CBS CORP
Form 10-K
February 23, 2012

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, 2011

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 Website, 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, 2011, which was the last business day of the registrant's most recently completed second fiscal quarter, the 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 $261,675,636 (based upon the closing price of $28.77 per share as reported by the New York Stock Exchange on that date) and the 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 $17,560,795,060 (based upon the closing price of $28.49 per share as reported by the New York Stock Exchange on that date); and the aggregate market value of the shares of both Class A Common Stock and Class B Common Stock held by non-affiliates was $17,822,470,696.

As of February 15, 2012, 43,444,102 shares of Class A Common Stock and 605,639,763 shares of Class B Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of CBS Corporation's Notice of 2012 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 Sports Network* , the Company's cable network devoted to college athletics; 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, 2011, contributions to the Company's consolidated revenues from its segments were as follows: Entertainment 52%, Cable Networks 11%, Publishing 6%, Local Broadcasting 19% and Outdoor 13%. The Company generated approximately 15% of its total revenues from international regions in 2011. For the year ended December 31, 2011, approximately 59% and 17% of total international revenues of approximately $2.19 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 is also pursuing opportunities to diversify its revenue streams, including from retransmission consent fees from cable and satellite operators and direct broadcast satellite and other distributors.

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, NBCUniversal Media, LLC, News Corporation, Time Warner Inc., Cumulus Media Inc. and Clear Channel Communications, Inc.

As of December 31, 2011, National Amusements, Inc. ("NAI"), a closely held corporation that owns and operates approximately 935 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 Website address is www.cbscorporation.com.

CBS CORP. BUSINESS SEGMENTS

Entertainment (52%, 53% and 54% of the Company's consolidated revenues in 2011, 2010 and 2009, 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*®, *48 Hours Mystery*®, *CBS Evening News with Scott Pelley* , *CBS This Morning* , *CBS Sunday Morning*® and *Face the Nation*® as well as special reports. CBS News off-network production units produce 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), the PGA Golf Tour, Masters Tournament and PGA Championship, the U.S. Open Tennis Championships, regular-season college football and basketball games on network television, in addition to the NFL's American Football Conference (AFC) regular-season, post-season divisional playoff and championship games. CBS Sports has rights to broadcast the AFC through the 2013 season, including the broadcast of the 2013 Super Bowl. In December 2011, CBS extended its rights with the NFL to broadcast the AFC from the 2014 season through the 2022 season, including certain National Football Conference regular season games and the Super Bowls in 2016, 2019 and 2022. 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. In 2011, license agreements were entered into with each of Hulu, LLC and Netflix, Inc. to permit the streaming of certain of The CW's programming.

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, cable networks or video-on-demand services 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, Criminal Minds, NCIS* and *NCIS: Los Angeles* as well as a library of older television programs. The Company also produces and/or distributes first-run syndicated series such as *Wheel of Fortune, Jeopardy!, Entertainment Tonight, Inside Edition, The Insider, Dr. Phil*, *Rachael Ray* and *Judge Judy.* The Company also distributes syndicated and other programming internationally. The Company has entered into agreements for digital streaming of its programming in the U.S. and certain other countries. The Company entered into non-exclusive licensing agreements with Netflix, Inc., for streaming various programming from the Company's library on Netflix's subscription video-on-demand services in July 2011 for Canada and Latin America and, in October 2011, for the U.K. In September 2011, the Company entered into a non-exclusive licensing agreement with Hulu Japan LLC for streaming various programs from the Company's library on Hulu's subscription video-on-demand service in Japan. In February 2011 and July 2011, the Company entered into non-exclusive licensing agreements with each of Netflix, Inc. and Amazon Digital Services, Inc., respectively, to stream various programs from the Company's library on each of Netflix's and Amazon's subscription video-on-demand services in the U.S.

License fees for completed television programming in syndication, on cable and video-on-demand and digitally streamed 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 $1.25 billion and $654 million at December 31, 2011 and December 31, 2010, respectively.

The Company continues to expand its global channel presence through international joint ventures. The Company owns a 50% interest in a joint venture with Reliance Broadcast Network Limited which operates three English language and one Punjabi language general entertainment television channels customized for the Indian market and surrounding territory, the first of which, *BIG CBS Prime*, launched in November 2010, followed by the launches in 2011 of each of *BIG CBS Love* and *BIG CBS Spark* and the launch in 2012 of *BIG CBS Spark Punjabi*. Also, the Company owns an approximately 33% interest in a joint venture with a subsidiary of Ten Network Holdings Limited to provide content to *ELEVEN*, a digital multichannel service which launched in Australia in January 2011. 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 produces, acquires and distributes theatrical motion pictures across all genres. The budget for each picture is intended to be up to $50 million plus 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' theatrical releases in 2011 were *The Mechanic* and *Beastly*. Theatrical releases in 2012 include *The Woman in Black*, *Salmon Fishing in the Yemen*, and *7500*.

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 rental and sell-through), video-on-demand, pay-per-view, pay television, free television and basic cable, digital media outlets and, in some cases, other channels 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 either directly, through affiliated CBS entities, or via third party distribution arrangements.

CBS Interactive. CBS Interactive operates one of the leading global publishers of premium content on the Internet. CBS Interactive was ranked among the top Internet properties in the world according to comScore Media Metrix, December 2011. CBS Interactive's leading brands, including *CNET*, *CBS.com*, *CBSSports.com*, *GameSpot*, *TV.com, CBSNews.com, ZDNet, Last.fm,* and *MetroLyrics.com*, 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 246 million unique monthly visitors during December 2011 according to comScore Media Metrix, December 2011.

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 preeminent Websites for technology and consumer electronics information and features news, reviews, downloads and instructional and entertaining video and audio shows about technology. *GameSpot* is a leading gaming information Website providing video game reviews and previews, news, Webcasts, videos, 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*. *TV.com* is a destination for entertainment and community around television where visitors can watch videos and discuss and obtain information about television shows across all networks. 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 Websites and television, radio and affiliated stations, in connection with new and existing advertiser-supported deals. The growing slate of CBS entertainment, news and sports content available online includes full episodes, clips and highlights based on CBS and Showtime Networks programming as well as original made-for-the-Web content. CBS Interactive Music Group operates *Last.fm,* a music discovery and social networking site, and M*etroLyrics.com*, a top song lyrics online database acquired by the Company in October 2011.

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 19, 2011 to February 5, 2012, the CBS Television Network secured the #1 position for total viewers and for key adult viewers ages 25-54 and the #2 position for key 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, Fox, NBCUniversal, Sony and Warner Bros. 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., Lions Gate Entertainment, 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 Websites; 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 (11%, 10% and 10% of the Company's consolidated revenues in 2011, 2010 and 2009, respectively)

The Cable Networks segment is composed of *Showtime Networks*, the Company's premium subscription program services; *CBS 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, 2011, *Showtime, The Movie Channel* and *Flix*, in the aggregate, had approximately 73 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*). Showtime Networks also makes available *Showtime Anytime*®, a streaming on-demand authenticated version of *Showtime*, which can be accessed on computers via *showtimeanytime.com* or through an iPad® application free of charge to *Showtime* subscribers as part of their *Showtime* subscription through participating Showtime Networks' distributors. Showtime Networks additionally operates the Website *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, direct broadcast satellite ("DBS"), telephone company ("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*®, *Homeland*, *Shameless*, *Weeds*, *The Borgias*, *Nurse Jackie, The Big C, Californication, House of Lies* and *Episodes,* 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 Sports Network. CBS Sports Network is a 24-hour cable program service that provides sports and related content, with a strong focus on college sports. The network features events from approximately 20 men's and women's sports and provides coverage of over 300 live events each year in addition to live studio shows and original programming. CBS Sports Network had approximately 44 million subscribers as of December 31, 2011. The network derives its revenues from subscription fees and the sale of advertising on its cable program service. CBS Sports Network has secured favorable positioning with four of the top five cable, DBS, telco and other distributors. CBS 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 Sports Network. CBS Sports Network' principally competes with other sports-oriented cable programming services for distribution and license fee revenue among cable, DBS, telco and other distributors, as well as for viewership and 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. Re-alignment of college athletic conferences and their member institutions may adversely impact CBS Sports Network's programming arrangements. CBS Sports Network also competes with other sports programming services, such as ESPN, NBC Sports Network and the FOX Sports Networks, in acquiring the television and multimedia rights to sporting events, resulting in increased rights fees and increased production expenses.

Publishing (6% of the Company's consolidated revenues in each of 2011, 2010 and 2009)

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, digital and audio formats in the U.S. and internationally. Digital formats include audio downloads for the Apple iPod and other companies' 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 products of certain CBS businesses 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, Simon & Schuster Australia, Simon & Schuster India and other distributors, as well as the publication of local titles by Simon & Schuster UK and Simon & Schuster Australia.

In 2011, Simon & Schuster published 233 New York Times bestsellers in hardcover, paperback and electronic formats, collectively, including 29 New York Times #1 bestsellers. Best-selling titles in 2011 include *Steve Jobs* by Walter Isaacson, *A Stolen Life* by Jaycee Dugard and *11/22/63* by Stephen King. Bestselling children's titles from Simon & Schuster include *City of Fallen Angels* by Cassandra Clare, *Dork Diaries 3* by Rachel Renee Russell, and *World Without Heroes* by Brandon Mull. *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 five 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 2011, the sale of digital content represented approximately 17% 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 and new electronic distribution methods and models. 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, Hachette 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 experienced 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 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 (19%, 20% and 18% of the Company's consolidated revenues in 2011, 2010 and 2009, 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. The Company operates local Websites in major U.S. markets, including New York, Los Angeles, Chicago, San Francisco and Dallas, which combine the Company's 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 7 largest, and 15 of the top 20, television markets in the U.S. The Company owns multiple television stations within the same designated market area ("DMA") in 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 #23). The Company has entered into an agreement to purchase independent Long Island, New York station, WLNY-TV, which is subject to customary closing conditions. This acquisition would result in New York (market #1) also being a multiple television station market. 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 Websites, many of which are combined with the Websites 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 Websites 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, 2012.

Station and Metropolitan Area Served(1)	Market Rank(2)	Type	Network Affiliation
WCBS-TV New York, NY	1	UHF	CBS
KCAL-TV Los Angeles, CA	2	VHF	Independent
KCBS-TV Los Angeles, CA	2	UHF	CBS
WBBM-TV Chicago, IL	3	VHF	CBS
KYW-TV Philadelphia, PA	4	UHF	CBS
WPSG-TV Philadelphia, PA	4	UHF	The CW

Station and Metropolitan Area Served(1)	Market Rank(2)	Type	Network Affiliation
KTVT-TV Dallas-Fort Worth, TX	5	UHF	CBS
KTXA-TV Dallas-Fort Worth, TX	5	UHF	Independent
KPIX-TV San Francisco-Oakland-San Jose, CA	6	UHF	CBS
KBCW-TV San Francisco-Oakland-San Jose, CA	6	UHF	The CW
WBZ-TV Boston, MA	7	UHF	CBS
WSBK-TV Boston, MA	7	UHF	MyNetworkTV
WUPA-TV Atlanta, GA	9	UHF	The CW
WKBD-TV Detroit, MI	11	UHF	The CW
WWJ-TV Detroit, MI	11	UHF	CBS
KSTW-TV Seattle-Tacoma, WA	12	VHF	The CW
WTOG-TV Tampa-St. Petersburg-Sarasota, FL	14	UHF	The CW
WCCO-TV Minneapolis-St. Paul, MN	15	UHF	CBS
Satellites:			
KCCO-TV(3) Alexandria, MN		VHF	CBS
KCCW-TV(4) Walker, MN		VHF	CBS
WFOR-TV Miami-Ft. Lauderdale, FL	16	UHF	CBS
WBFS-TV Miami-Ft. Lauderdale, FL	16	UHF	MyNetworkTV
KCNC-TV Denver, CO	17	UHF	CBS
KOVR-TV Sacramento-Stockton-Modesto, CA	20	UHF	CBS
KMAX-TV Sacramento-Stockton-Modesto, CA	20	UHF	The CW
KDKA-TV Pittsburgh, PA	23	UHF	CBS

Station and Metropolitan Area Served(1)	Market Rank(2)	Type	Network Affiliation
WPCW-TV Pittsburgh, PA	23	VHF	The CW
WBXI-CA(5) Indianapolis, IN	26	UHF	Tr3s
WJZ-TV Baltimore, MD	27	VHF	CBS

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

(2) Market Rankings based on Nielsen Media Research Local Market Universe Estimate, September 2011.

(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, 2012. In January 2012, the Company acquired an additional radio station in the Washington, D.C. market. 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. Most of the Company's owned radio stations implement digital broadcasting. 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 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. Advertising expenditures by local advertisers fluctuate, which has an effect on CBS Radio's revenues.

Substantially all of the Company's radio stations operate Websites, many of which are combined with the Websites 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 Websites for its music radio stations. All of these Websites principally derive revenues from

the sale of advertising. CBS Radio is one of the most listened to online radio providers according to Triton Digital's monthly Top 20 Ranker for December 2011.

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, Inc., Cumulus Media Inc., Emmis Communications Corporation, Entercom Communications Corp. and Radio One, Inc. The Company's radio stations, including its Internet and streaming activities, also compete with other media, such as broadcast, cable and DBS television, newspapers, magazines, direct mail, and the Internet, including services such as Pandora, Spotify 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.

Aggregate total revenues for the Company's radio stations for 2011 were ranked #1 or #2 in the top five U.S. markets by metro area population (New York, Los Angeles, Chicago, San Francisco, and Dallas-Fort Worth), according to the 2011 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, 2012 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	AM	News	WCBS-TV	UHF	CBS	Billboards,
	WCBS	FM	Classic Hits				Subway/Rail, Bus,
#1 Radio	WFAN	AM	Sports				Street Furniture, Malls,
#1 Television	WINS	AM	News				Digital In-Store Networks
	WWFS	FM	Adult Contemporary				
	WXRK	FM	Contemporary Hit Radio				
Los Angeles, CA(2)	KAMP	FM	Contemporary Hit Radio	KCAL-TV	VHF	Independent	Billboards,
	KCBS	FM	Adult Hits	KCBS-TV	UHF	CBS	Subway/Rail, Bus,
#2 Radio	KNX	AM	News				Street Furniture,
#2 Television	KROQ	FM	Alternative Rock				Malls, Digital
	KRTH	FM	Classic Hits				In-Store Networks
	KTWV	FM	Adult Contemporary				
Chicago, IL	WBBM	AM	News	WBBM-TV	VHF	CBS	Billboards, Malls,
	WBBM	FM	Contemporary Hit Radio				Digital In-Store
#3 Radio	WCFS	FM	News				Networks
#3 Television	WJMK	FM	Classic Hits				
	WSCR	AM	Sports				
	WUSN	FM	Country				
	WXRT	FM	Adult Album Alternative				
San Francisco, CA	KCBS	AM	News	KPIX-TV	UHF	CBS	Billboards,
	KFRC	FM	News	KBCW-TV	UHF	The CW	Subway/Rail,
#4 Radio	KITS	FM	Alternative Rock				Street Furniture,
#6 Television	KLLC	FM	Hot Adult Contemporary				Malls, Digital
	KMVQ	FM	Contemporary Hit Radio				In-Store Networks
	KZDG(3)	AM	Indian Talk/Music				
Dallas-Fort Worth, TX	KJKK	FM	Adult Hits	KTVT-TV	UHF	CBS	Billboards, Street
	KLUV	FM	Classic Hits	KTXA-TV	UHF	Independent	Furniture, Malls,
#5 Radio	KMVK	FM	Spanish				Digital In-Store
#5 Television	KRLD	AM	News/Talk				Networks
	KRLD	FM	Sports				
	KVIL	FM	Adult Contemporary				
Houston, TX	KHMX	FM	Hot Adult Contemporary				Billboards, Malls,
	KIKK	AM	News/Talk				Digital In-Store
#6 Radio	KILT	AM	Sports				Networks
	KILT	FM	Country				
	KKHH	FM	Contemporary Hit Radio				
	KLOL	FM	Spanish				
Philadelphia, PA	KYW	AM	News	KYW-TV	UHF	CBS	Billboards,
	WIP	AM	Sports	WPSG-TV	UHF	The CW	Malls, Digital
#7 Radio	WIP	FM	Sports				In-Store Networks
#4 Television	WOGL	FM	Classic Hits				
	WPHT	AM	News/Talk				
Washington, D.C.	WIAD	FM	Adult Contemporary				Billboards,
	WJFK	FM	Sports				Subway/Rail, Bus,
#8 Radio	WLZL	FM	Spanish				Malls, Digital
	WNEW	AM	News/Talk				In-Store Networks
	WNEW	FM	News				
	WPGC	FM	Urban				
Atlanta, GA	WAOK	AM	News/Talk	WUPA-TV	UHF	The CW	Billboards,

	WVEE	FM	Urban	Subway/Rail, Bus,
#9 Radio	WZGC	FM	Adult Album Alternative	Street Furniture,
#9 Television				Malls, Digital In-Store Networks

Market and Market Rank(1)	Radio Stations	AM/ FM	Format	Television Stations	Type	Network Affiliation	Outdoor Display Type
Boston, MA	WBMX	FM	Hot Adult Contemporary	WBZ-TV	UHF	CBS	Billboards, Malls,
	WBZ	AM	News	WSBK-TV	UHF	MyNetworkTV	Digital In-Store
#10 Radio	WBZ	FM	Sports				Networks
#7 Television	WODS	FM	Classic Hits				
	WZLX	FM	Classic Rock				
Detroit, MI	WDZH	FM	Contemporary Hit Radio	WKBD-TV	UHF	The CW	Billboards, Bus,
	WOMC	FM	Classic Hits	WWJ-TV	UHF	CBS	Malls, Digital
#11 Radio	WWJ	AM	News				In-Store Networks
#11 Television	WXYT	AM	News/Talk				
	WXYT	FM	Sports				
	WYCD	FM	Country				
Miami-Ft. Lauderdale, FL				WFOR-TV	UHF	CBS	Billboards,
				WBFS-TV	UHF	MyNetworkTV	Subway/Rail, Bus, Malls,
#12 Radio							Digital In-Store Networks
#16 Television							
Seattle-Tacoma, WA	KJAQ	FM	Adult Hits	KSTW-TV	VHF	The CW	Billboards, Malls,
	KMPS	FM	Country				Digital In-Store
#13 Radio	KPTK	AM	News/Talk				Networks
#12 Television	KZOK	FM	Classic Rock				
Puerto Rico							Billboards
#14 Radio							
Phoenix, AZ	KMLE	FM	Country				Billboards,
	KOOL	FM	Classic Hits				Subway/Rail,
#15 Radio	KZON	FM	Rhythmic Contemporary Hit Radio				Street Furniture,
							Malls, Digital In-Store Networks
Minneapolis, MN	KMNB	FM	Country	WCCO-TV	UHF	CBS	Billboards,
	KZJK	FM	Adult Hits	KCCO-TV	VHF	CBS	Street Furniture,
#16 Radio	WCCO	AM	News/Talk	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(4)							Billboards,
#18 Radio							Subway/Rail, Bus, Digital In-Store Networks
Tampa-St. Petersburg, FL	WLLD	FM	Rhythmic Contemporary Hit Radio	WTOG-TV	UHF	The CW	Billboards, Malls,
	WQYK	AM	Sports				Digital In-Store
#19 Radio	WQYK	FM	Country				Networks
#14 Television	WRBQ	FM	Classic Hits				
	WSJT	FM	Hot Adult Contemporary				
	WYUU	FM	Spanish				
Denver, CO				KCNC-TV	UHF	CBS	Billboards, Street Furniture, Malls, Digital
#20 Radio							In-Store Networks
#17 Television							
Baltimore, MD	WJZ	AM	Sports	WJZ-TV	VHF	CBS	Billboards,
	WJZ	FM	Sports				Street Furniture,
#21 Radio	WLIF	FM	Adult Contemporary				Malls, Digital
#27 Television	WWMX	FM	Hot Adult Contemporary				In-Store Networks

St. Louis, MO	KEZK	FM	Adult Contemporary	Billboards, Malls,
	KMOX	AM	News/Talk	Digital In-Store
#22 Radio	KYKY	FM	Hot Adult Contemporary	Networks
Portland, OR				Billboards, Malls, Digital In-Store Networks
#23 Radio				

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

(1) Radio market rank based on Fall 2011 Radio Market Ranking as provided by Arbitron Inc. Television market rank based on Nielsen Media Research Local Market Universe Estimate, September 2011.

