | **2008** |
|---|---|---|---|
| **(in millions)** | | | |
| Weighted average shares for basic EPS | 678.7 | 673.6 | 669.8 |
| Dilutive effect of shares issuable under stock-based compensation plans | 15.8 | 9.3 | |
| Weighted average shares for diluted EPS | 694.5 | 682.9 | 669.8 |

*Comprehensive Income (Loss)* The components of other comprehensive income (loss) are net of the following tax (provision) benefit for the years ended December 31, 2010, 2009 and 2008: $39.3 million, $(88.9) million and $265.3 million, respectively, for net actuarial gain (loss) and prior service cost related to pension and other postretirement benefits plans and $(.3) million, $(1.0) million and $2.3 million, respectively, for unrealized gain (loss) on securities.

| | **Cumulative Translation Adjustments** | **Net Actuarial Gain (Loss) and Prior Service Cost** | **Change in Fair Value of Cash Flow Hedges** | **Unrealized Gain (Loss) on Securities** | **Accumulated Other Comprehensive Income (Loss)** |
|---|---|---|---|---|---|
| At December 31, 2007 | $ 517.1 | $ (509.2) | $ | $ 2.2 | $ 10.1 |
| 2008 Activity | (216.3) | (397.3)(a) | | (3.4) | (617.0) |
| At December 31, 2008 | 300.8 | (906.5) | | (1.2) | (606.9) |
| 2009 Activity | 73.3 | 136.8 | (.1) | 1.4 | 211.4 |
| At December 31, 2009 | 374.1 | (769.7) | (.1) | .2 | (395.5) |
| 2010 Activity | 2.9 | 104.4 | | 2.2 | 109.5 |
| At December 31, 2010 | $ 377.0 | $ (665.3) | $ (.1) | $ 2.4 | $ (286.0) |

(a)
Primarily reflects actuarial losses resulting from pension plan asset performance.

*Stock-based Compensation* The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is recognized over the vesting period during which an employee is required to provide service in exchange for the award.

The following table summarizes the Company's stock-based compensation expense for the years ended December 31, 2010, 2009 and 2008.

| **Year Ended December 31,** | **2010** | **2009** | **2008** |
|---|---|---|---|
| RSUs, PSUs and restricted shares | $ 102.8 | $ 104.8 | $ 121.4 |

| | | | |
|---|---|---|---|
| Stock options and equivalents | 32.9 | 30.8 | 16.5 |
| Stock-based compensation expense, before income taxes | 135.7 | 135.6 | 137.9 |
| Related tax benefit | (53.4) | (53.4) | (55.2) |
| Stock-based compensation expense, net of tax benefit | $ 82.3 | $ 82.2 | $ 82.7 |

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

*Company Common Stock Held by Subsidiaries* Certain wholly owned subsidiaries of the Company hold 179.3 million shares of CBS Corp. Class B Common Stock, of which 47.3 million shares were repurchased shares and 132.0 million shares were issued by the Company to wholly owned subsidiaries. The 47.3 million repurchased shares are reflected as treasury shares and the 132.0 million shares are eliminated in consolidation.

**Adoption of New Accounting Standards**

*Variable Interest Entities*

Effective January 1, 2010, the Company adopted revised Financial Accounting Standards Board ("FASB") guidance which changes the model for determining whether an entity should consolidate a Variable Interest Entity ("VIE"). This new model requires an assessment of whether an entity has a controlling financial interest in a VIE and is therefore the primary beneficiary and required to consolidate the VIE. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

*Transfers of Financial Assets*

Effective January 1, 2010, the Company prospectively adopted amended FASB guidance on accounting for transfers of financial assets. This amended guidance removes the concept of a qualifying special-purpose entity, establishes specific conditions for reporting a transfer of a portion of a financial asset as a sale, and limits the circumstances in which a financial asset, or portion of a financial asset, should be derecognized when the transferor has not transferred the entire original financial asset and/or when the transferor has continuing involvement with the transferred financial asset. The adoption of this guidance required the Company's securitized accounts receivables to be recorded on the Consolidated Balance Sheet with a corresponding increase to debt. As part of its effort to decrease debt and interest expense, the Company reduced the amounts outstanding under its revolving accounts receivable securitization program during the first quarter of 2010, from $400.0 million at December 31, 2009 to zero and terminated the program.