(2) As required by the FCC, the Company assigned KFWB-AM to a divestiture trust. The Company is a beneficiary of the trust. The trustee is operating the radio station and is responsible for selling the radio station to a third party. (See "CBS Business Segments Regulation Broadcasting Ownership Regulation Radio-Television Cross-Ownership Rule").

(3) KZDG-AM in San Francisco, California, is programmed by a third party through a time brokerage agreement.

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

Outdoor (13% of the Company's consolidated revenues in each of 2011, 2010 and 2009)

The Company sells, through its Outdoor businesses, advertising space on various media, including billboards, transit shelters and other street furniture, 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 for a particular display are based on supply and demand, which are influenced by the display's exposure known as "impressions", the demographics of the particular market and the location of the display within that market. Until recently, these impressions were not measured by independent third parties. Commencing in January 2011, metrics for fixed displays such as billboards and street furniture, including demographic information and audience views, 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, including CBS Outdoor, advertising agencies and advertisers. These metrics facilitate the inclusion of Outdoor's inventory in the planning stages of media campaigns. 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.

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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 net advertising revenues received by Outdoor under that advertising contract. Due to the challenging advertising marketplace worldwide, certain transit contracts, including the London Underground contract, 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. Outdoor is also building new digital billboards and digitizing the displays on previously static billboards. 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 Websites and 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 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-34).

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. In July 2011, the United States Court of Appeals for the Third Circuit upheld the FCC's decision to refrain from modifying the various ownership rules and reinstated the former newspaper-broadcast cross-ownership ban. In 2011, the FCC launched the latest quadrennial review of its ownership rules. It has proposed modifying the newspaper-broadcast cross-ownership rule and eliminating the radio-television cross-ownership rule. The FCC's current 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. As required by the FCC, the Company assigned radio station KFWB-AM in Los Angeles to a divestiture trust. The Company is a beneficiary of the trust. The trustee is operating the radio station and is responsible for selling the radio station to a third party, the closing of which would bring the Company into compliance with this cross-ownership rule.

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 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 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, Which May Limit Business Opportunities").

Alien Ownership. In general, the Communications Act prohibits foreign individuals or entities from owning more than 20% or more than 25%, depending on the circumstances, 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 Websites 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, Which May Limit Business Opportunities").

National Broadband Plan. In response to the FCC's March 2010 National Broadband Plan, which seeks to provide affordable broadband access throughout the U.S., Congress passed legislation in February 2012 authorizing the FCC to conduct voluntary auctions of spectrum utilized by broadcast television stations to provide additional spectrum for wireless broadband services. The television stations that continue their operations may have to change channels once the FCC "repacks" the broadcast spectrum dedicated to broadcast television use. The legislation provides that the FCC will assist television stations in retaining their current coverage areas, no stations will be forced into the VHF band and a fund

will be established to reimburse broadcasters for reasonable relocation expenses relating to the spectrum-repacking. It is expected that the FCC auctions and repacking will involve multiple rule making proceedings and may take several years.

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, operation, 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 type of display, such as digital, tri-vision or static, 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, tobacco products have been banned from outdoor advertising. 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 , TV.com , Last.fm®, MetroLyrics®, CSI:®, NCIS , Entertainment Tonight®, Star Trek®, Simon & Schuster®, CBS 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, 2011, the Company employed approximately 20,915 full-time and part-time salaried employees and had approximately 5,510 additional project-based staff.

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 14 to the Consolidated Financial Statements.

AVAILABLE INFORMATION

CBS Corp. makes available free of charge on or through the Investors section of its Website, 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 Website 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 and online properties. 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 new program channels and the proliferation of new media formats, including the Internet and video-on-demand and the deployment of portable digital devices and new technologies which allow consumers to live stream and 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 and Profitability Are 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, and viewership on new platforms or devices that are not equipped to measure ratings, 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. In addition, any decreased popularity of 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 $16.91 billion as of December 31, 2011, primarily included $12.90 billion for sports programming rights, $3.22 billion relating to television, radio, film production and licensing and $796 million for talent contracts with $7.89 billion of these amounts payable in and after 2017. 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.

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

The Company's revenue from its television, radio, cable networks and motion picture business is 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.

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 platforms, tablets, satellite radio, new video and electronic book formats, user-generated content sites, Internet and mobile distribution of video content via streaming and downloading, place-shifting of content from the home to portable devices on which content is viewable outside the home, 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 or make portable copies of 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 deliver 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. Also, the impact of technological changes on traditional distributors of video programming may adversely affect the Company's cable networks' ability to grow revenue. Anticipating and adapting to changes in technology on a timely basis and exploiting new sources of revenue from these changes will affect the Company's ability to continue to increase its revenue.

Piracy of the Company's Programming and Other Content, Including Digital 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 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 license fees for television programming and CBS Films' revenue from motion pictures are dependent on the timing, mix, number and availability of the Company's television programming and motion pictures, as applicable. 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, competition among electronic and print book retailers could decrease the prices for new releases and the outlets available for book sales. Moreover, the growing use of self-publishing technologies by authors increases competition and could result in decreased use of traditional publishing services. 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 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. In response to the FCC's March 2010 National Broadband Plan, which seeks to provide affordable broadband access throughout the U.S., Congress passed legislation in February 2012 authorizing the FCC to conduct voluntary auctions of spectrum utilized by broadcast television stations to provide additional spectrum for wireless broadband services. The television stations that continue their operations may have to change channels once the FCC "repacks" the broadcast spectrum dedicated to broadcast television use. It is difficult to predict the timing or outcome of the FCC's actions or their effect, if any, on the Company's broadcasting properties. 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 or new interpretations of international laws and regulations governing competition and the Internet, including those affecting data privacy, 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 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 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. Also, 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, Transmitter Facilities and Network and Information Systems and Other Technology that the Company Depends Upon to Distribute Its Programming and Operate 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. 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. In addition, network and information systems and other technologies are important to the Company's business activities. Network and information systems-related events, such as computer hackings, viruses, or other destructive or disruptive software, process breakdowns or malicious or other activities could result in a disruption of the Company's services and operations or improper disclosure of personal data or confidential information, which could damage the Company's reputation and require the Company to expend resources to remedy any such breaches. The occurrence of any of such network or

information systems-related events or security breaches could have a material adverse effect on the Company's business 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, designated independent committees of the CBS Board together periodically review succession planning for the position of Chairman and report to the non-management directors of the CBS Board. 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 Board. Additionally, the Company employs or independently contracts with several entertainment personalities and authors with significant loyal audiences or readership. 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, operation, repair, upgrading, height, size, location and type, such as digital, tri-vision or static, of outdoor advertising structures and displays 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, interactive and motion picture businesses by disrupting the Company's ability to provide scheduled services and programming or 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 its duration, any lockout, strike or work stoppage could have an adverse effect on the Company's revenues, cash flows and/or operating income and/or the timing thereof.

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 who may have different interests are unable to affect the outcome of the corporate actions of the Company for so long as NAI retains voting control.

Sales of 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 the Company's operating results;
- changes in expectations as to the Company's future financial performance or changes in financial estimates of securities analysts;
- success of the Company'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, Which May Limit Business Opportunities

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, including limitations to which the Company contractually agreed in connection with the Company's 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").

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. CBS Interactive leases approximately 280,000 square feet of space at 235 2nd Street, San Francisco, California under a lease which expires in 2022. 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 other foreign countries 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. On May 24, 2011, the court granted the motion to dismiss and entered judgment in favor of defendants on May 25, 2011. On June 23, 2011, plaintiffs filed a notice of appeal with the United States Court of Appeals for the Second Circuit.

E-books Actions. Commencing on August 9, 2011, purported class action complaints have been filed in the United States District Court for the Southern District of New York and the United States District Court for the Northern District of California regarding the sale of electronic books pursuant to agency distribution arrangements. On August 16, 2011, a motion was filed with the United States Judicial Panel on Multidistrict Litigation (the "MDL Panel") by certain parties seeking to consolidate these actions for pre-trial proceedings in one venue. On December 9, 2011, the MDL Panel issued an order consolidating the actions in the United States District Court for the Southern District of New York. On January 20, 2012, the plaintiffs filed a consolidated amended class action complaint with the court against Apple Inc., Hachette Book Group, Inc., HarperCollins Publishers, Inc., Macmillan Publishers, Inc., Penguin Group (USA) Inc. and the Company's subsidiary, Simon & Schuster, Inc. The plaintiffs, electronic book purchasers, allege that, among other things, the defendants are in violation of federal and/or state antitrust laws in connection with the sale of electronic books pursuant to agency distribution arrangements between each of the publishers and electronic book retailers. The actions generally seek multiple forms of damages for the purchase of electronic books and injunctive and other relief. Simon & Schuster intends to vigorously defend itself in these actions. In addition, certain federal and state governmental entities in the United States and the competition authority in the European Community are conducting competition investigations of agency distribution arrangements in this industry and Simon & Schuster is cooperating with these competition investigations.

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, 2011, the Company had pending approximately 50,090 asbestos claims, as compared with approximately 52,220 as of December 31, 2010 and 62,360 as of December 31, 2009. During 2011, the Company received approximately 4,410 new claims and closed or moved to an inactive docket

approximately 6,540 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 2011 and 2010 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately $33 million and $14 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.

General. On an ongoing basis, the Company vigorously defends itself in numerous lawsuits and proceedings and responds to various investigations and inquiries from federal, state and local authorities (collectively, "litigation"). Litigation may be brought against the Company without merit, 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. ***Mine Safety Disclosures*****.**

Not applicable.

EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is certain information concerning the executive officers of the Company as of February 21, 2012.

Name	Age	Title
Sumner M. Redstone	88	Executive Chairman of the Board of Directors and Founder
Leslie Moonves	62	President and Chief Executive Officer and Director
Anthony G. Ambrosio	51	Executive Vice President, Human Resources and Administration
Louis J. Briskman	63	Executive Vice President and General Counsel
Martin D. Franks	61	Executive Vice President, Planning, Policy and Government Affairs
Joseph R. Ianniello	44	Executive Vice President and Chief Financial Officer
Richard M. Jones	46	Senior Vice President and General Tax Counsel
Lawrence Liding	43	Senior Vice President, Controller and Chief Accounting Officer
Gil Schwartz	60	Executive Vice President and Chief Communications Officer
Angeline C. Straka	66	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 chief legal officer 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. Liding has been Senior Vice President, Controller and Chief Accounting Officer of the Company since October 2011. Previously, he served as Vice President, Deputy Controller of the Company since March 2010 and Vice President, Assistant Controller since January 1, 2006. Prior to that, Mr. Liding joined Former Viacom in 1995 and served as Vice President of Financial Reporting from 2002 through 2005.

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.

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 1994 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**
2011				
1st quarter	$ 26.25	$ 18.98	$ 26.17	$ 18.98
2nd quarter	$ 29.53	$ 23.53	$ 29.13	$ 23.35
3rd quarter	$ 30.03	$ 20.36	$ 29.68	$ 20.07
4th quarter	$ 28.05	$ 18.36	$ 27.72	$ 17.99
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

On February 23, 2012, the Company announced a quarterly cash dividend of $.10 per share on its Class A and Class B Common Stock, payable on April 1, 2012. The Company declared a quarterly cash dividend on its Class A and Class B Common Stock during each of the four quarters of 2011 and 2010, for a total $237 million and $139 million, respectively. During 2011, the Company increased its quarterly cash dividend to $.10 per share from $.05 per share beginning with the dividend paid in the third quarter. 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. On November 3, 2011, the Company announced that its Board of Directors approved a $1.5 billion increase to this share repurchase program. Below is a summary of CBS Corp.'s purchases of its Class B Common Stock during the three months ended December 31, 2011 under this publicly announced share repurchase program.

(in millions, except per share amounts)	Total Number of Shares Purchased	Average Price Per Share	Shares Purchased as Part of Publicly Announced Programs	Remaining Authorization
October 1, 2011 October 31, 2011	3.1	$ 22.29	3.1	$ 581
November 1, 2011 November 30, 2011	2.0	$ 24.88	2.0	$ 2,031
December 1, 2011 December 31, 2011	1.9	$ 26.01	1.9	$ 1,981
Total	7.0	$ 24.05	7.0	$ 1,981

As of February 15, 2012, there were approximately 1,860 record holders of CBS Corp. Class A Common Stock and approximately 28,312 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 2012 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, 2006 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, 2011.

Total Cumulative Stockholder Return
For Five-Year Period Ending December 31, 2011

December 31,	2006	2007	2008	2009	2010	2011
CBS Corp. Class A Common Stock	$ 100	$ 88	$ 30	$ 52	$ 71	$ 105
CBS Corp. Class B Common Stock	$ 100	$ 90	$ 29	$ 52	$ 71	$ 103
S&P 500	$ 100	$ 105	$ 66	$ 84	$ 97	$ 99
Peer Group (a)	$ 100	$ 89	$ 44	$ 62	$ 70	$ 87

(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,				
	2011	**2010**	**2009(a)**	**2008(a)(b)**	**2007**
Revenues	$ 14,245	$ 14,060	$ 13,015	$ 13,950	$ 14,073
Operating income (loss)	$ 2,529	$ 1,816	$ 1,011	$ (12,159)	$ 2,622
Net earnings (loss) from continuing operations	$ 1,291	$ 724	$ 227	$ (11,673)	$ 1,231
Net earnings from discontinued operations	$ 14	$	$	$	$ 16
Net earnings (loss)	$ 1,305	$ 724	$ 227	$ (11,673)	$ 1,247
Basic earnings (loss) per common share:					
Net earnings (loss) from continuing operations	$ 1.94	$ 1.07	$ .34	$ (17.43)	$ 1.72
Net earnings from discontinued operations	$ .02	$	$	$	$ .02
Net earnings (loss)	$ 1.97	$ 1.07	$ .34	$ (17.43)	$ 1.75
Diluted earnings (loss) per common share:					
Net earnings (loss) from continuing operations	$ 1.90	$ 1.04	$ .33	$ (17.43)	$ 1.70
Net earnings from discontinued operations	$ .02	$	$	$	$ .02
Net earnings (loss)	$ 1.92	$ 1.04	$ .33	$ (17.43)	$ 1.73
Dividends per common share	$ ..35	$ ..20	$ ..20	$ 1.06	$ ..94
At Year End:					
Total assets:					
Continuing operations	$ 26,120	$ 26,066	$ 26,870	$ 26,976	$ 40,322
Discontinued operations	77	77	92	105	108
Total assets	$ 26,197	$ 26,143	$ 26,962	$ 27,081	$ 40,430
Total debt:					
Continuing operations	$ 5,982	$ 6,000	$ 6,997	$ 6,996	$ 7,088
Discontinued operations	21	21	21	34	43
Total debt	$ 6,003	$ 6,021	$ 7,018	$ 7,030	$ 7,131
Total Stockholders' Equity	$ 9,908	$ 9,821	$ 9,019	$ 8,597	$ 21,472

(a) In 2009, CBS Corporation (the "Company" or "CBS Corp.") recorded non-cash impairment charges of $210 million ($131 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.

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 2011, CBS Corporation's results benefited from the continued popularity of its internally developed and acquired programming, new licensing agreements for digital streaming of television series, growth in affiliate and subscription fee revenues, and the new programming agreement for the *NCAA Division I Men's Basketball Championship* ("NCAA Tournament"). Beginning in 2011, pursuant to a 14-year agreement between the Company and Turner Broadcasting System, Inc., the Company and Turner are sharing the rights to telecast the NCAA Tournament. For CBS Corp., this new agreement resulted in lower revenues, yet higher profits, for 2011 as compared to 2010. In addition, revenue comparisons for 2011 were negatively impacted by the 2010 broadcast of *Super Bowl XLIV* on the CBS Television Network. Total revenues increased 1% for 2011, as decreases associated with these non-comparable items as well as a decline in political advertising sales, were more than offset by 6% growth in content licensing and distribution revenues, a 9% increase in affiliate and subscription fee revenues and underlying growth in advertising sales.

For 2011, operating income of $2.53 billion increased 39% from $1.82 billion for 2010 with growth in each of the Company's operating segments and an increase in the Company's total operating income margin of five percentage points to 18%. These increases were driven by the change in the revenue mix, lower sports and other acquired television programming costs, the benefit of cost-containment and the timing of production and distribution expenses. Comparability of operating income was impacted by restructuring charges of $46 million and $81 million for 2011 and 2010, respectively, and the favorable impact to 2010 from a settlement of $90 million for the resolutions of certain disputes regarding previously disposed businesses.

Diluted earnings per share ("EPS") of $1.92 for 2011 increased $.88, or 85%, from $1.04 for 2010, primarily driven by the increase in operating income, lower interest expense due to a $1.40 billion reduction to the Company's outstanding debt during 2010, and lower weighted average shares outstanding, reflecting the impact of 2011 share repurchases.

During 2011, the Company repurchased 42.2 million shares of its Class B Common Stock for $1.02 billion, at an average cost of $24.14 per share, and paid $206 million of cash dividends. At December 31, 2011, the Company had $5.98 billion of long-term debt outstanding, which is comparable to December 31, 2010. For 2011, free cash flow of $1.48 billion, increased 2% from $1.45 billion for 2010. Comparability of free cash flow was impacted by pension contributions of $410 million in 2011 and $167 million in 2010, principally to pre-fund the Company's qualified plans. The Company generated cash flow from operating activities of $1.75 billion for 2011 versus $1.74 billion for 2010. 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-11 and II-12 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 five 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, the licensing and distribution of its content, and affiliate and subscription fees. The Entertainment segment contributed 52%, 53% and 54% to consolidated revenues for the years ended December 31, 2011, 2010 and 2009, respectively.

CABLE NETWORKS: The Cable Networks segment consists of *Showtime Networks, CBS Sports Network* and *Smithsonian Networks.* Cable Networks revenues are generated primarily from affiliate fees, and the licensing and distribution of its content. The Cable Networks segment contributed 11% to consolidated revenues for the year ended December 31, 2011 and 10% to consolidated revenues for each of the years ended December 31, 2010 and 2009.

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 generates revenues from the distribution of consumer books in print, digital and audio formats. Publishing contributed 6% to consolidated revenues for each of the years ended December 31, 2011, 2010 and 2009.

LOCAL BROADCASTING: The Local Broadcasting segment consists of *CBS Television Stations* and *CBS Radio*, with revenues generated primarily from advertising sales. The Local Broadcasting segment contributed 19%, 20% and 18% to consolidated revenues for the years ended December 31, 2011, 2010 and 2009, respectively.

OUTDOOR: The Outdoor segment, through *CBS Outdoor*, displays advertising in North America, South America and Europe on media, including billboards, transit shelters, buses, rail systems (in-car, station platforms and terminals), mall kiosks, stadium signage and in retail stores. Outdoor revenues are generated primarily from advertising sales. The Outdoor segment contributed 13% to consolidated revenues for each of the years ended December 31, 2011, 2010 and 2009.

Consolidated Results of Operations 2011 vs. 2010 and 2010 vs. 2009

Revenues

The following tables present the Company's consolidated revenues by type for each of the years ended December 31, 2011, 2010 and 2009.

Revenues by Type Year Ended December 31,	**2011**	**2010**	**Increase/(Decrease) 2011 vs. 2010**		**2009**	**Increase/(Decrease) 2010 vs. 2009**	
Advertising	$ 9,007	$ 9,153	$ (146)	(2)%	$ 8,172	$ 981	12%
Content licensing and distribution	3,254	3,071	183	6	3,120	(49)	(2)
Affiliate and subscription fees	1,744	1,598	146	9	1,462	136	9
Other	240	238	2	1	261	(23)	(9)
Total Revenues	$ 14,245	$ 14,060	$ 185	1%	$ 13,015	$ 1,045	8%

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

	Year Ended December 31,		
Percentage of Revenues by Type	**2011**	**2010**	**2009**
Advertising	63%	65%	63%
Content licensing and distribution	23	22	24
Affiliate and subscription fees	12	11	11
Other	2	2	2
Total	100%	100%	100%

Advertising sales decreased 2% to $9.01 billion in 2011 from $9.15 billion in 2010 as comparability for 2011 was impacted by the 2010 broadcast of *Super Bowl XLIV* on the CBS Television Network and the new 14-year programming agreement between the Company and Turner Broadcasting System, Inc. for the telecast of the NCAA Tournament, which began in 2011. In aggregate, these two non-comparable items negatively impacted the advertising revenue comparison by four percentage points. Underlying advertising revenues for 2011 benefited from pricing increases for sports programming, growth in network primetime and higher outdoor advertising sales in the Americas, partially offset by significantly lower political spending as 2010 benefited from midterm elections. In 2010, advertising sales increased 12% to $9.15 billion from $8.17 billion in 2009, due in part to the recovery of an economic slow down and the continued popularity of the Company's content. The advertising growth also benefited from the 2010 telecast of *Super Bowl XLIV* on the CBS Television Network and increased political advertising from the 2010 midterm elections.

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 increased 6% to $3.25 billion in 2011 from $3.07 billion in 2010 reflecting growth in both domestic and international television license fees, principally driven by the impact of new licensing agreements for digital streaming. Revenue contributions from significant domestic syndication availabilities in 2011, which included the third-cycle sale of *Frasier*, were lower than 2010, which included the second-cycle sale of *CSI: Crime Scene Investigation*. In 2010, content licensing and distribution revenues decreased 2% to $3.07 billion in 2010 from $3.12 billion in 2009 principally reflecting lower contributions from significant domestic syndication availabilities, as 2010 included the second-cycle syndication sale of only one title as compared to 2009 which included the first-cycle availabilities of five titles. This decrease was partially offset by higher international syndication sales of television programming and the addition of theatrical revenues in 2010.

Affiliate and subscription fees are principally comprised of revenues received from cable television operators, direct broadcast satellite operators, telephone companies 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 2011, affiliate and subscription fees increased 9% to $1.74 billion from $1.60 billion in 2010 and for 2010, affiliate and subscription fees increased 9% from $1.46 billion in 2009. These increases reflect growth in subscriptions and rate increases at Showtime Networks, CBS Sports Network and Smithsonian Networks, and higher retransmission revenues.

Other revenues, which include ancillary fees for Entertainment, Cable Networks, Local Broadcasting and Outdoor operations, increased 1% to $240 million in 2011 from $238 million in 2010. For 2010, other

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

revenues decreased 9% to $238 million in 2010 from $261 million in 2009, principally reflecting lower ancillary digital revenues.

International Revenues

The Company generated approximately 15% of its total revenues from international regions in both 2011 and 2010, and 14% in 2009.

Year Ended December 31,	2011	% of International	2010	% of International	2009	% of International
United Kingdom	$ 489	22%	$ 459	22%	$ 431	23%
Other Europe	801	37	758	37	715	38
Canada	371	17	383	18	310	17
All other	529	24	476	23	405	22
Total International Revenues	$ 2,190	100%	$ 2,076	100%	$ 1,861	100%

Operating Expenses

The table below presents the Company's consolidated operating expenses by type for each of the years ended December 31, 2011, 2010 and 2009.

Operating Expenses by Type Year Ended December 31,	2011	2010	Increase/(Decrease) 2011 vs. 2010		2009	Increase/(Decrease) 2010 vs. 2009	
Programming	$ 2,971	$ 3,510	$ (539)	(15)%	$ 3,336	$ 174	5%
Production	1,939	2,061	(122)	(6)	2,062	(1)	
Billboard, transit and other occupancy	1,035	1,029	6	1	1,020	9	1
Participation, distribution and royalty	814	693	121	17	597	96	16
Other	1,608	1,692	(84)	(5)	1,685	7	
Total Operating Expenses	$ 8,367	$ 8,985	$ (618)	(7)%	$ 8,700	$ 285	3%

Programming expenses represented 36% of total operating expenses in 2011, 39% in 2010 and 38% in 2009, and reflect the amortization of acquired rights of programs exhibited on the broadcast and cable networks, and television and radio stations. Programming expenses decreased 15% to $2.97 billion in 2011 from $3.51 billion in 2010 primarily reflecting lower costs for sports programming, including the impact of the new programming agreement for the NCAA Tournament, which began in 2011, and the absence of the 2010 broadcast of *Super Bowl XLIV* on the CBS Television Network, as well as lower acquired television series costs. For 2010, 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 Super Bowl telecast and the NCAA Tournament on the CBS Television Network, partially offset by lower acquired television series costs.

Production expenses represented 23% of total operating expenses in 2011 and 2010, and 24% in 2009, 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 decreased 6% to $1.94 billion in 2011 from $2.06 billion in 2010 principally driven by the title mix from licensing arrangements for television programming. For 2010, production expenses of $2.06 billion

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

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.

Billboard, transit and other occupancy expenses represented 12% of total operating expenses in 2011, 11% in 2010 and 12% in 2009, 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 $1.04 billion in 2011 from $1.03 billion in 2010 primarily driven by the effect of foreign exchange rate changes, partially offset by the settlement of legal matters in 2011 and lower costs from the mix of more profitable contracts. For 2010, billboard, transit and other occupancy expenses increased 1% to $1.03 billion in 2010 from $1.02 billion in 2009 primarily driven by franchise expense increases attributable to new Outdoor transit contracts, partially offset by decreases for lost contracts, lower billboard lease costs, as well as lower maintenance and display site costs and other cost reductions due to cost-savings initiatives.

Participation, distribution and royalty costs, which represented 10% of total operating expenses in 2011, 8% in 2010 and 7% in 2009, 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 17% to $814 million in 2011 from $693 million in 2010 primarily reflecting higher participations from the licensing of titles for digital streaming and the mix of domestic syndication sales, partially offset by lower advertising and other distribution costs from the timing of theatrical film releases. For 2010, participation, distribution and royalty costs increased 16% to $693 million from $597 million in 2009 primarily reflecting higher advertising expenses for theatrical films.

Other operating expenses, which represented 19% of total operating expenses for each of the years 2011, 2010 and 2009, primarily include compensation costs, costs associated with book sales, including printing and warehousing, and costs associated with the production and hosting of websites. For 2011, other operating expenses decreased 5% to $1.61 billion from $1.69 billion in 2010 primarily reflecting lower costs associated with the absence of sponsorship revenues resulting from the new programming agreement for the NCAA Tournament. For 2010, other operating expenses remained relatively flat at $1.69 billion compared to 2009.

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 2011, 2010 and 2009. SG&A expenses increased $140 million, or 5%, to $2.76 billion in 2011 from $2.62 billion in 2010 principally due to a settlement of $90 million recorded in 2010 related to the favorable resolutions of certain disputes regarding previously disposed businesses, higher advertising and increased selling expenses primarily associated with higher revenues, partially offset by $36 million lower pension and postretirement benefit costs primarily due to the favorable performance of pension plan assets in 2010.

For 2010, SG&A expenses increased $127 million, or 5%, to $2.62 billion from $2.49 billion in 2009 principally reflecting higher advertising, selling expenses and incentive compensation driven by the improved operating results, partially offset by $51 million lower pension and postretirement benefits costs primarily due to the favorable performance of pension plan assets in 2009. Comparability of SG&A expenses was impacted by settlements related to the favorable resolutions of certain disputes regarding previously disposed businesses of $90 million in 2010 and $28 million in 2009 and gains of $40 million in 2009 from the sale and exchange of certain long-lived assets.

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

Restructuring Charges

During the year ended December 31, 2011, in a continued effort to reduce its cost structure, the Company initiated restructuring plans, which primarily included relocation or closure of certain business activities, as well as other exit activities. As a result, the Company recorded restructuring charges of $46 million, reflecting $34 million of costs associated with exiting contractual obligations and $12 million of severance costs. During the years ended December 31, 2010 and 2009, the Company recorded restructuring charges of $81 million and $23 million, respectively. The charges reflected $87 million of severance costs and $22 million of contract termination and other associated costs, partially offset by reversals of $5 million as a result of changes in estimates of previously established restructuring accruals. As of December 31, 2011, the cumulative amount paid for the 2011, 2010 and 2009 restructuring charges was $100 million, of which $81 million was for severance costs and $19 million was related to contract termination and other associated costs. The Company expects to substantially utilize the remaining reserves by the end of 2013.

	Balance at December 31, 2010	2011 Charges	2011 Payments	Balance at December 31, 2011
Entertainment	$ 11	$ 40	$ (9)	$ 42
Cable Networks	2		(1)	1
Publishing	2	2	(2)	2
Local Broadcasting	13		(8)	5
Outdoor	16	4	(15)	5
Total	$ 44	$ 46	$ (35)	$ 55

	Balance at December 31, 2009	2010 Charges	2010 Payments	Balance at December 31, 2010
Entertainment	$	$ 23	$ (12)	$ 11
Cable Networks		3	(1)	2
Publishing	2	4	(4)	2
Local Broadcasting	4	25	(16)	13
Outdoor	6	26	(16)	16
Total	$ 12	$ 81	$ (49)	$ 44

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 carrying value. Based on the results of the 2011 and 2010 annual impairment tests 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 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.

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

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 $32 million to reduce the carrying value of FCC licenses by $21 million and the allocated goodwill by $11 million.

Depreciation and Amortization

Depreciation and amortization decreased $15 million, or 3%, to $548 million for 2011 from $563 million for 2010 principally reflecting lower depreciation and amortization associated with reduced capital expenditures in recent years. For 2010, depreciation and amortization decreased $20 million, or 3%, to $563 million from $583 million for 2009 principally reflecting lower depreciation for outdoor advertising properties and lower depreciation and amortization associated with interactive businesses.

Interest Expense

Interest expense decreased $93 million, or 18%, to $436 million for 2011 and decreased $13 million, or 2%, to $529 million for 2010 from $542 million for 2009, in both cases primarily resulting from the reduction of debt during 2010. The Company had $5.98 billion and $6.00 billion of principal amounts of debt outstanding (including current maturities) at December 31, 2011 and December 31, 2010, respectively, each at a weighted average interest rate of 7%.

Interest Income

Interest income increased $1 million to $7 million for 2011 from $6 million for 2010. For 2010, interest income was flat at $6 million compared to 2009.

Loss on Early Extinguishment of Debt

For 2010, the loss on early extinguishment of debt of $81 million was associated with the repurchase and redemption of $2.07 billion of the Company's debt, of which $750 million was repurchased through a tender offer. (See Note 7 to the consolidated financial statements).

For 2009, the loss on early extinguishment of debt of $30 million was associated with the repurchase of $978 million of the Company's debt, of which $826 million was repurchased through a tender offer.

Other Items, Net

For 2011, "Other items, net" reflected a net loss of $17 million primarily consisting of foreign exchange losses.

For 2010, "Other items, net" of $10 million primarily consisted of gains of $21 million associated with dispositions, partially offset by foreign exchange losses of $10 million.

For 2009, "Other items, net" reflected a net loss of $2 million primarily consisting of losses of $7 million associated with securitizing accounts receivables and a non-cash charge of $8 million associated with other-than-temporary declines in the market value of the Company's investments, partially offset by foreign exchange gains of $11 million.

Provision for Income Taxes

The provision for income taxes represents federal, state and local, and foreign income taxes on earnings from continuing operations before income taxes and equity in loss of investee companies. For

2011, the provision for income taxes increased to $755 million from $463 million in 2010 and for 2010, the provision for income taxes increased from $183 million in 2009. These increases were primarily driven by the increase in earnings before income taxes. In addition, the provision for income taxes for 2010 included a $62 million reduction of deferred tax assets associated with the 2010 Patient Protection and Affordable Care Act, partially offset by a $26 million reversal of previously established deferred tax liabilities and a tax benefit of $28 million from the settlement of income tax audits. Included in the Company's tax provision for 2009 were tax benefits of $47 million from settlements of income tax audits, a benefit of $79 million associated with the non-cash impairment charges, and reductions of deferred tax assets associated with stock-based compensation of $43 million. This reduction reflected the difference between the estimated tax benefit recognized based on the grant date fair value of the stock-based compensation award versus the actual tax benefit realized based on the market value on the date of vest.

The Company's effective income tax rate was 36% in 2011, 38% in 2010 and 41% in 2009. For 2012, the Company's annual effective tax rate is expected to be similar to 2011 and 2010 levels.

Equity in Loss of Investee Companies, Net of Tax

Equity in loss of investee companies, net of tax, was $37 million for 2011, $35 million for 2010 and $33 million for 2009 reflecting the Company's share of the operating results of its equity investments.

Net Earnings from Continuing Operations

The Company reported net earnings from continuing operations of $1.29 billion for 2011, $724 million for 2010 and $227 million for 2009.

Net Earnings from Discontinued Operations

During 2011, the Company reached favorable resolutions of certain contingencies related to its previously disposed businesses which are accounted for as discontinued operations. As a result, a pre-tax gain of $23 million ($14 million, net of tax) was recorded in discontinued operations.

Net Earnings

The Company reported net earnings of $1.31 billion for 2011, $724 million for 2010 and $227 million for 2009, principally driven by the growth in operating income and a decline in interest expense. In addition, comparability of net earnings was impacted by several large discrete items, including pre-tax non-cash impairment charges of $210 million ($131 million, net of tax) in 2009, settlements of $90 million in 2010 and $28 million in 2009 from the favorable resolutions of certain disputes regarding previously disposed businesses, restructuring charges of $46 million in 2011, $81 million in 2010 and $23 million in 2009, and pre-tax losses on the early extinguishment of debt of $81 million in 2010 and $30 million in 2009.

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

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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 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 7 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.

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,	**2011**	**2010**	**2009**
Net cash flow provided by operating activities	$ 1,749	$ 1,735	$ 939
Exclude: Decrease to accounts receivable securitization program			150
Capital expenditures	(265)	(284)	(262)
Free cash flow	$ 1,484	$ 1,451	$ 827

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Segment Results of Operations For the Years Ended December 31, 2011, 2010 and 2009

The following tables present the Company's revenues, segment operating income (loss) before depreciation and amortization and impairment charges ("Segment OIBDA before Impairment Charges" or "Segment OIBDA" if there is no impairment charge), operating income (loss), depreciation and amortization, and impairment charges by segment, for each of the years ended December 31, 2011, 2010 and 2009. The Company presents Segment OIBDA before Impairment Charges (or Segment OIBDA) 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 Company's consolidated Net earnings (loss) is presented in Note 14 (Reportable Segments) to the consolidated financial statements.

Year Ended December 31,	2011	2010	2009
Revenues:			
Entertainment	$ 7,457	$ 7,391	$ 6,977
Cable Networks	1,621	1,475	1,347
Publishing	787	791	793
Local Broadcasting	2,689	2,782	2,360
Outdoor	1,894	1,819	1,723
Eliminations	(203)	(198)	(185)
Total Revenues	$ 14,245	$ 14,060	$ 13,015

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Year Ended December 31,	**2011**	**2010**	**2009**
Segment OIBDA before Impairment Charges:			
Entertainment	$ 1,391	$ 871	$ 876
Cable Networks	707	566	461
Publishing	90	68	50
Local Broadcasting	849	840	513
Outdoor	342	263	169
Corporate	(228)	(218)	(147)
Residual costs	(75)	(15)	(116)
Eliminations	1	4	(2)
OIBDA before Impairment Charges	3,077	2,379	1,804
Impairment charges			(210)
Depreciation and amortization	(548)	(563)	(583)
Total Operating Income	$ 2,529	$ 1,816	$ 1,011
Operating Income (Loss):			
Entertainment	$ 1,231	$ 708	$ 700
Cable Networks	684	543	437
Publishing	83	61	43
Local Broadcasting	750	740	212
Outdoor	107	14	(97)
Corporate	(252)	(239)	(166)
Residual costs	(75)	(15)	(116)
Eliminations	1	4	(2)
Total Operating Income	$ 2,529	$ 1,816	$ 1,011
Depreciation and Amortization:			
Entertainment	$ 160	$ 163	$ 176
Cable Networks	23	23	24
Publishing	7	7	7
Local Broadcasting	99	100	91
Outdoor	235	249	266
Corporate	24	21	19
Total Depreciation and Amortization	$ 548	$ 563	$ 583
Impairment Charges:			
Local Broadcasting	$	$	$ 210
Total Impairment Charges	$	$	$ 210

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

(Contributed 52%, 53% and 54% to consolidated revenues for the years ended December 31, 2011, 2010 and 2009, respectively.)