**Recent Pronouncements**

*Revenue Arrangements with Multiple Deliverables*

In October 2009, the FASB issued guidance on revenue arrangements with multiple deliverables, effective for the Company beginning January 1, 2011. This guidance establishes a hierarchy for determining the selling price of a deliverable in a multiple element arrangement. The selling price used for each deliverable will be based on Company-specific objective evidence if available, third party evidence if Company-specific evidence is not available, or estimated selling price if neither Company-specific objective evidence nor third party evidence is available. This guidance requires the best estimate of the selling price that would be used to sell the deliverable on a stand-alone basis. The adoption of this guidance will not have a material effect on the Company's consolidated financial statements.

**2) ACQUISITIONS AND DISPOSITIONS**

*Acquisitions*

During June 2008, the Company completed the acquisition of CNET Networks, Inc. ("CNET") for $1.8 billion. The results of CNET, subsequent to its acquisition, have been included in the Entertainment segment.

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

On April 23, 2008, the Company acquired International Outdoor Advertising Group ("IOA"), the leading out-of-home advertising company in South America, for $110.8 million. IOA has been included as part of the Outdoor segment since the date of acquisition.

*Dispositions*

In August 2010, the Company completed the sale of its television station in Norfolk, Virginia to Local TV Holdings, LLC, for $16.5 million, resulting in a pre-tax gain of $7.6 million included in "Other items, net" in the Consolidated Statement of Operations for the year ended December 31, 2010.

On September 30, 2009, the Company completed the sale of four of its owned radio stations in Portland, Oregon to Alpha Broadcasting for $40.0 million. In connection with the sale, the Company recorded a pre-tax non-cash impairment charge of $31.7 million to reduce the carrying value of intangible assets and the allocated goodwill.

On April 1, 2009, the Company completed a transaction with Clear Channel Communications, Inc. for the swap of five of its mid-size market stations in Baltimore, Portland, Sacramento and Seattle, for two radio stations in Houston, a top 10 radio market. On March 6, 2009, the Company completed the sale of three of its owned radio stations in Denver to Wilks Broadcasting for $19.5 million. During 2008, in connection with these two transactions, the Company recorded a pre-tax non-cash impairment charge of $62.0 million to reduce the carrying value of intangible assets and the allocated goodwill.

During June 2008, the Company sold its 37% investment in Sundance Channel for $170.0 million resulting in a pre-tax gain of $129.8 million included in "Other Items, net" in the Consolidated Statement of Operations for the year ended December 31, 2008.

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

**3) GOODWILL AND INTANGIBLES**

The Company performs an annual fair value-based impairment test of goodwill and intangible assets with indefinite lives, primarily comprised of FCC licenses, during the fourth quarter and also between annual tests if an event occurs or if circumstances change that would more likely than not reduce the fair value of a reporting unit or an indefinite-lived intangible asset below its book value. Goodwill is tested for impairment at the reporting unit level, which is one level below or the same as an operating segment. The first step of the goodwill impairment test examines whether the book value of each of the Company's reporting units exceeds its fair value. If the book value of the reporting unit exceeds its fair value, the second step of the test requires the Company to then compare the implied fair value of that reporting unit's goodwill with the book value of its goodwill to determine the amount of impairment charge, if any.

Based on the 2010 annual impairment test, the estimated fair value of each of the Company's reporting units and indefinite-lived intangible assets is greater than its carrying value and therefore no impairment charge was required.

The estimated fair value of each reporting unit is computed 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 resulted in substantially equal fair values. The Discounted Cash Flow Method includes the Company's assumptions for growth rates, operating margins and capital expenditures for the projection period plus the residual value of the business at the end of the projection period. The estimated growth rates, operating margins and capital expenditures for the projection period are based on the Company's internal forecasts of future performance as well as historical trends. The residual value is estimated based on a perpetual nominal growth rate, which is based on projected long-range inflation in the United States and long-term industry projections, and for 2010 was between 2.0% and 3.5%. The discount rates, which for 2010 ranged from 8.0% to 11.0%, are determined based on the average of the weighted average cost of capital of comparable entities.