Year Ended December 31,	2011	2010	2009
Revenues	$ 7,457	$ 7,391	$ 6,977
OIBDA	$ 1,391	$ 871	$ 876
Depreciation and amortization	(160)	(163)	(176)
Operating income	$ 1,231	$ 708	$ 700
OIBDA as a % of revenues	19%	12%	13%
Operating income as a % of revenues	17%	10%	10%
Restructuring charges	$ 40	$ 23	$
Capital expenditures	$ 94	$ 90	$ 72

2011 vs. 2010

For 2011, Entertainment revenues increased 1% to $7.46 billion from $7.39 billion in 2010. This growth was led by 10% higher revenues from domestic and international television license fees, driven by licensing agreements for digital streaming, partially offset by lower contributions from significant domestic syndication availabilities, which included the third-cycle domestic cable sale of *Frasier* in 2011 and the second-cycle sale of *CSI: Crime Scene Investigation* in 2010. Revenue growth also reflects higher retransmission revenues and underlying advertising revenue increases from higher pricing for the broadcast of sporting events and higher primetime advertising for the CBS Television Network. These increases were partially offset by the absence of the 2010 telecast of *Super Bowl XLIV* on the CBS Television Network as well as the impact of the new programming agreement for the NCAA Tournament, which resulted in lower revenues, but higher profits for 2011.

For 2011, Entertainment operating income increased $523 million, or 74% to $1.23 billion from $708 million in 2010 and OIBDA increased $520 million, or 60%, to $1.39 billion from $871 million for 2010 with improved operating income and OIBDA margins of seven percentage points to 17% and 19%, respectively. The operating income and OIBDA increases, and margin improvement reflect the aforementioned revenue growth, significantly lower sports programming costs resulting from the new programming agreement for the NCAA Tournament and the absence of the 2010 Super Bowl broadcast on the CBS Television Network, as well as cost decreases associated with the timing of production and distribution expenses. Restructuring charges of $40 million in 2011 principally reflect costs associated with exiting operating facilities and severance costs. For 2010, restructuring charges of $23 million principally reflect severance costs associated with the elimination of positions. Entertainment results included stock-based compensation expense of $45 million for 2011 and $43 million for 2010.

License fees for completed television programming in syndication, on cable and video on demand, and digitally streamed 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 $1.25 billion and $654 million at December 31, 2011 and 2010, respectively.

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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 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 growth in CBS Interactive display advertising revenues. Revenues from content licensing and distribution decreased 3% as higher international syndication sales, the second-cycle sale of *CSI: Crime Scene Investigation* and the addition of theatrical revenues in 2010, 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 million from $700 million for 2009 and OIBDA decreased $5 million to $871 million from $876 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 Tournament, increased investment in television and film content, and restructuring charges of $23 million incurred in 2010. Entertainment results included stock-based compensation expense of $43 million for 2010 and $44 million for 2009.

Capital expenditures increased $18 million to $90 million in 2010 from $72 million in 2009 primarily due to increased spending for high-definition upgrades.

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

(Contributed 11% to consolidated revenues for the year ended December 31, 2011 and 10% to consolidated revenues for each of the years ended December 31, 2010 and 2009.)

Year Ended December 31,	2011	2010	2009
Revenues	$ 1,621	$ 1,475	$ 1,347
OIBDA	$ 707	$ 566	$ 461
Depreciation and amortization	(23)	(23)	(24)
Operating income	$ 684	$ 543	$ 437
OIBDA as a % of revenues	44%	38%	34%
Operating income as a % of revenues	42%	37%	32%
Restructuring charges	$	$ 3	$
Capital expenditures	$ 15	$ 19	$ 8

2011 vs. 2010

For 2011, Cable Networks revenues increased 10% to $1.62 billion from $1.48 billion in 2010 primarily driven by 7% higher affiliate revenues reflecting rate increases and growth in subscriptions at Showtime Networks, CBS Sports Network and Smithsonian Networks, as well as higher licensing revenues from international syndication, digital streaming and home entertainment sales of *Showtime* original series. As of December 31, 2011 subscriptions totaled 73 million for Showtime Networks, including *Showtime*, *The Movie Channel* and *Flix*, 44 million for CBS Sports Network and 12 million for Smithsonian Networks.

For 2011, Cable Networks operating income increased 26% to $684 million from $543 million in 2010 and OIBDA increased 25% to $707 million from $566 million for 2010, primarily due to revenue growth

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and lower costs for theatrical programming, partially offset by higher programming and advertising costs for *Showtime* original series. Cable Networks results included stock-based compensation expense of $4 million for 2011 and $5 million for 2010.

2010 vs. 2009

For 2010, Cable Networks revenues increased 10% 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 Sports Network, as well as higher revenues from the licensing of *Showtime* original series. As of December 31, 2010 subscriptions totaled 67 million for Showtime Networks, including *Showtime*, *The Movie Channel* and *Flix*, 39 million for CBS Sports Network, and 7 million for Smithsonian Networks.

For 2010, Cable Networks operating income increased 24% to $543 million from $437 million in 2009 and OIBDA increased 23% to $566 million from $461 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 million in 2010 principally reflect costs associated with exiting an operating facility. Cable Networks results included stock-based compensation expense of $5 million for 2010 and $6 million for 2009.

Capital expenditures increased $11 million to $19 million in 2010 from $8 million in 2009 primarily due to increased spending on high-definition upgrades and leasehold improvements.

Publishing (*Simon & Schuster*)

(Contributed 6% to consolidated revenues for each of the years ended December 31, 2011, 2010 and 2009.)

Year Ended December 31,	2011	2010	2009
Revenues	$ 787	$ 791	$ 793
OIBDA	$ 90	$ 68	$ 50
Depreciation and amortization	(7)	(7)	(7)
Operating income	$ 83	$ 61	$ 43
OIBDA as a % of revenues	11%	9%	6%
Operating income as a % of revenues	11%	8%	5%
Restructuring charges	$ 2	$ 4	$ 4
Capital expenditures	$ 7	$ 6	$ 5

2011 vs. 2010

For 2011, Publishing revenues decreased 1% to $787 million from $791 million in 2010 as strong growth in digital sales of Publishing content was offset by lower print book sales. Revenues from digital content of $133 million for 2011 more than doubled 2010 digital sales and represented 17% of total Publishing revenues in 2011. Best selling titles in 2011 included *Steve Jobs* by Walter Isaacson and *11/22/63* by Stephen King.

For 2011, Publishing operating income increased 36% to $83 million from $61 million in 2010 and OIBDA increased 32% to $90 million from $68 million for 2010 driven by lower direct operating costs,

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including expense decreases resulting from the significant increase in more profitable digital revenues as a percentage of total revenues, lower bad debt expense and the impact of cost-containment measures. Restructuring charges in 2011 and 2010 reflect severance costs. Publishing results included stock-based compensation expense of $3 million for both 2011 and 2010.

2010 vs. 2009

For 2010, Publishing revenues decreased slightly to $791 million from $793 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 represent 8% of total Publishing revenues in 2010. 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 42% to $61 million from $43 million in 2009 and OIBDA increased 36% to $68 million from $50 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. The restructuring charges in 2010 and 2009 reflected severance costs associated with the elimination of positions. Publishing results included stock-based compensation expense of $3 million for 2010 and $4 million for 2009.

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

(Contributed 19%, 20% and 18% to consolidated revenues for the years ended December 31, 2011, 2010 and 2009, respectively.)

Year Ended December 31,	2011	2010	2009
Revenues	$ 2,689	$ 2,782	$ 2,360
OIBDA before impairment charges	$ 849	$ 840	$ 513
Impairment charges			(210)
Depreciation and amortization	(99)	(100)	(91)
Operating income	$ 750	$ 740	$ 212
OIBDA before impairment charges as a % of revenues	32%	30%	22%
Operating income as a % of revenues	28%	27%	9%
Restructuring charges	$	$ 25	$ 2
Capital expenditures	$ 69	$ 74	$ 71

2011 vs. 2010

For 2011, Local Broadcasting revenues decreased 3% to $2.69 billion from $2.78 billion for 2010 principally driven by lower political advertising sales. CBS Television Stations revenues decreased 7% due to the difficult comparison to the prior year, which included significant political advertising for midterm elections and revenues from the 2010 Super Bowl broadcast. Comparability was also impacted by lost revenues resulting from the National Basketball Association lockout during 2011. These decreases were partially offset by growth in many key advertising categories, led by domestic automotive and financial services as well as higher retransmission revenues. CBS Radio revenues increased slightly from the prior year, despite lower political advertising spending, reflecting growth in domestic auto, financial services and retail advertising.

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For 2011, Local Broadcasting operating income increased 1% to $750 million from $740 million in 2010 and OIBDA increased 1% to $849 million from $840 million for 2010 primarily due to lower programming and production costs for syndicated and sports programming, and restructuring charges of $25 million recorded in 2010, partially offset by the revenue decline. Local Broadcasting results included stock-based compensation expense of $22 million for 2011 and $20 million for 2010.

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% 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 for midterm election, 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% 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 $528 million to $740 million from $212 million for 2009. Included in 2009 operating income were non-cash impairment charges of $210 million. Local Broadcasting OIBDA before impairment charges increased 64% to $840 million for 2010 from $513 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 million recorded in 2009 from the sale and exchange of certain long-lived assets and higher restructuring charges in 2010. Restructuring charges of $25 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 of $20 million for 2010 and $21 million for 2009.

Dispositions

In August 2010, the Company completed the sale of its television station in Norfolk, Virginia to Local TV Holdings, LLC, for $17 million, resulting in a pre-tax gain of $8 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 million. In connection with the sale, the Company recorded a pre-tax non-cash impairment charge of $32 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 $20 million.

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Outdoor *(CBS Outdoor)*

(Contributed 13% to consolidated revenues for each of the years ended December 31, 2011, 2010 and 2009.)

Year Ended December 31,	2011	2010	2009
Revenues	$ 1,894	$ 1,819	$ 1,723
OIBDA	$ 342	$ 263	$ 169
Depreciation and amortization	(235)	(249)	(266)
Operating income (loss)	$ 107	$ 14	$ (97)
OIBDA as a % of revenues	18%	14%	10%
Operating income as a % of revenues	6%	1%	NM
Restructuring charges	$ 4	$ 26	$ 17
Capital expenditures	$ 66	$ 78	$ 91

NM Not meaningful

2011 vs. 2010

For 2011, Outdoor revenues increased 4% to $1.89 billion from $1.82 billion in 2010 reflecting further improvement in the outdoor advertising marketplace in the Americas (comprising North America and South America) and the favorable impact of foreign exchange rate changes. Revenues for the Americas increased 5% (4% in constant dollars) to $1.29 billion, reflecting growth in the U.S. billboards and displays businesses driven by rate increases. Revenues for Europe increased 3% to $608 million for 2011 primarily due to foreign exchange rate changes. In constant dollars, revenues for Europe decreased 2% reflecting weakness in the European economy. The favorable impact of foreign exchange rate changes on total Outdoor revenues was approximately $33 million for 2011. Approximately 44% and 45% of Outdoor revenues were generated from regions outside the U.S. for 2011 and 2010, respectively.

For 2011, Outdoor operating income increased $93 million to $107 million from $14 million in 2010. Outdoor OIBDA increased 30% to $342 million for 2011 from $263 million for 2010 and Outdoor OIBDA margins increased to 18% for 2011 from 14% for 2010. These increases were primarily driven by the revenue growth and decreased costs resulting from lower restructuring charges, the mix of more profitable contracts and the settlement of legal matters in 2011. Restructuring charges of $4 million for 2011 reflect severance costs. Outdoor results included stock-based compensation expense of $6 million for 2011 and $5 million for 2010.

Due to the challenging advertising marketplace worldwide, certain transit contracts, including the London Underground contact, are operating at their minimum guarantee levels.

Capital expenditures decreased $12 million to $66 million in 2011 from $78 million in 2010 principally reflecting decreased capital spending in Europe.

2010 vs. 2009

For 2010, Outdoor revenues increased 6% to $1.82 billion from $1.72 billion for 2009 reflecting the improved advertising marketplace. Revenues for the Americas increased 10% (8% in constant dollars) to $1.23 billion, primarily reflecting stronger U.S. billboards and displays businesses driven by higher occupancy rates, the impact of new transit contracts, and increases in Canada. Revenues for Europe of

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$592 million for 2010 remained relatively flat compared to 2009. In constant dollars, revenues for Europe increased 3% from 2009 reflecting revenue growth in the United Kingdom, Holland and Italy, partially offset by lower revenues in France. Revenues for Asia decreased $13 million to $2 million for 2010 reflecting the deconsolidation of Outdoor China. 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 $14 million versus an operating loss of $97 million for 2009. Outdoor OIBDA increased 56% to $263 million for 2010 from $169 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 $26 million for 2010 primarily reflect severance costs associated with the elimination of positions in Europe. Outdoor results included stock-based compensation expense of $5 million for 2010 versus $6 million for 2009.

Capital expenditures decreased $13 million to $78 million in 2010 from $91 million in 2009 principally reflecting decreased spending for transit contracts in the United Kingdom.

Corporate

For 2011, corporate expenses increased 5% to $252 million from $239 million for 2010 primarily reflecting higher incentive compensation associated with the Company's improved operating results. For 2010, corporate expenses increased 44% to $239 million from $166 million for 2009 primarily reflecting the absence of the 2009 favorable impact from the termination of a real estate lease arrangement and higher incentive compensation. Corporate expenses included stock-based compensation expense of $60 million for 2011 and 2010, and $55 million for 2009.

Residual Costs

Residual costs primarily include pension and postretirement benefits costs for plans retained by the Company for previously divested businesses. Residual costs were $75 million for 2011, $15 million for 2010 and $116 million for 2009. Comparability was impacted by settlements of $90 million in 2010 and $28 million in 2009 related to the favorable resolutions of certain disputes regarding previously disposed businesses. In addition, residual costs for 2011 and 2010 benefited from the favorable performance of pension plan assets in 2010 and 2009, as well as the pre-funding of the Company's pension plans during 2010 and 2009.

Financial Position

Current assets increased by $148 million to $5.54 billion at December 31, 2011 from $5.40 billion at December 31, 2010, primarily due to an increase in cash and cash equivalents of $180 million. The allowance for doubtful accounts as a percentage of receivables decreased to 3.4% at December 31, 2011 compared with 3.9% at December 31, 2010, primarily due to the write-off of previously reserved receivables.

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Net property and equipment of $2.51 billion at December 31, 2011 decreased by $184 million from $2.69 billion at December 31, 2010, primarily reflecting depreciation expense of $426 million and fixed asset dispositions, partially offset by capital expenditures of $265 million.

Goodwill increased by $96 million to $8.62 billion at December 31, 2011 from $8.52 billion at December 31, 2010 primarily reflecting acquisitions of domestic and international internet businesses, partially offset by foreign currency translation adjustments.

Intangible assets, principally consisting of FCC licenses, leasehold agreements and franchise agreements, decreased by $98 million to $6.53 billion at December 31, 2011 from $6.62 billion at December 31, 2010 due to amortization expense of $122 million, partially offset by intangible assets acquired in connection with the acquisitions of internet businesses.

Pension and postretirement benefit obligations decreased by $147 million to $1.84 billion at December 31, 2011 from $1.99 billion at December 31, 2010, primarily reflecting pension contributions made during 2011, principally to pre-fund the Company's qualified plans, partially offset by actuarial losses resulting from the decrease in the discount rate and other changes to actuarial assumptions.

Other liabilities decreased $143 million to $2.38 billion at December 31, 2011 from $2.52 billion at December 31, 2010, primarily reflecting decreases related to programming rights.

Cash Flows

Cash and cash equivalents increased by $180 million for the year ended December 31, 2011, decreased by $237 million for the year ended December 31, 2010 and increased by $297 million for the year ended December 31, 2009. The changes in cash and cash equivalents were as follows:

Year Ended December 31,	**2011**	**2010**	**2009**
Cash provided by operating activities	$ 1,749	$ 1,735	$ 939
Cash used for investing activities	(389)	(368)	(249)
Cash used for financing activities	(1,180)	(1,604)	(393)
Net increase (decrease) in cash and cash equivalents	$ 180	$ (237)	$ 297

Operating Activities. In 2011, cash provided by operating activities increased $14 million to $1.75 billion from $1.74 billion in 2010 principally driven by growth in operating income and lower interest payments, partially offset by higher contributions to the Company's qualified pension plans and lower contributions from changes in working capital. Working capital reflected a use of cash in 2011, principally due to the timing of collections from television licensing arrangements, and a source of cash in 2010 mainly from the Super Bowl telecast on the CBS Television Network.

In 2010, cash provided by operating activities increased $796 million to $1.74 billion from $939 million in 2009 principally reflecting higher operating income, the timing of programming payments and a $150 million reduction to amounts outstanding under the company's accounts receivable securitization program during 2009. These increases were 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.

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The Company made pension contributions of $410 million in 2011, $167 million in 2010 and $20 million in 2009, principally to pre-fund its qualified plans.

Cash paid for income taxes was $235 million for 2011, $248 million for 2010 and $56 million for 2009. The decrease in cash taxes for 2011 was driven by tax benefits from funding the Company's qualified pension plans and the exercise and vesting of stock-based compensation, partially offset by higher tax payments associated with an increase in taxable income. 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.

Investing Activities. In 2011, cash used for investing activities of $389 million principally reflected capital expenditures of $265 million, investments in investee companies of $79 million, principally reflecting investment in The CW and international television ventures, and payment for acquisitions of $75 million, primarily for internet businesses, partially offset by proceeds from dispositions of $22 million. In 2010, cash used for investing activities of $368 million principally reflected capital expenditures of $284 million and investments in investee companies of $90 million, principally reflecting investment in The CW and international television ventures, partially offset by proceeds from dispositions of $18 million, primarily from the sale of a television station. In 2009, cash used for investing activities of $249 million principally reflected capital expenditures of $262 million, investments in investee companies of $56 million, principally reflecting investment in The CW, and purchases of marketable securities of $36 million, partially offset by proceeds from dispositions of $131 million, primarily from the sales of radio stations and certain long-lived assets of the Local Broadcasting segment.

Capital expenditures were $265 million in 2011, $284 million in 2010 and $262 million in 2009. For 2012, capital expenditures are anticipated to be at similar levels as the prior three years.

Financing Activities. In 2011, cash used for financing activities of $1.18 billion principally reflected the repurchase of CBS Corp. Class B Common Stock for $1.01 billion under the Company's share repurchase program, dividend payments of $206 million and the payment of employee payroll taxes in lieu of issuing shares for restricted stock unit vests of $82 million, partially offset by proceeds from the exercise of stock options of $72 million and the excess tax benefit from stock-based compensation of $72 million. For 2010, cash used for financing activities of $1.60 billion principally reflected the repayment of notes and debentures of $2.13 billion, a $400 million reduction to amounts outstanding under the account receivable securitization program and dividend payments of $142 million, partially offset by proceeds from the issuance of notes of $1.09 billion. In 2009, cash used for financing activities of $393 million principally reflected the repayment of senior debt of $1.01 billion and dividend payments of $297 million, partially offset by proceeds from the issuance of notes of $973 million.

Dividends

On February 23, 2012, the Company announced a quarterly cash dividend of $.10 per share on its Class A and Class B Common Stock, payable on April 1, 2012. The Company declared a quarterly cash dividend on its Class A and Class B Common Stock during each of the four quarters of 2011, 2010 and 2009, resulting in total annual dividends of $237 million, $139 million and $136 million, respectively. During 2011, the Company increased its quarterly cash dividend from $.05 to $.10, beginning with the dividend paid in the third quarter. Dividends have been recorded as a reduction to additional paid-in capital as the Company has an accumulated deficit balance.

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Share Repurchase Program

During 2011, the Company repurchased 42.2 million shares of CBS Corp. Class B Common Stock for $1.02 billion under its share repurchase program, on a trade date basis. At December 31, 2011, there was $1.98 billion of authorization remaining under the repurchase program, which the Company expects to use by the end of 2013, subject to market conditions.

Capital Structure

At December 31,	2011	2010
Senior debt (4.30% 8.875% due 2012 2056)	$ 5,925	$ 5,929
Other notes		2
Obligations under capital leases	78	90
Total debt [(a)]	6,003	6,021
Less discontinued operations debt [(b)]	21	21
Total debt from continuing operations	5,982	6,000
Less current portion	24	27
Total long-term debt from continuing operations, net of current portion	$ 5,958	$ 5,973

(a) At December 31, 2011 and December 31, 2010, the senior debt balances included (i) a net unamortized premium of $4 million and $1 million, respectively, and (ii) an increase in the carrying value of the debt relating to previously settled fair value hedges of $75 million and $83 million, respectively. The face value of the Company's total debt was $5.92 billion at December 31, 2011 and $5.94 billion at December 31, 2010.

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

Total debt of $6.00 billion at December 31, 2011 and $6.02 billion at December 31, 2010 was 38% 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 million of the Company's wholly owned subsidiary, CBS Broadcasting Inc., has no guarantor.

At December 31, 2011, the Company classified $490 million of senior notes and debentures maturing in August 2012 as long-term debt on the Consolidated Balance Sheet, reflecting its intent and ability to refinance this debt on a long-term basis.

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

Debt Issuances

October 2010, $300 million 4.30% senior notes due 2021
October 2010, $300 million 5.90% senior notes due 2040
April 2010, $500 million 5.75% senior notes due 2020

Debt Redemptions

$544 million 6.625% senior notes due 2011
$415 million 7.70% senior notes due 2010

$335 million 7.25% senior notes due 2051

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Debt Repurchases

$400 million 6.625% senior notes due 2011, through a tender offer
$98 million 8.625% debentures due 2012, through tender offers
$252 million 5.625% senior notes due 2012, through tender offers
$6 million 6.625% senior notes due 2011
$19 million 5.50% senior debentures due 2033

These redemptions and repurchases resulted in a pre-tax loss on early extinguishment of debt of $81 million for the year ended December 31, 2010.

At December 31, 2011, the Company's scheduled maturities of long-term debt at face value, excluding capital leases, were as follows:

	2012	2013	2014	2015	2016	2017 and Thereafter
Long-term debt	$ 490	$	$ 499	$	$ 200	$ 4,657

Credit Facility

At December 31, 2011, the Company had a $2.0 billion revolving credit facility which expires in December 2015 (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 U.S. 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 each quarter 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, 2011, the Company's Consolidated Leverage Ratio was approximately 1.8x and Consolidated Coverage Ratio was approximately 7.8x.

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, 2011, the Company had no commercial paper borrowings under its $2.0 billion commercial paper program. At December 31, 2011, the remaining availability under the Credit Facility, net of outstanding letters of credit, was $1.98 billion.

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Accounts Receivable Securitization Program

The Company participated in a revolving accounts receivable securitization program, prior to the end of the first quarter of 2010, 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 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 million during 2010 is reflected as cash flows used for financing activities and the decrease of $150 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 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 $1 million for 2010 and $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, operating leases, 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, 2011, 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 $1.19 billion 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, 2011 the Company's significant contractual obligations, including payments due by period were as follows:

	Payments Due by Period				
	Total	2012	2013-2014	2015-2016	2017 and thereafter
Programming and talent commitments [a]	$ 16,913	$ 2,762	$ 3,400	$ 2,863	$ 7,888
Guaranteed minimum franchise payments [b]	1,358	416	615	233	94
Purchase obligations [c]	807	313	343	74	77
Operating leases [d]	2,237	320	520	403	994
Other long-term contractual obligations [e]	1,031		850	140	41
Long-term debt obligations [f]	5,846	490	499	200	4,657
Interest commitments on long-term debt [g]	6,204	394	723	650	4,437
Capital lease obligations (including interest) [h]	96	22	25	18	31
Total	$ 34,492	$ 4,717	$ 6,975	$ 4,581	$ 18,219

(a) Programming and talent commitments of the Company primarily include $12.90 billion for sports programming rights, $3.22 billion relating to television, radio, and film production and licensing and $796 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 $2.24 billion include $879 million for Outdoor billboards.

(e) Long-term contractual obligations recorded on the Company's Consolidated Balance Sheet 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 $195 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 2012, the Company expects to contribute approximately $55 million primarily to its non-qualified pension plans to satisfy the benefit payments due under these plans. The Company, at its discretion, may make additional contributions in 2012 to pre-fund its qualified pension plans. Also in 2012, the Company expects to contribute approximately $70 million to its other postretirement benefit plans, to satisfy the Company's portion of benefit payments due under these plans.

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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, 2011, the outstanding letters of credit and surety bonds approximated $389 million and were not recorded on the Consolidated Balance Sheet.

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.

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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 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. For its annual impairment test performed in the fourth quarter of 2011 the Company early adopted amended FASB guidance which permits the Company to choose to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If based on this assessment the Company determines it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. For 2011, the Company performed this qualitative assessment for six reporting units that each had an estimated fair value for the 2010 annual impairment test that was in excess of its carrying value by 20% or more. For each reporting unit, the Company weighed the relative impact of factors that are specific to the reporting unit as well as industry and macroeconomic factors. The reporting unit specific factors that were considered included the results of the most recent impairment tests, as well as financial performance and changes to the reporting units' carrying amounts since the most recent impairment tests. For each industry in which the reporting units operate, the Company considered growth projections from independent sources and significant developments or transactions within the industry during 2011, where applicable. The Company concluded that each of the reporting unit specific and industry factors had either a positive or neutral impact on the fair value of each of the reporting units. The Company also determined that macroeconomic factors during 2011 did not have a significant impact on the discount rates and growth rates used for the 2010 annual impairment tests. Based on the qualitative assessment, the Company concluded that for these six reporting units, performing the two-step impairment test was unnecessary and no impairment charge was required for 2011.

The Company performed the first step of the goodwill impairment test for the remaining three reporting units. The first step of the goodwill impairment test examines whether the carrying value of a reporting unit exceeds its fair value. If the carrying 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 carrying 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"). For 2011, the Discounted Cash Flow Method and Market Comparable Method resulted in substantially equal fair values. The Discounted Cash Flow Method adds

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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 and long-term industry projections, and for 2011 was between 2.0% and 3.0%. The discount rates, which for 2011 ranged from 8.5% to 10.0%, 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 2011 annual impairment test, the Company concluded that the fair value of each of the three reporting units for which the Company performed the first step of the goodwill impairment test exceeded their respective carrying values. The individual carrying values of the following reporting units 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	9%	3.0%	10.0%
CBS Radio	9%	2.0%	8.5%

At December 31, 2011 the carrying value of goodwill for the CBS Interactive and CBS Radio reporting units was $974 million and $1.89 billion, respectively. An increase to the discount rates of 60 basis points and 65 basis points for Interactive and Radio, respectively, or a decrease to the perpetual nominal growth rates of 105 basis points and 95 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 carrying 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

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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 television and radio station for 2011 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 2011 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, three radio markets, which had an aggregate carrying value of FCC licenses of $323 million, were each within 5% of their respective estimated fair value, and six radio markets, which had an aggregate carrying value of FCC licenses of $1.20 billion, were each within 10% of their respective estimated fair value. Additionally, one television market, which had an aggregate carrying value of FCC licenses of $74 million, was within 5% of its 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, 2011 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

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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 yield on portfolios of high quality bonds, 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, 2011, the unrecognized actuarial losses increased from the prior year end due primarily to a decrease in the discount rate as well as changes in other actuarial assumptions. A decrease in the discount rate or a decrease in the expected rate of return on plan assets would increase pension expense. A 25 basis point change in the discount rate will result in an estimated change to the projected benefit obligation of approximately $100 million and will not have a material impact on the 2012 pension expense. 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 2012 pension expense.

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 2011 and 2010, the Company recognized tax benefits of $6 million and $28 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 $195 million at December 31, 2011 is properly recorded pursuant to the recognition and measurement provisions of FASB guidance for uncertainty in income taxes.

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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. On May 24, 2011, the court granted the motion to dismiss and entered judgment in favor of defendants on May 25, 2011. On June 23, 2011, plaintiffs filed a notice of appeal with the United States Court of Appeals for the Second Circuit.

CBS Outdoor and London Underground Actions. Beginning in 2010, CBS Outdoor Limited filed legal proceedings and claims against London Underground Limited with respect to disputes arising under the 2006 transit contract between the parties, and London Underground Limited filed counterclaims with respect to its claims. In December 2011, the parties entered into a settlement agreement resolving these matters, which is not material to the Company's consolidated financial statements. CBS Outdoor Limited continues to operate the London Underground advertising concession.

E-books Actions. Commencing on August 9, 2011, purported class action complaints have been filed in the United States District Court for the Southern District of New York and the United States District Court for the Northern District of California regarding the sale of electronic books pursuant to agency distribution arrangements. On August 16, 2011, a motion was filed with the United States Judicial Panel on Multidistrict Litigation (the "MDL Panel") by certain parties seeking to consolidate these actions for pre-trial proceedings in one venue. On December 9, 2011, the MDL Panel issued an order consolidating the actions in the United States District Court for the Southern District of New York. On January 20, 2012, the plaintiffs filed a consolidated amended class action complaint with the court against Apple Inc., Hachette Book Group, Inc., HarperCollins Publishers, Inc., Macmillan Publishers, Inc., Penguin Group (USA) Inc. and the Company's subsidiary, Simon & Schuster, Inc. The plaintiffs, electronic book purchasers, allege that, among other things, the defendants are in violation of federal and/or state antitrust laws in connection with the sale of electronic books pursuant to agency distribution arrangements between each of the publishers and electronic book retailers. The actions generally seek multiple forms of damages for the purchase of electronic books and injunctive and other relief. Simon & Schuster intends to vigorously defend itself in these actions. In addition, certain federal and state governmental entities in the United States and the competition authority in the European Community are conducting competition

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

investigations of agency distribution arrangements in this industry and Simon & Schuster is cooperating with these competition investigations.

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 "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. On April 21, 2011, the FCC filed a combined petition for certiorari seeking review of the Second Circuit's decision in this case and also in an indecency case involving a broadcast on another television network. On June 27, 2011, the United States Supreme Court granted the FCC's petition for certiorari. On January 10, 2012, the United States Supreme Court heard oral argument in these cases.

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. On November 2, 2011, the Third Circuit upheld its earlier decision to vacate the FCC's order to have the Company pay the $550,000 forfeiture.

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.

Management's Discussion and Analysis of
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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, 2011, the Company had pending approximately 50,090 asbestos claims, as compared with approximately 52,220 as of December 31, 2010 and 62,360 as of December 31, 2009. During 2011, the Company received approximately 4,410 new claims and closed or moved to an inactive docket approximately 6,540 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 2011 and 2010 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately $33 million and $14 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.

General. On an ongoing basis, the Company vigorously defends itself in numerous lawsuits and proceedings and responds to various investigations and inquiries from federal, state and local authorities (collectively, "litigation"). Litigation may be brought against the Company without merit, 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.

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, 2011, the notional amount of all foreign currency contracts was $151 million which represents hedges of expected foreign currency cash flows. At December 31, 2010, the notional amount of all foreign currency contracts was $114 million, of which $2 million related to the hedging of future production costs and $112 million represented 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. During 2009, the Company entered into fixed-to-floating rate swap agreements for a portion of its debt, which were designated as fair value hedges. Gains or losses on interest rate swaps were recorded as a change in the carrying value of the debt attributable to the risk being hedged. During the fourth quarter of 2009, the Company settled all of its interest rate swaps outstanding. The Company did not have any interest rate swaps outstanding during 2011 or 2010.

Management's Discussion and Analysis of
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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, 2011 or 2010, 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, 2011, NAI directly or indirectly owned approximately 79% of CBS 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. As part of its normal course of business, the Company enters into transactions with Viacom Inc. and its subsidiaries. Through its Entertainment segment, the Company licenses its television products to Viacom Inc., primarily MTV Networks and BET Networks. In addition, the Company recognizes revenues for advertising spending placed by various subsidiaries of Viacom Inc., primarily Paramount Pictures. Viacom Inc. also distributes certain of the Company's television products in the home entertainment market. The Company's total revenues from these transactions were $255 million, $262 million and $243 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The Company places advertisements with, and leases production facilities, licenses programming and purchases other goods and services from various subsidiaries of Viacom Inc. The total amounts for these transactions were $23 million, $27 million and $23 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Management's Discussion and Analysis of
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The following table presents the amounts due from or due to Viacom Inc. in the normal course of business as reflected on the Company's Consolidated Balance Sheets.

At December 31,	2011	2010
Amounts due from Viacom Inc.		
Receivables	$ 102	$ 104
Other assets (Receivables, noncurrent)	198	252
Total amounts due from Viacom Inc.	$ 300	$ 356
Amounts due to Viacom Inc.		
Accounts payable	$ 3	$ 5
Program rights	2	4
Other liabilities (Program rights, noncurrent)		1
Total amounts due to Viacom Inc.	$ 5	$ 10

Other Related Parties The Company has equity interests in a domestic television network and several international joint ventures for television channels, from which the Company earns revenues primarily by selling its television programming. Total revenues earned from these joint ventures were $133 million, $145 million and $132 million for the years ended December 31, 2011, 2010 and 2009, respectively.

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

Adoption of New Accounting Standards

Goodwill Impairment Testing

During the fourth quarter of 2011, the Company early adopted amended FASB guidance on goodwill impairment testing. Under this guidance, the Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If based on this assessment the Company determines it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary.

Disclosures about an Employer's Participation in a Multiemployer Plan

During the fourth quarter of 2011, the Company adopted amended FASB guidance which requires separate disclosures about an employer's participation in multiemployer pension plans and multiemployer other postretirement benefit plans as well as enhanced disclosures about multiemployer pension plans.

Comprehensive Income

During the fourth quarter of 2011, the Company early adopted amended FASB guidance on the presentation of comprehensive income. Under this guidance, the components of net income and the components of other comprehensive income must be presented either in a single continuous statement or in two separate but consecutive statements. Upon adoption, the Company elected to present two separate consecutive statements.

Management's Discussion and Analysis of
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(Tabular dollars in millions, except per share amounts)

Revenue Arrangements with Multiple Deliverables

On January 1, 2011, the Company adopted revised FASB guidance on revenue arrangements with multiple deliverables. This guidance revises the criteria for separating and allocating consideration for each deliverable in a multiple-deliverable arrangement and establishes a hierarchy for determining the selling price of each deliverable. Under the guidance, revenues are allocated based on the relative selling price of each deliverable. The selling price used for each deliverable will be based on the Company-specific objective evidence if available, third party evidence if Company-specific evidence is not available, or estimated selling price for the stand-alone sale of the deliverable if neither Company-specific objective evidence nor third party evidence is available. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

Recent Pronouncements

Disclosures about Offsetting Assets and Liabilities

In December 2011, the FASB issued guidance which requires disclosure of both gross and net information about financial instruments and derivative instruments eligible for offset in the balance sheet as well as financial instruments and derivative instruments subject to a master netting arrangement regardless of whether they are offset. The adoption of this guidance, which is effective for reporting periods beginning January 1, 2013, is not expected to have a material effect on the Company's consolidated financial statements.

Fair Value Measurement

In May 2011, the FASB issued guidance to improve the comparability of fair value measurements presented in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRS"), effective for the Company beginning in the first quarter of 2012. This guidance clarifies the FASB's intent about the application of existing fair value measurement requirements and changes certain principles and requirements for measuring fair value and for disclosing information about fair value measurements. 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."

INDEX TO FINANCIAL STATEMENTS AND SCHEDULE

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

		Reference (Page/s)
Item 15(a)(1) Financial Statements:		
1.	Management's Report on Internal Control Over Financial Reporting	II-41
2.	Report of Independent Registered Public Accounting Firm	II-42
3.	Consolidated Statements of Operations for the years ended December 31, 2011, 2010 and 2009	II-43
4.	Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2011, 2010 and 2009	II-44
5.	Consolidated Balance Sheets at December 31, 2011 and 2010	II-45
6.	Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009	II-46
7.	Consolidated Statements of Stockholders' Equity for the years ended December 31, 2011, 2010 and 2009	II-47
8.	Notes to Consolidated Financial Statements	II-48 II-101
Item 15(a)(2) Financial Statement Schedule:		
	II. Valuation and Qualifying Accounts	F-1

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

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, 2011 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, 2011.