FCC licenses are tested for impairment at the geographic market level by comparing the fair value of the intangible asset by market with its book value. The Company considers each geographic market, which is comprised of all of the Company's radio or television stations within that geographic market, to be a single unit of accounting because the FCC licenses at this level represent their highest and best use. The estimated fair value of each FCC license is computed using the Greenfield Discounted Cash Flow Method ("Greenfield Method"), which attempts to isolate the income that is attributable to the license alone. The Greenfield Method is based upon modeling a hypothetical start-up station and building it up to a normalized operation that, by design, lacks inherent goodwill and whose other assets have essentially been added as part of the build-up process. The Greenfield Method adds the present value of the estimated annual cash flows of the start-up station over a projection period to the residual value at the end of the projection period. The annual cash flows over the projection period include assumptions for overall advertising revenues in the relevant geographic market, the start-up station's operating costs and capital expenditures, and a three-year build-up period for the start-up station to reach a normalized state of operations, which reflects the point at which it achieves an average market share. In order to estimate the revenues of a start-up station, the total market advertising revenue in the subject market is estimated based on recent industry projections. Operating costs and capital expenditures are similarly estimated based on industry-average data. The residual value is calculated using a perpetual nominal growth rate, which is based on projected long-range inflation in the U.S. and long-term industry projections. The discount rate is determined based on the average of the weighted average cost of capital of comparable entities in the broadcast industry. For each television station and radio station, the discount rates used for 2010 were 8.0% and 8.5%, respectively, and the perpetual nominal growth rates used were 2.5% and 2.0%, respectively.

During 2009, as a result of the Company's annual impairment test of FCC licenses, the Company recorded a pre-tax non-cash impairment charge of $178.3 million at the Local Broadcasting segment to reduce the carrying value of FCC licenses in certain radio markets. This impairment resulted from reductions in projections for advertising revenues due to a weakened radio advertising marketplace.

Also in 2009, in connection with the sale of certain of its radio stations, the Company recorded a pre-tax non-cash impairment charge of $31.7 million to reduce the carrying value of FCC licenses by $20.7 million and the allocated goodwill by $11.0 million. (See Note 2.)

During the third quarter of 2008, the Company performed an interim impairment test as a result of its assessment of factors, including the continuation of adverse market conditions, which affected the Company's market value and trading multiples for entities within the Company's industry, as well as the continued economic slowdown which adversely affected the Company's advertising revenues, primarily at the Company's local businesses. As a result of this interim impairment test, the Company recorded a pre-tax non-cash impairment charge of $14.12 billion to reduce the carrying value of goodwill by $10.99 billion and intangible assets by $3.13 billion. The charge was reflected as a reduction to goodwill at the Entertainment segment of $3.80 billion, the Local Broadcasting segment of $4.34 billion and the Outdoor segment of $2.85 billion, as well as a reduction to the carrying value of intangible assets related to FCC licenses at the Local Broadcasting segment of $3.12 billion and franchise agreements at the Outdoor segment of $8.2 million.

Also in 2008, in connection with the sale of certain of its radio stations, the Company recorded a pre-tax non-cash impairment charge of $62.0 million to reduce the carrying value of FCC licenses by $30.4 million and the allocated goodwill by $31.6 million. (See Note 2.)

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

For the years ended December 31, 2010 and 2009, the changes in the book value of goodwill by segment were as follows:

| | Balance at December 31, 2009 | Acquisitions | Dispositions | Other [(a)] | Balance at December 31, 2010 |
|---|---|---|---|---|---|
| **Entertainment:** | | | | | |
| Goodwill | $ 9,392.3 | $ | $ | $ (40.1) | $ 9,352.2 |
| Accumulated impairment losses | (6,294.5) | | | | (6,294.5) |
| Goodwill, net of impairment | 3,097.8 | | | (40.1) | 3,057.7 |
| **Cable Networks:** | | | | | |
| Goodwill | 479.6 | | | | 479.6 |
| Accumulated impairment losses | | | | | |
| Goodwill, net of impairment | 479.6 | | | | 479.6 |
| **Publishing:** | | | | | |
| Goodwill | 416.3 | | | (9.8) | 406.5 |
| Accumulated impairment losses | | | | | |
| Goodwill, net of impairment | 416.3 | | | (9.8) | 406.5 |
| **Local Broadcasting:** | | | | | |
| Goodwill | 23,593.2 | 3.6 | (75.8) | (54.8) | 23,466.2 |
| Accumulated impairment losses | (20,887.7) | | 71.8 | | (20,815.9) |
| Goodwill, net of impairment | 2,705.5 | 3.6 | (4.0) | (54.8) | 2,650.3 |
| **Outdoor:** | | | | | |
| Goodwill | 11,870.6 | | (15.4) | (36.8) | 11,818.4 |
| Accumulated impairment losses | (9,902.3) | | 13.3 | | (9,889.0) |
| Goodwill, net of impairment | 1,968.3 | | (2.1) | (36.8) | 1,929.4 |
| **Total:** | | | | | |
| Goodwill | 45,752.0 | 3.6 | (91.2) | (141.5) | 45,522.9 |
| Accumulated impairment losses | (37,084.5) | | 85.1 | | (36,999.4) |
| Goodwill, net of impairment | $ 8,667.5 | $ 3.6 | $ (6.1) | $ (141.5) | $ 8,523.5 |

(a) Primarily reflects the establishment of deferred tax assets associated with liabilities assumed from prior acquisitions and foreign currency translation adjustments.

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

| | Balance at December 31, 2008 | Dispositions | Impairment | Other [(a)] | Balance at December 31, 2009 |
|---|---|---|---|---|---|
| **Entertainment:** | | | | | |
| Goodwill | $ 9,395.9 | $ (4.9) | $ | $ 1.3 | $ 9,392.3 |
| Accumulated impairment losses | (6,294.5) | | | | (6,294.5) |
| Goodwill, net of impairment | 3,101.4 | (4.9) | | 1.3 | 3,097.8 |
| **Cable Networks:** | | | | | |
| Goodwill | 479.6 | | | | 479.6 |
| Accumulated impairment losses | | | | | |
| Goodwill, net of impairment | 479.6 | | | | 479.6 |
| **Publishing:** | | | | | |
| Goodwill | 415.9 | | | .4 | 416.3 |
| Accumulated impairment losses | | | | | |
| Goodwill, net of impairment | 415.9 | | | .4 | 416.3 |
| **Local Broadcasting:** | | | | | |
| Goodwill | 24,055.1 | (461.9) | | | 23,593.2 |
| Accumulated impairment losses | (21,337.9) | 461.2 | (11.0) | | (20,887.7) |
| Goodwill, net of impairment | 2,717.2 | (.7) | (11.0) | | 2,705.5 |
| **Outdoor:** | | | | | |
| Goodwill | 11,836.0 | | | 34.6 | 11,870.6 |
| Accumulated impairment losses | (9,902.3) | | | | (9,902.3) |
| Goodwill, net of impairment | 1,933.7 | | | 34.6 | 1,968.3 |
| **Total:** | | | | | |
| Goodwill | 46,182.5 | (466.8) | | 36.3 | 45,752.0 |
| Accumulated impairment losses | (37,534.7) | 461.2 | (11.0) | | (37,084.5) |
| Goodwill, net of impairment | $ 8,647.8 | $ (5.6) | $ (11.0) | $ 36.3 | $ 8,667.5 |

(a)
Primarily reflects foreign currency translation adjustments.

**CBS CORPORATION AND SUBSIDIARIES**
**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, 2010 | Gross | Accumulated Amortization | Net |
|---|---|---|---|
| Intangible assets subject to amortization: | | | |
| Leasehold agreements | $ 895.5 | $ (562.2) | $ 333.3 |
| Franchise agreements | 490.6 | (271.5) | 219.1 |
| Other intangible assets | 375.0 | (210.6) | 164.4 |
| Total intangible assets subject to amortization | 1,761.1 | (1,044.3) | 716.8 |
| FCC licenses | 5,738.2 | | 5,738.2 |
| Trade names | 168.8 | | 168.8 |
| Total intangible assets | $ 7,668.1 | $ (1,044.3) | $ 6,623.8 |