The effectiveness of our internal control over financial reporting as of December 31, 2011 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/ LAWRENCE LIDING

Lawrence Liding
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, comprehensive income, cash flows and stockholders' equity present fairly, in all material respects, the financial position of CBS Corporation and its subsidiaries at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 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, 2011, 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 7 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 23, 2012

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

	Year Ended December 31,		
	2011	2010	2009
Revenues	$ 14,245	$ 14,060	$ 13,015
Expenses:			
Operating	8,367	8,985	8,700
Selling, general and administrative	2,755	2,615	2,488
Restructuring charges (Note 3)	46	81	23
Impairment charges (Note 2)			210
Depreciation and amortization	548	563	583
Total expenses	11,716	12,244	12,004
Operating income	2,529	1,816	1,011
Interest expense	(436)	(529)	(542)
Interest income	7	6	6
Loss on early extinguishment of debt (Note 7)		(81)	(30)
Other items, net	(17)	10	(2)
Earnings before income taxes and equity in loss of investee companies	2,083	1,222	443
Provision for income taxes	(755)	(463)	(183)
Equity in loss of investee companies, net of tax	(37)	(35)	(33)
Net earnings from continuing operations	1,291	724	227
Discontinued operations (Note 1):			
Earnings from discontinued operations before income taxes	23		
Provision for income taxes	(9)		
Net earnings from discontinued operations	14		
Net earnings	$ 1,305	$ 724	$ 227
Basic net earnings per common share:			
Net earnings from continuing operations	$ 1.94	$ 1.07	$ .34
Net earnings from discontinued operations	$ .02	$	$
Net earnings	$ 1.97	$ 1.07	$ .34
Diluted net earnings per common share:			
Net earnings from continuing operations	$ 1.90	$ 1.04	$ .33
Net earnings from discontinued operations	$ .02	$	$
Net earnings	$ 1.92	$ 1.04	$ .33
Weighted average number of common shares outstanding:			
Basic	664	679	674
Diluted	681	694	683
Dividends per common share	$ ..35	$ ..20	$ ..20

See notes to consolidated financial statements.

CBS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	Year Ended December 31,		
	2011	2010	2009
Net earnings	$ 1,305	$ 724	$ 227
Other Comprehensive Income (Loss), net of tax:			
Cumulative translation adjustments	(6)	3	73
Net actuarial gain (loss) and prior service cost (Note 12)	(147)	105	137
Unrealized gain on securities		2	1
Total Other Comprehensive Income (Loss), net of tax	(153)	110	211
Total Comprehensive Income	$ 1,152	$ 834	$ 438

See notes to consolidated financial statements.

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

	At December 31, 2011	At December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 660	$ 480
Receivables, less allowances of $114 (2011) and $131 (2010)	3,254	3,248
Programming and other inventory (Note 4)	735	751
Deferred income tax assets, net (Note 11)	319	303
Prepaid income taxes	10	45
Prepaid expenses	213	212
Other current assets	343	351
Current assets of discontinued operations	9	5
Total current assets	5,543	5,395
Property and equipment:		
Land	329	329
Buildings	714	709
Capital leases	200	197
Advertising structures	2,069	2,073
Equipment and other	2,022	2,012
	5,334	5,320
Less accumulated depreciation and amortization	2,824	2,626
Net property and equipment	2,510	2,694
Programming and other inventory (Note 4)	1,496	1,365
Goodwill (Note 2)	8,620	8,524
Intangible assets (Note 2)	6,526	6,624
Other assets	1,434	1,469
Assets of discontinued operations	68	72
Total Assets	$ 26,197	$ 26,143
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 410	$ 439
Accrued expenses	634	613
Accrued compensation	403	408
Participants' share and royalties payable	938	943
Program rights	577	601
Deferred revenues	253	292
Current portion of long-term debt (Note 7)	24	27
Other current liabilities	682	686
Current liabilities of discontinued operations	12	17
Total current liabilities	3,933	4,026
Long-term debt (Note 7)	5,958	5,973
Participants' share and royalties payable	975	901
Pension and postretirement benefit obligations (Note 12)	1,839	1,986
Deferred income tax liabilities, net (Note 11)	1,025	715
Other liabilities	2,376	2,519
Liabilities of discontinued operations	183	202
Commitments and contingencies (Note 13)		
Stockholders' Equity:		

Class A Common Stock, par value $.001 per share; 375 shares authorized; 44 (2011 and 2010) shares issued		
Class B Common Stock, par value $.001 per share; 5,000 shares authorized; 769 (2011) and 757 (2010) shares issued	1	1
Additional paid-in capital	43,395	43,443
Accumulated deficit	(28,343)	(29,648)
Accumulated other comprehensive loss (Note 1)	(439)	(286)
	14,614	13,510
Less treasury stock, at cost; 162 (2011) and 120 (2010) Class B Shares	4,706	3,689
Total Stockholders' Equity	9,908	9,821
Total Liabilities and Stockholders' Equity	$ 26,197	$ 26,143

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2011	**2010**	**2009**
Operating Activities:			
Net earnings	$ 1,305	$ 724	$ 227
Less: Net earnings from discontinued operations	14		
Net earnings from continuing operations	1,291	724	227
Adjustments to reconcile net earnings from continuing operations to net cash flow provided by operating activities:			
Depreciation and amortization	548	563	583
Impairment charges			210
Deferred tax provision	452	276	217
Stock-based compensation	140	136	136
Loss on early extinguishment of debt		81	30
Net loss (gain) on dispositions and write-down of assets	17	(18)	(14)
Equity in loss of investee companies, net of tax and distributions	50	35	36
Decrease to accounts receivable securitization program (Note 7)			(150)
Amortization of deferred financing costs	13	16	8
Change in assets and liabilities, net of investing and financing activities			
Increase in receivables	(4)	(13)	(54)
(Increase) decrease in inventory and related program and participation liabilities, net	(159)	121	(110)
Decrease in other assets	36	120	54
(Decrease) increase in accounts payable and accrued expenses	(134)	3	(335)
(Decrease) increase in pension and postretirement benefit obligations	(380)	(118)	92
Decrease in income taxes	(26)	(77)	(89)
(Decrease) increase in deferred revenue	(91)	(87)	85
Other, net	(4)	(27)	13
Net cash flow provided by operating activities	1,749	1,735	939
Investing Activities:			
Acquisitions, net of cash acquired	(75)	(11)	(26)
Capital expenditures	(265)	(284)	(262)
Investments in and advances to investee companies	(79)	(90)	(56)
Purchases of marketable securities			(36)
Proceeds from dispositions	22	18	131
Other investing activities	8	(1)	
Net cash flow used for investing activities	(389)	(368)	(249)
Financing Activities:			
Proceeds from issuance of notes		1,094	973
Repayment of notes and debentures		(2,126)	(1,008)
Payment of capital lease obligations	(19)	(16)	(16)
Dividends	(206)	(142)	(297)
Purchase of Company common stock	(1,012)		
Payment of payroll taxes in lieu of issuing shares for stock-based compensation	(82)	(37)	(19)
Proceeds from exercise of stock options	72	7	
Excess tax benefit from stock-based compensation	72	16	1
Decrease to accounts receivable securitization program (Note 7)		(400)	
Other financing activities	(5)		(27)

Net cash flow used for financing activities	(1,180)	(1,604)	(393)
Net increase (decrease) in cash and cash equivalents	180	(237)	297
Cash and cash equivalents at beginning of year	480	717	420
Cash and cash equivalents at end of year	$ 660	$ 480	$ 717

See notes to consolidated financial statements.

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

	Year Ended December 31,					
	2011		2010		2009	
	Shares	Amount	Shares	Amount	Shares	Amount
Class A Common Stock:						
Balance, beginning of year	44	$	52	$	58	$
Conversion of A shares into B shares			(8)		(6)	
Balance, end of year	44		44		52	
Class B Common Stock:						
Balance, beginning of year	757	1	743	1	733	1
Conversion of A shares into B shares			8		6	
Issuance of stock for RSU and restricted share vests	9		7		7	
Exercise of stock options	7		1			
Retirement of Treasury Stock	(4)		(2)		(3)	
Balance, end of year	769	1	757	1	743	1
Additional Paid-In Capital:						
Balance, beginning of year		43,443		43,479		43,495
Stock-based compensation		135		133		132
Tax benefits related to employee stock-based transactions		64		1		7
Exercise of stock options		72		7		
Retirement of Treasury Stock		(82)		(38)		(19)
Dividends		(237)		(139)		(136)
Balance, end of year		43,395		43,443		43,479
Accumulated Deficit:						
Balance, beginning of year		(29,648)		(30,372)		(30,599)
Net earnings		1,305		724		227
Balance, end of year		(28,343)		(29,648)		(30,372)
Accumulated Other Comprehensive Loss:						
Balance, beginning of year		(286)		(396)		(607)
Other comprehensive income (loss)		(153)		110		211
Balance, end of year		(439)		(286)		(396)
Treasury Stock, at cost:						
Balance, beginning of year	120	(3,689)	120	(3,693)	120	(3,693)
Class B Common Stock purchased	42	(1,019)				
Shares paid for tax withholding for stock-based compensation	4	(82)	2	(38)	3	(19)
Issuance of stock for deferred compensation		2		4		
Retirement of Treasury Stock	(4)	82	(2)	38	(3)	19
Balance, end of year	162	(4,706)	120	(3,689)	120	(3,693)
Total Stockholders' Equity		$ 9,908		$ 9,821		$ 9,019

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 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

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

episode basis. Estimates for all secondary market revenues such as domestic and foreign syndication, basic cable, digital streaming, home entertainment and merchandising are included in the estimated lifetime revenues of such television programming once it can be demonstrated that a program can be successfully licensed in such secondary market. 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	20 to 40 years
Leasehold Improvements	Shorter of lease term or useful life
Advertising Structures	5 to 20 years
Equipment and other (including capital leases)	3 to 20 years

Depreciation expense, including capitalized lease amortization, was $426 million (2011), $433 million (2010) and $449 million (2009). Amortization expense related to capital leases was $19 million (2011) and $18 million (2010 and 2009). Accumulated amortization of capital leases was $132 million at December 31, 2011 and $116 million at December 31, 2010.

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 4 to 40 years. Goodwill and other intangible assets with

CBS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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indefinite lives, which consist primarily of FCC licenses and certain trade names, are not amortized but are tested for impairment on an annual basis and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value below its carrying amount. If the carrying 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 noncurrent 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.

During 2011, the Company reached favorable resolutions of certain contingencies related to its previously disposed businesses which are accounted for as discontinued operations. As a result, a pre-tax gain of $23 million ($14 million, net of tax) was recorded in discontinued operations for the reversal of related accruals.

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 made available to the licensee, 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 licensed to television stations, cable networks, certain additional international markets and for digital streaming. 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, digital streaming, 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 and the licensing of television programming for which the revenues have not yet been earned. The amounts classified as current are expected to be earned within the next twelve months.

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

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.

Collaborative Arrangements Collaborative arrangements primarily consist of joint efforts with third parties to produce and distribute programming such as television series and live sporting events, including the 14-year agreement between the Company and Turner Broadcasting System, Inc. to telecast the *NCAA Division I Men's Basketball Championship* ("NCAA Tournament"), which began in 2011. In connection with this agreement for the NCAA Tournament, advertisements aired on CBS Television Network are recorded as revenues and the Company's share of the program rights fees and other operating costs are recorded as operating expenses.

For episodic television programming, co-production costs are initially capitalized as programming inventory and amortized over the television series' estimated economic life. In such arrangements where the Company has distribution rights, all proceeds generated from such distribution are recorded as revenues and any participation profits due to third party collaborators are recorded as operating expenses. In co-production arrangements where third party collaborators have distribution rights, the Company's net participating profits are recorded as revenues.

Amounts attributable to transactions arising from collaborative arrangements between participants were not material to the Company's consolidated financial statements for all periods presented.

Advertising Advertising costs are expensed as incurred. The Company incurred total advertising expenses of $400 million (2011), $434 million (2010) and $314 million (2009).

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 is accrued 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

CBS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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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 $30 million (2011), $43 million (2010) and $47 million (2009).

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, 2011, 2010 and 2009, stock options to purchase 21 million, 31 million and 32 million shares of Class B Common Stock, respectively, were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive.

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

Year Ended December 31,	**2011**	**2010**	**2009**
(in millions)			
Weighted average shares for basic EPS	664	679	674
Dilutive effect of shares issuable under stock-based compensation plans	17	15	9
Weighted average shares for diluted EPS	681	694	683

Comprehensive Income (Loss) The components of other comprehensive income (loss) are net of the following tax (provision) benefit for the years ended December 31, 2011, 2010 and 2009: $78 million, $39 million and $(89) million, respectively, for net actuarial gain (loss) and prior service cost related to pension and other postretirement benefits plans and $.1 million, $(.3) million, and $(1.0) million, respectively, for unrealized gain (loss) on securities.

	Cumulative Translation Adjustments	**Net Actuarial Gain (Loss) and Prior Service Cost**	**Unrealized Gain (Loss) on Securities**	**Accumulated Other Comprehensive Income (Loss)**
At December 31, 2008	$ 301	$ (907)	$ (1)	$ (607)
2009 Activity	73	137	1	211
At December 31, 2009	374	(770)		(396)
2010 Activity	3	105	2	110
At December 31, 2010	377	(665)	2	(286)
2011 Activity	(6)	(147)		(153)
At December 31, 2011	$ 371	$ (812)	$ 2	$ (439)

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

CBS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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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, 2011, 2010 and 2009.

Year Ended December 31,	**2011**	**2010**	**2009**
RSUs, PSUs and restricted shares	$ 100	$ 103	$ 105
Stock options and equivalents	40	33	31
Stock-based compensation expense, before income taxes	140	136	136
Related tax benefit	(54)	(54)	(54)
Stock-based compensation expense, net of tax benefit	$ 86	$ 82	$ 82

Company Common Stock Held by Subsidiaries Certain wholly owned subsidiaries of the Company hold 179 million shares of CBS Corp. Class B Common Stock, of which 47 million shares were repurchased shares and 132 million shares were issued by the Company to wholly owned subsidiaries. The 47 million repurchased shares are reflected as treasury shares and the 132 million issued shares are eliminated in consolidation.

Adoption of New Accounting Standards

Goodwill Impairment Testing

During the fourth quarter of 2011, the Company early adopted the Financial Accounting Standards Board's ("FASB") amended guidance on goodwill impairment testing. Under this guidance, the Company has the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If based on this assessment the Company determines it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. (See Note 2.)

Disclosures about an Employer's Participation in a Multiemployer Plan

During the fourth quarter of 2011, the Company adopted amended FASB guidance which requires separate disclosures about an employer's participation in multiemployer pension plans and multiemployer other postretirement benefit plans as well as enhanced disclosures about multiemployer pension plans. (See Note 12.)

Comprehensive Income

During the fourth quarter of 2011, the Company early adopted amended FASB guidance on the presentation of comprehensive income. Under this guidance, the components of net income and the components of other comprehensive income must be presented either in a single continuous statement or in two separate but consecutive statements. Upon adoption, the Company elected to present two separate consecutive statements.

Revenue Arrangements with Multiple Deliverables

On January 1, 2011, the Company adopted revised FASB guidance on revenue arrangements with multiple deliverables. This guidance revises the criteria for separating and allocating consideration for each deliverable in a multiple-deliverable arrangement and establishes a hierarchy for determining the selling

price of each deliverable. Under the guidance, revenues are allocated based on the relative selling price of each deliverable. The selling price used for each deliverable will be based on the Company-specific objective evidence if available, third party evidence if Company-specific evidence is not available, or estimated selling price for the stand-alone sale of the deliverable if neither Company-specific objective evidence nor third party evidence is available. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

Recent Pronouncements

Disclosures about Offsetting Assets and Liabilities

In December 2011, the FASB issued guidance which requires disclosure of both gross and net information about financial instruments and derivative instruments eligible for offset in the balance sheet as well as financial instruments and derivative instruments subject to a master netting arrangement regardless of whether they are offset. The adoption of this guidance, which is effective for reporting periods beginning January 1, 2013, is not expected to have a material effect on the Company's consolidated financial statements.

Fair Value Measurement

In May 2011, the FASB issued guidance to improve the comparability of fair value measurements presented in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and International Financial Reporting Standards ("IFRS"), effective for the Company beginning in the first quarter of 2012. This guidance clarifies the FASB's intent about the application of existing fair value measurement requirements and changes certain principles and requirements for measuring fair value and for disclosing information about fair value measurements. The adoption of this guidance will not have a material effect on the Company's consolidated financial statements.

2) 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 carrying value. Goodwill is tested for impairment at the reporting unit level, which is one level below or the same as an operating segment. The Company early adopted the FASB's amended guidance on goodwill impairment testing for its annual impairment test performed in the fourth quarter of 2011. Under this guidance, the Company may choose to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If based on this assessment the Company determines it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. For 2011, the Company performed this qualitative assessment for six reporting units that each had an estimated fair value for the 2010 annual impairment test that was in excess of its carrying value by 20% or more. For each reporting unit, the Company weighed the relative impact of factors that are specific to the reporting unit as well as industry and macroeconomic factors. The reporting unit specific factors that were considered included the results of the most recent impairment tests, as well as financial performance and changes to the reporting units' carrying amounts since the most recent impairment tests. For each industry in which the reporting units operate, the Company considered growth projections from independent sources and significant developments or transactions within the industry during 2011, where applicable. The Company concluded that each of the

CBS CORPORATION AND SUBSIDIARIES
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reporting unit specific and industry factors had either a positive or neutral impact on the fair value of each of the reporting units. The Company also determined that macroeconomic factors did not have a significant impact on the discount rates and growth rates used for the 2010 annual impairment tests. Based on the qualitative assessment, the Company concluded that for these six reporting units, performing the two-step impairment test was unnecessary and no impairment charge was required for 2011.

The Company performed the first step of the goodwill impairment test for the remaining three reporting units. The first step of the goodwill impairment test examines whether the carrying value of a reporting unit exceeds its fair value. If the carrying 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 carrying value of its goodwill to determine the amount of impairment charge, if any.

The estimated fair value of each reporting unit for which step one of the impairment test is performed 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 and long-term industry projections, and for 2011 was between 2.0% and 3.0%. The discount rates, which for 2011 ranged from 8.5% to 10.0%, are determined based on the average of the weighted average cost of capital of comparable entities. Based on the 2011 annual impairment test, for each of the three reporting units for which the Company performed the first step of the impairment test, the estimated fair values exceeded the respective carrying values and therefore no impairment charge was required.

FCC licenses are tested for impairment at the geographic market level by comparing the fair value of the intangible asset by market with its carrying 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 2011 were

8.0% and 8.5%, respectively, and the perpetual nominal growth rates used were 2.5% and 2.0%, respectively.

Based on the 2011 annual impairment test of the Company's indefinite-lived intangible assets, the estimated fair values exceeded the respective carrying values and therefore no impairment charge was required.

Based on the 2010 annual impairment test, the estimated fair value of each of the Company's reporting units and indefinite-lived intangible assets exceeded the respective carrying values 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 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 $32 million to reduce the carrying value of FCC licenses by $21 million and the allocated goodwill by $11 million.

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For the years ended December 31, 2011 and 2010, the changes in the book value of goodwill by segment were as follows:

	Balance at December 31, 2010	Acquisitions [a]	Dispositions	Other [b]	Balance at December 31, 2011
Entertainment:					
Goodwill	$ 9,352	$ 107	$	$ (3)	$ 9,456
Accumulated impairment losses	(6,294)				(6,294)
Goodwill, net of impairment	3,058	107		(3)	3,162
Cable Networks:					
Goodwill	480				480
Accumulated impairment losses					
Goodwill, net of impairment	480				480
Publishing:					
Goodwill	407				407
Accumulated impairment losses					
Goodwill, net of impairment	407				407
Local Broadcasting:					
Goodwill	23,466				23,466
Accumulated impairment losses	(20,816)				(20,816)
Goodwill, net of impairment	2,650				2,650
Outdoor:					
Goodwill	11,818			(8)	11,810
Accumulated impairment losses	(9,889)				(9,889)
Goodwill, net of impairment	1,929			(8)	1,921
Total:					
Goodwill	45,523	107		(11)	45,619
Accumulated impairment losses	(36,999)				(36,999)
Goodwill, net of impairment	$ 8,524	$ 107	$	$ (11)	$ 8,620

(a) Reflects acquisitions of internet businesses.

(b)

Primarily includes foreign currency translation adjustments.

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	Balance at December 31, 2009	Acquisitions	Dispositions	Other [(a)]	Balance at December 31, 2010
Entertainment:					
Goodwill	$ 9,392	$	$	$ (40)	$ 9,352
Accumulated impairment losses	(6,294)				(6,294)
Goodwill, net of impairment	3,098			(40)	3,058
Cable Networks:					
Goodwill	480				480
Accumulated impairment losses					
Goodwill, net of impairment	480				480
Publishing:					
Goodwill	416			(9)	407
Accumulated impairment losses					
Goodwill, net of impairment	416			(9)	407
Local Broadcasting:					
Goodwill	23,593	4	(76)	(55)	23,466
Accumulated impairment losses	(20,887)		71		(20,816)
Goodwill, net of impairment	2,706	4	(5)	(55)	2,650
Outdoor:					
Goodwill	11,871		(16)	(37)	11,818
Accumulated impairment losses	(9,903)		14		(9,889)
Goodwill, net of impairment	1,968		(2)	(37)	1,929
Total:					
Goodwill	45,752	4	(92)	(141)	45,523
Accumulated impairment losses	(37,084)		85		(36,999)
Goodwill, net of impairment	$ 8,668	$ 4	$ (7)	$ (141)	$ 8,524

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

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The Company's intangible assets were as follows:

At December 31, 2011	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:			
Leasehold agreements	$ 882	$ (590)	$ 292
Franchise agreements	487	(292)	195
Other intangible assets	376	(244)	132
Total intangible assets subject to amortization	1,745	(1,126)	619
FCC licenses	5,738		5,738
Trade names	169		169
Total intangible assets	$ 7,652	$ (1,126)	$ 6,526

At December 31, 2010	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:			
Leasehold agreements	$ 895	$ (562)	$ 333
Franchise agreements	491	(272)	219
Other intangible assets	375	(210)	165
Total intangible assets subject to amortization	1,761	(1,044)	717
FCC licenses	5,738		5,738
Trade names	169		169
Total intangible assets	$ 7,668	$ (1,044)	$ 6,624

Amortization expense relating to intangible assets was $122 million (2011), $130 million (2010) and $134 million (2009). The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each of the years, 2012 through 2016, to be as follows:

	2012	2013	2014	2015	2016
Amortization expense	$ 102	$ 89	$ 79	$ 69	$ 61

3) RESTRUCTURING CHARGES

During the year ended December 31, 2011, in a continued effort to reduce its cost structure, the Company initiated restructuring plans, which primarily included relocation or closure of certain business activities, as well as other exit activities. As a result, the Company recorded restructuring charges of $46 million, reflecting $34 million of costs associated with exiting contractual obligations and $12 million of severance costs. During the years ended December 31, 2010 and 2009, the Company recorded restructuring charges of $81 million and $23 million, respectively. The charges reflected $87 million of severance costs and $22 million of contract termination and other associated costs, partially offset by reversals of $5 million as a result of changes in estimates of previously established restructuring accruals. As of December 31, 2011, the cumulative amount paid for the 2011, 2010 and 2009 restructuring charges was $100 million, of which $81 million was for severance costs and $19 million was related to contract

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termination and other associated costs. The Company expects to substantially utilize the remaining reserves by the end of 2013.

	Balance at December 31, 2010	2011 Charges	2011 Payments	Balance at December 31, 2011
Entertainment	$ 11	$ 40	$ (9)	$ 42
Cable Networks	2		(1)	1
Publishing	2	2	(2)	2
Local Broadcasting	13		(8)	5
Outdoor	16	4	(15)	5
Total	$ 44	$ 46	$ (35)	$ 55

	Balance at December 31, 2009	2010 Charges	2010 Payments	Balance at December 31, 2010
Entertainment	$	$ 23	$ (12)	$ 11
Cable Networks		3	(1)	2
Publishing	2	4	(4)	2
Local Broadcasting	4	25	(16)	13
Outdoor	6	26	(16)	16
Total	$ 12	$ 81	$ (49)	$ 44

4) PROGRAMMING AND OTHER INVENTORY

At December 31,	2011	2010
Program rights	$ 1,333	$ 1,338
Television programming:		
Released (including acquired libraries)	628	534
In process and other	170	119
Theatrical programming:		
Released	15	29
In process and other	25	26
Publishing, primarily finished goods	59	69
Other	1	1
Total programming and other inventory	2,231	2,116
Less current portion	735	751
Total noncurrent programming and other inventory	$ 1,496	$ 1,365

5) 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

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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. At December 31, 2011, NAI directly or indirectly owned approximately 79% of CBS 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. As part of its normal course of business, the Company enters into transactions with Viacom Inc. and its subsidiaries. Through its Entertainment segment, the Company licenses its television products to Viacom Inc., primarily MTV Networks and BET Networks. In addition, the Company recognizes revenues for advertising spending placed by various subsidiaries of Viacom Inc., primarily Paramount Pictures. Viacom Inc. also distributes certain of the Company's television products in the home entertainment market. The Company's total revenues from these transactions were $255 million, $262 million and $243 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The Company places advertisements with, and leases production facilities, licenses programming and purchases other goods and services from various subsidiaries of Viacom Inc. The total amounts for these transactions were $23 million, $27 million and $23 million for the years ended December 31, 2011, 2010 and 2009, respectively.

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

At December 31,	2011	2010
Amounts due from Viacom Inc.		
Receivables	$ 102	$ 104
Other assets (Receivables, noncurrent)	198	252
Total amounts due from Viacom Inc.	$ 300	$ 356
Amounts due to Viacom Inc.		
Accounts payable	$ 3	$ 5
Program rights	2	4
Other liabilities (Program rights, noncurrent)		1
Total amounts due to Viacom Inc.	$ 5	$ 10

Other Related Parties The Company has equity interests in a domestic television network and several international joint ventures for television channels, from which the Company earns revenues primarily by selling its television programming. Total revenues earned from these joint ventures were $133 million, $145 million and $132 million for the years ended December 31, 2011, 2010 and 2009, respectively.

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

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6) INVESTMENTS

The Company accounts for investments over which it has significant influence or ownership of more than 20% but less than or equal to 50%, without a controlling interest, under the equity method. Such investments include the Company's 50% interest in The CW, a broadcast network. In addition, the Company has interests in several international television joint ventures including a 33% interest in a joint venture with a subsidiary of Ten Network Holdings Limited, which provides content to ELEVEN, a digital multi-channel service in Australia; a 50% interest in a joint venture with Chellozone (UK) Limited, which owns and operates six television channels in the United Kingdom and Ireland, including CBS branded channels; a 50% interest in a joint venture with Reliance Broadcast Network Limited, which operates three television channels for the Indian market and surrounding territory; and a 33% interest in a joint venture, which owns two pay television channels in Australia.

At December 31, 2011 and 2010, respectively, the Company had $107 million and $101 million of equity investments that are included in "Other assets" on the Consolidated Balance Sheets.

Investments of 20% or less, over which the Company has no significant influence, that do not have a readily determinable fair value are accounted for under the cost method. At December 31, 2011 and 2010, respectively, the Company had $12 million and $13 million of cost investments that are included in "Other assets" on the Consolidated Balance Sheets.

At December 31, 2011 and 2010, the aggregate market value of the Company's available for sale investments was $9 million and $13 million, respectively. The market value of each individual investment was not below its carrying value on the Consolidated Balance Sheets.

The Company invested $79 million, $90 million and $56 million, into its equity and cost investments during the years ended December 31, 2011, 2010 and 2009, respectively.

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7) BANK FINANCING AND DEBT

Long-term debt consists of the following [a]:

At December 31,	2011	2010
8.625% Debentures due 2012	$ 152	$ 153
5.625% Senior Notes due 2012	339	339
8.20% Senior Notes due 2014	398	397
8.875% Notes due 2014	100	101
7.625% Senior Debentures due 2016	200	200
4.625% Senior Notes due 2018	325	329
8.875% Senior Notes due 2019	589	588
5.750% Senior Notes due 2020	500	499
4.30% Senior Notes due 2021	300	299
7.875% Debentures due 2023	224	224
7.125% Senior Notes due 2023 [b]	52	52
7.875% Senior Debentures due 2030	1,272	1,273
5.50% Senior Debentures due 2033	428	428
5.90% Senior Notes due 2040	299	299
6.750% Senior Notes due 2056	747	748
Other notes		2
Obligations under capital leases	78	90
Total debt [c]	6,003	6,021
Less discontinued operations debt [d]	21	21
Total debt from continuing operations	5,982	6,000
Less current portion	24	27
Total long-term debt from continuing operations, net of current portion	$ 5,958	$ 5,973

(a) Unless otherwise noted, the long-term debt instruments are issuances of CBS Corp. and are guaranteed by CBS Operations Inc.

(b) Debt instrument is an issuance of CBS Broadcasting Inc., a wholly owned subsidiary of CBS Corp., and has no guarantor.

(c) At December 31, 2011 and December 31, 2010, the senior debt balances included (i) a net unamortized premium of $4 million and $1 million, respectively, and (ii) an increase in the carrying value of the debt relating to previously settled fair value hedges of $75 million and $83 million, respectively. The face value of the Company's total debt was $5.92 billion at December 31, 2011 and $5.94 billion at December 31, 2010.

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

At December 31, 2011, the Company classified $490 million of senior notes and debentures maturing in August 2012 as long-term debt on the Consolidated Balance Sheet, reflecting its intent and ability to refinance this debt on a long-term basis.

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

Debt Issuances

October 2010, $300 million 4.30% senior notes due 2021
October 2010, $300 million 5.90% senior notes due 2040
April 2010, $500 million 5.75% senior notes due 2020

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Debt Redemptions

$544 million 6.625% senior notes due 2011
$415 million 7.70% senior notes due 2010
$335 million 7.25% senior notes due 2051

Debt Repurchases

$400 million 6.625% senior notes due 2011, through a tender offer
$98 million 8.625% debentures due 2012, through tender offers
$252 million 5.625% senior notes due 2012, through tender offers
$6 million 6.625% senior notes due 2011
$19 million 5.50% senior debentures due 2033

These redemptions and repurchases resulted in a pre-tax loss on early extinguishment of debt of $81 million for the year ended December 31, 2010.

At December 31, 2011, the Company's scheduled maturities of long-term debt at face value, excluding capital leases, were as follows:

	2012	2013	2014	2015	2016	2017 and Thereafter
Long-term debt	$ 490	$	$ 499	$	$ 200	$ 4,657

Credit Facility

At December 31, 2011, the Company had a $2.0 billion revolving credit facility which expires in December 2015 (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 U.S. 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 each quarter 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, 2011, the Company's Consolidated Leverage Ratio was approximately 1.8x and Consolidated Coverage Ratio was approximately 7.8x.

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, 2011, the Company had no commercial paper borrowings under its $2.0 billion commercial

paper program. At December 31, 2011, 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, prior to the end of the first quarter of 2010, 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 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 million during 2010 is reflected as cash flows used for financing activities and the decrease of $150 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 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 $1 million for 2010 and $7 million for the year ended December 31, 2009.

8) FINANCIAL INSTRUMENTS

The Company's carrying value of financial instruments approximates fair value, except for differences with respect to notes and debentures. At December 31, 2011 and 2010, the carrying value of the senior debt was $5.93 billion for both periods and the fair value, which is estimated based on quoted market prices and includes accrued interest, was $6.86 billion and $6.54 billion, respectively.

The Company uses derivative financial instruments primarily to modify its exposure to market risks from fluctuations in foreign currency exchange rates and interest rates. 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.

Foreign exchange forward contracts have principally been used to hedge projected cash flows, generally within the next twelve months, in currencies such as the British Pound, the Euro, the Canadian Dollar and the Australian Dollar. The Company designates forward contracts used to hedge projected future television and film production costs as cash flow hedges. Gains or losses on the effective portion of designated cash flow hedges are initially recorded in other comprehensive income ("OCI") 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.

At December 31, 2011, the notional amount of all foreign currency contracts was $151 million which represents hedges of expected foreign currency cash flows. At December 31, 2010, the notional amount of all foreign currency contracts was $114 million, of which $2 million related to the hedging of future production costs and $112 million represented hedges of expected foreign currency cash flows.

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All of the Company's long-term debt has been issued under fixed interest rate agreements. During 2009, the Company entered into fixed-to-floating rate swap agreements for a portion of its debt, which were designated as fair value hedges. Gains or losses on interest rate swaps were recorded as a change in the carrying value of the debt attributable to the risk being hedged. During the fourth quarter of 2009, the Company settled all of its interest rate swaps outstanding. The Company did not have any interest rate swaps outstanding during 2011 or 2010.

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, 2011 and 2010, due to the wide variety of customers, markets and geographic areas to which the Company's products and services are sold.

The fair value of derivative financial instruments recorded on the Consolidated Balance Sheets were as follows:

At December 31,	2011	2010	Balance Sheet Account
Foreign exchange contracts:			
Non-designated hedging instruments:			
Assets	$ 4	$	Other current assets
Liabilities	$	$ (3)	Other current liabilities

Gains (losses) recognized on derivative financial instruments were as follows:

Year Ended December 31,	2011	2010	2009	Financial Statement Account
Foreign exchange contracts:				
Designated hedging instruments:				
Reclassified from accumulated OCI	$	$ 1	$ 3	Programming costs
Non-designated hedging instruments	$ 2	$ (4)	$ (11)	Other items, net

9) FAIR VALUE MEASUREMENTS

The following tables set forth the Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2011 and 2010. These assets and liabilities have been categorized according to the three-level fair value hierarchy established by the FASB, which prioritizes the inputs used in measuring fair value. Level 1 is based on publicly quoted prices for the asset in active markets. Level 2 is based on inputs that are observable other than quoted market prices in active markets, such as quoted

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prices for the asset or liability in inactive markets or quoted prices for similar assets or liabilities. Level 3 is based on unobservable inputs that market participants would use in pricing the asset.

At December 31, 2011	Level 1	Level 2	Level 3	Total
Assets:				
Investments	$ 61	$	$	$ 61
Foreign currency hedges		4		4
Total Assets	$ 61	$ 4	$	$ 65
Liabilities:				
Deferred compensation	$	$ 173	$	$ 173
Total Liabilities	$	$ 173	$	$ 173

At December 31, 2010	Level 1	Level 2	Level 3	Total
Assets:				
Investments	$ 66	$	$	$ 66
Total Assets	$ 66	$	$	$ 66
Liabilities:				
Deferred compensation	$	$ 162	$	$ 162
Foreign currency hedges		3		3
Total Liabilities	$	$ 165	$	$ 165

The fair value of investments is determined based on publicly quoted market prices in active markets. The fair value of foreign currency hedges is determined based on the present value of future cash flows using observable inputs including foreign currency exchange rates. The fair value of deferred compensation is determined based on the fair value of the investments elected by employees.

10) STOCKHOLDERS' EQUITY

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

Dividends The Company declared a quarterly cash dividend on its Class A and Class B Common Stock during each of the four quarters of 2011, 2010, and 2009, resulting in total annual dividends of $237 million, $139 million and $136 million, respectively. Dividends have been recorded as a reduction to additional paid-in capital as the Company has an accumulated deficit balance.

Purchase of Company Stock During 2011, the Company repurchased 42.2 million shares of CBS Corp. Class B Common Stock for $1.02 billion under its share repurchase program. At December 31, 2011, there was $1.98 billion of authorization remaining under the repurchase program.

Conversion Rights Holders of Class A Common Stock have the right to convert their shares to Class B Common Stock as long as there are at least 5,000 shares of Class A Common Stock outstanding.

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Conversions of CBS Corp. Class A Common Stock into Class B Common Stock were .2 million for 2011, 8 million for 2010 and 6 million for 2009.

Equity Incentive Plans The Company has equity incentive plans (the "Plans") under which stock options, stock option equivalents, RSUs and PSUs were issued.

The purpose of the Plans is to benefit and advance the interests of the Company by attracting, retaining and motivating participants and to compensate participants for their contributions to the financial success of the Company. The Plans provide for awards of stock options, stock appreciation rights, restricted and unrestricted shares, RSUs, phantom shares, dividend equivalents, performance awards and other equity-related awards. Upon exercise of stock options or vesting of RSUs and PSUs, the Company issues new shares from its existing authorization. At December 31, 2011 there were 40 million shares available for future grant under the Plans.

RSUs and PSUs

Compensation expense for RSUs is determined based upon the market price of the shares underlying the awards on the date of grant and expensed over the vesting period, which is generally a one- to four-year service period. Certain RSU awards are also subject to satisfying performance conditions. Once the Company determines that it is probable that the performance targets will be met, compensation expense is recorded for these awards. Forfeitures for RSUs are estimated on the date of grant based on historical forfeiture rates. On an annual basis, the Company adjusts the compensation expense based on actual forfeitures and revises the forfeiture rate, as necessary.

The Company also grants awards of PSUs which vest based on the achievement of market performance targets. The number of shares that will be issued upon vesting of PSUs can range from 0% to 300% of the target award, based on the ranking of the total shareholder return ("TSR") for CBS Corp. Class B Common Stock within the S&P 500 Index over a designated three-year measurement period, or in certain circumstances, based on the achievement of established operating performance goals. The fair value of the PSUs is determined using a Monte Carlo Simulation model. This model generates simulated TSR of CBS Corp. Class B Common Stock versus each of the companies in the S&P 500 Index through the end of the relevant measurement period. Compensation expense for PSUs is expensed over a three- to four-year service period.

Total unrecognized compensation cost related to non-vested RSUs and PSUs at December 31, 2011 was $152 million, which is expected to be recognized over a weighted average period of 2.3 years.

The following table summarizes the Company's RSU and target PSU activity.

	RSUs and PSUs	Weighted Average Grant Date Fair Value
Non-vested at December 31, 2010	21,104,731	$ 11.78
Granted	5,995,475	22.09
Vested	(8,626,823)	13.71
Forfeited	(1,387,031)	13.59
Non-vested at December 31, 2011	17,086,352	$ 14.28

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Stock Options and Equivalents

Compensation expense for stock options is determined based on the grant date fair value of the award calculated using the Black-Scholes options-pricing model. Stock options generally vest over a three- to four-year service period and generally expire eight to ten years from the date of grant. Forfeitures are estimated on the date of grant based on historical forfeiture rates. On an annual basis, the Company adjusts the compensation expense based on actual forfeitures and revises the forfeiture rate as necessary. Stock option equivalents are settled in cash upon exercise and therefore, the Company remeasures the fair value of these awards at each reporting date using the Black-Scholes option-pricing model. At both December 31, 2011 and 2010 the Company had 2 million stock option equivalents outstanding.

The weighted average fair value of stock options as of the grant date was $7.59, $4.97 and $2.41 in 2011, 2010 and 2009, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2011	2010	2009
Expected dividend yield	2.00%	1.49%	3.49%
Expected stock price volatility	41.17%	44.00%	53.93%
Risk-free interest rate	2.33%	2.45%	2.58%
Expected term of options (years)	5.06	5.19	5.19

The expected stock price volatility is determined using a weighted average of historical volatility for CBS Corp. Class B Common Stock 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.

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 represents the Company's future expectation of the dividend yield based on current rates and historical patterns of dividend changes.

Total unrecognized compensation cost related to unvested stock option awards and stock option equivalents at December 31, 2011 was $68 million, which is expected to be expensed over a weighted average period of 2.5 years.

The following table summarizes the Company's stock option activity under the Plans.

	Stock Options	Weighted Average Exercise Price
Outstanding at December 31, 2010	46,645,256	$ 18.60
Granted	6,271,092	23.18
Exercised	(7,423,216)	9.65
Forfeited or expired	(3,580,314)	27.91
Outstanding at December 31, 2011	41,912,818	$ 20.08
Exercisable at December 31, 2011	23,064,755	$ 24.76

The following table summarizes other information relating to stock option exercises during the years ended December 31, 2011, 2010 and 2009.

Year Ended December 31,	**2011**	**2010**	**2009**
Cash received from stock option exercises	$ 72	$ 7	$
Tax benefit of stock option exercises	$ 45	$ 5	$
Intrinsic value	$ 117	$ 13	$

The following table summarizes information concerning outstanding and exercisable stock options to purchase CBS Corp. Class B Common Stock under the Plans at December 31, 2011.

	Outstanding			**Exercisable**	
Range of Exercise Price	**Number of Options**	**Remaining Contractual Life (Years)**	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
$5 to 9.99	8,494,481	5.15	$ 5.28	2,589,832	$ 5.28
$10 to 19.99	8,966,632	5.78	$ 13.98	2,546,161	$ 14.80
$20 to 29.99	18,316,155	4.49	$ 26.01	11,793,212	$ 27.53
$30 to 39.99	6,135,550	1.81	$ 31.77	6,135,550	$ 31.77
	41,912,818			23,064,755	

At December 31, 2011 stock options outstanding have a weighted average remaining contractual life of 4.51 years and the total intrinsic value for "in-the-money" options, based on the Company's closing stock price of $27.14, was $337 million. At December 31, 2011 stock options exercisable have a weighted average remaining contractual life of 3.23 years and the total intrinsic value for "in-the-money" options was $96 million.

11) INCOME TAXES

The U.S. and foreign components of earnings from continuing operations before income taxes and equity in loss of investee companies were as follows:

Year Ended December 31,	**2011**	**2010**	**2009**
United States	$ 1,875	$ 1,071	$ 381
Foreign	208	151	62
Total	$ 2,083	$ 1,222	$ 443

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

Year Ended December 31,	2011	2010	2009
Current:			
Federal	$ 190	$ 89	$ (81)
State and local	52	38	14
Foreign	61	60	33
	303	187	(34)
Deferred [(a)]	452	276	217
Provision for income taxes	$ 755	$ 463	$ 183

(a)
Includes a tax benefit of $79 million in 2009 associated with the non-cash impairment charges of $210 million.

The equity in loss of investee companies is shown net of tax on the Company's Consolidated Statements of Operations. The tax benefits relating to losses from equity investments in 2011, 2010 and 2009 were $24 million, $23 million, and $22 million, respectively, which represented an effective tax rate of 38.8% for 2011 and 39.4% for both 2010 and 2009.

In 2011 and 2010, the Company realized tax benefits from the exercise of stock options and vesting of RSUs and PSUs of $120 million and $40 million, respectively.

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

Year Ended December 31,	2011	2010	2009
Taxes on income at U.S. federal statutory rate	$ 729	$ 428	$ 155
State and local taxes, net of federal tax benefit	82	57	36
Effect of foreign operations	(35)	(25)	(19)
Impairment charges			3
Change in tax law		62	
Audit settlements, net	(6)	(28)	(47)
Stock-based compensation			43
Other, net [(a)]	(15)	(31)	12
Provision for income taxes	$ 755	$ 463	$ 183

(a)
2010 includes a $26 million reversal of previously established deferred tax liabilities.

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The following table is a summary of the components of deferred income tax assets and liabilities.

At December 31,	2011	2010
Deferred income tax assets:		
Provision for expenses and losses	$ 853	$ 910
Pension, postretirement and other employee benefits	683	793
Tax credit and loss carryforwards	370	407
Other	131	129
Total deferred income tax assets	2,037	2,239
Valuation allowance	(341)	(339)
Net deferred income tax assets	1,696	1,900
Deferred income tax liabilities:		
Property, equipment and intangible assets	(2,402)	(2,312)
Total deferred income tax liabilities	(2,402)	(2,312)
Deferred income tax liabilities, net	$ (706)	$ (412)

In addition to the deferred income taxes reflected in the table above, the Company included net non-current deferred income tax assets of $12 million and $11 million in "Assets of discontinued operations" on the Consolidated Balance Sheets at December 31, 2011 and 2010, respectively.

At December 31, 2011, the Company had net operating loss carryforwards for federal, state and local, and foreign jurisdictions of approximately $1.00 billion, the majority of which expire in various years from 2012 through 2029.

The 2011 and 2010 deferred income tax assets were reduced by a valuation allowance of $341 million and $339 million, respectively, principally relating to income tax benefits of net operating losses which are not expected to be realized.

The Company's share of the undistributed earnings of foreign subsidiaries not included in its consolidated federal income tax return that could be subject to additional income taxes if remitted was approximately $3.25 billion at December 31, 2011 and $3.20 billion at December 31, 2010. No provision has been recorded for the U.S. or foreign taxes that could result from the remittance of such undistributed earnings since the Company intends to distribute only the portion of such earnings which would be offset by U.S. foreign tax credits or remitted in a tax-free transaction, and intends to reinvest the remainder outside the U.S. indefinitely. The determination of the amount of unrecognized U.S. federal deferred income tax liability for undistributed earnings is not practicable.

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The following table sets forth the change in the reserve for uncertain tax positions, excluding related accrued interest and penalties.

At January 1, 2009	$ 258
Additions for current year tax positions	11
Additions for prior year tax positions	23
Reductions for prior year tax positions	(49)
Cash settlements	(13)
At December 31, 2009	230
Additions for current year tax positions	14
Additions for prior year tax positions	17
Reductions for prior year tax positions	(43)
Cash settlements	(4)
At December 31, 2010	214
Additions for current year tax positions	11
Additions for prior year tax positions	12
Reductions for prior year tax positions	(18)
Cash settlements	(23)
Statute of limitations lapses	(1)
At December 31, 2011	$ 195

At December 31, 2011 and 2010, $54 million and $56 million, respectively, of the reserve for uncertain tax positions were included in "Liabilities of discontinued operations" on the Consolidated Balance Sheets.

The reserve for uncertain tax positions of $195 million at December 31, 2011 includes $158 million which would affect the Company's effective income tax rate if and when recognized in future years.

The Company recognizes interest and penalty charges related to the reserve for uncertain tax positions as income tax expense. For the years ended December 31, 2011, 2010 and 2009, the Company recognized interest and penalties of $12 million, $11 million and $16 million, respectively, in the Consolidated Statements of Operations. As of December 31, 2011 and 2010, the Company has recorded liabilities for accrued interest and penalties of $61 million and $59 million, respectively, on the Consolidated Balance Sheets.

The Company is currently under examination by the Internal Revenue Service for the years 2008, 2009 and 2010. In addition, various tax years are currently under examination by state and local, and foreign tax authorities. With respect to open tax years in all jurisdictions, the Company does not currently believe that it is reasonably possible that the reserve for uncertain tax positions will significantly change within the next twelve months; however, it is difficult to predict the final outcome or timing of resolution of any particular tax matter and accordingly, unforeseen events could cause the Company's current expectation to change in the future.

12) PENSION AND OTHER POSTRETIREMENT BENEFITS

The Company and certain of its subsidiaries sponsor qualified and non-qualified defined benefit pension plans, principally non-contributory, covering eligible employees. The majority of participants in these plans are retired employees or former employees of certain previously divested businesses. Most of

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the Company's pension plans are closed to new entrants. The benefits for certain plans are based primarily on an employee's years of service and average pay near retirement. Benefits under other plans are based primarily on an employee's pay for each year that the employee participated in the plan. Participating employees are vested in the plans after five years of service. The Company funds its pension plans in accordance with the Employee Retirement Income Security Act of 1974 ("ERISA"), the Pension Protection Act of 2006, the Internal Revenue Code of 1986 and the applicable rules and regulations. Plan assets consist principally of corporate bonds, equity securities and U.S. government securities. The Company's common stock represents approximately 1.0% and .8% of the plan assets' fair values at December 31, 2011 and 2010, respectively.

In addition, the Company sponsors health and welfare plans that provide certain postretirement health care and life insurance benefits to eligible retired employees and their covered dependents. Eligibility is based in part on certain age and service requirements at the time of their retirement. Most of the plans are contributory and contain cost-sharing features such as deductibles and coinsurance which are adjusted annually. Claims are paid primarily by the Company's funds.

The Company uses a December 31 measurement date for all pension and other postretirement benefit plans.

The following table sets forth the change in benefit obligation for the Company's pension and postretirement benefit plans.

	Pension Benefits		Postretirement Benefits	
	2011	**2010**	**2011**	**2010**
Change in benefit obligation:				
Benefit obligation, beginning of year	$ 4,981	$ 4,897	$ 785	$ 829
Service cost	35	31		1
Interest cost	249	267	38	43
Actuarial loss (gain)	367	190	(67)	(13)
Benefits paid	(427)	(414)	(80)	(97)
Participants' contributions			12	13
Amendments		11		
Curtailments		(3)		
Settlements		(6)		
Retiree Medicare drug subsidy			7	9
Early retirement reimbursement program			2	
Cumulative translation adjustments	(5)	8		
Benefit obligation, end of year	$ 5,200	$ 4,981	$ 697	$ 785

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The following table sets forth the change in plan assets for the Company's pension and postretirement benefit plans.

	Pension Benefits		Postretirement Benefits	
	2011	2010	2011	2010
Change in plan assets:				
Fair value of plan assets, beginning of year	$ 3,660	$ 3,483	$ 5	$ 5
Actual return on plan assets	260	370		
Employer contributions	460	218	59	75
Benefits paid	(427)	(414)	(80)	(97)
Participants' contributions			12	13
Settlements		(6)		
Retiree Medicare drug subsidy			7	9
Early retirement reimbursement program			2	
Cumulative translation adjustments	(5)	9		
Fair value of plan assets, end of year	$ 3,948	$ 3,660	$ 5	$ 5

The funded status of pension and postretirement benefit obligations and the related amounts recognized on the Company's Consolidated Balance Sheets were as follows:

	Pension Benefits		Postretirement Benefits	
At December 31,	2011	2010	2011	2010
Funded status at end of year	$ (1,252)	$ (1,321)	$ (692)	$ (780)
Amounts recognized on the Consolidated Balance Sheets:				
Other assets	$ 21	$ 15	$	$
Current liabilities	(55)	(47)	(71)	(83)
Noncurrent liabilities	(1,218)	(1,289)	(621)	(697)
Net amounts recognized	$ (1,252)	$ (1,321)	$ (692)	$ (780)

The funded status of the Company's qualified pension plans was $(615) million and $(743) million at December 31, 2011 and 2010, respectively.

The following amounts were recognized in accumulated other comprehensive income (loss) on the Consolidated Balance Sheets.

	Pension Benefits		Postretirement Benefits	
At December 31,	2011	2010	2011	2010
Net actuarial (loss) gain	$ (1,657)	$ (1,375)	$ 230	$ 173
Net prior service (cost) credit	(15)	(16)	3	4
	(1,672)	(1,391)	233	177
Deferred income taxes	663	554	(36)	(5)
Net amount recognized in accumulated other comprehensive income (loss)	$ (1,009)	$ (837)	$ 197	$ 172

The accumulated benefit obligation for all defined benefit pension plans was $5.12 billion and $4.91 billion at December 31, 2011 and 2010, respectively.

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

At December 31,	2011	2010
Projected benefit obligation	$ 5,047	$ 4,821
Accumulated benefit obligation	$ 4,969	$ 4,752
Fair value of plan assets	$ 3,775	$ 3,485

The following tables present the components of net periodic benefit cost and amounts recognized in other comprehensive income (loss).

	Pension Benefits			Postretirement Benefits		
Year Ended December 31,	2011	2010	2009	2011	2010	2009
Components of net periodic cost:						
Service cost	$ 35	$ 31	$ 32	$	$ 1	$ 1
Interest cost	249	267	290	38	43	50
Expected return on plan assets	(239)	(227)	(220)			
Amortization of actuarial losses (gains)	65	72	84	(10)	(10)	(11)
Amortization of prior service cost (credit)	2	1	1	(1)	(1)	(1)
Curtailment gains		(1)				
Settlement gains		(1)				
Net periodic cost	$ 112	$ 142	$ 187	$ 27	$ 33	$ 39

Year Ended December 31, 2011	Pension Benefits	Postretirement Benefits
Other comprehensive income (loss):		
Actuarial (losses) gains	$ (347)	$ 67
Amortization of actuarial losses (gains)	65	(10)
Amortization of prior service cost (credit)	2	(1)
Share of equity investee	(1)	
	(281)	56
Deferred income taxes	109	(31)
Recognized in other comprehensive income, net of tax	$ (172)	$ 25

The estimated net actuarial loss and prior service cost for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are $72 million and $1 million, respectively. The estimated net actuarial gain and prior service credit for the other defined benefit postretirement plans that will be amortized from accumulated

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other comprehensive income (loss) into net periodic benefit cost over the next fiscal year are $16 million and $1 million, respectively.

	Pension Benefits		Postretirement Benefits	
	2011	**2010**	**2011**	**2010**
Weighted average assumptions used to determine benefit obligations at December 31:				
Discount rate	4.9%	5.2%	4.9%	5.1%
Rate of compensation increase	3.0%	2.8%	N/A	N/A
Weighted average assumptions used to determine net periodic costs for the year ended December 31:				
Discount rate	5.2%	5.7%	5.1%	5.6%
Expected long-term return on plan assets	6.8%	6.9%	2.0%	2.0%
Rate of compensation increase	2.8%	2.7%	N/A	N/A

N/A not applicable

The discount rate is determined based on the weighted average yield on portfolios of high quality bonds, 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.

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

	2011	**2010**
Projected health care cost trend rate for participants of age 65 and below	8.5%	8.0%
Projected health care cost trend rate for participants above age 65	8.5%	9.0%
Ultimate trend rate	5.0%	5.0%
Year ultimate trend rate is achieved for participants of age 65 and below	2019	2016
Year ultimate trend rate is achieved for participants above 65	2019	2018

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

	One Percentage Point Increase	**One Percentage Point Decrease**
Effect on total service and interest cost components	$ 1	$ (1)
Effect on the accumulated postretirement benefit obligation	$ 16	$ (15)

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Plan Assets

The asset allocations for the Company's U.S. qualified defined benefit pension plan trust and international pension plan trusts are based upon an analysis of the timing and amount of projected benefit payments, the expected returns and risk of the asset classes and the correlation of those returns. The target asset allocation for the Company's U.S. pension plan trust, which accounted for 93% of total plan assets at December 31, 2011, is to invest between 70% - 80% in fixed income instruments, 16% - 28% in equity securities and the remainder in cash and other investments. At December 31, 2011, this trust was invested approximately 70% in long duration fixed income instruments, 22% in equity instruments, 6% in cash and cash equivalents and the remainder in other investments. Other trusts, which fund the Company's international pension plans, accounted for 7% of total plan assets at December 31, 2011 and are invested approximately 64% in fixed income instruments, 22% in equity instruments, 12% in cash and cash equivalents and the remainder in other investments. Long duration fixed income investments primarily consist of a diversified portfolio of investment grade fixed income instruments with a duration that approximates the duration of the liabilities covered by the trust. All equity portfolios are diversified between U.S. and non-U.S. equities and include large and small capitalization equities. The asset allocations are regularly reviewed.

The following tables set forth the Company's pension plan assets measured at fair value on a recurring basis at December 31, 2011 and 2010. These assets have been categorized according to the three-level fair value hierarchy established by the FASB which prioritizes the inputs used in measuring fair value. Level 1 is based on quoted prices for the asset in active markets. Level 2 is based on inputs that are observable other than quoted market prices in Level 1, such as quoted prices for the asset in inactive markets or quoted prices for similar assets. Level 3 is based on unobservable inputs that market participants would use in pricing the asset.

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At December 31, 2011	Level 1	Level 2	Level 3	Total
Cash and cash equivalents [a]	$ 27	$ 280	$	$ 307
Fixed income securities:				
U.S. treasury securities	210			210
Government related securities	63	175		238
Corporate bonds [b]		2,036		2,036
Mortgage-backed and asset-backed securities		176	5	181
Equity securities: [c]				
U.S. large capitalization	235	297		532
U.S. small capitalization	65	3		68
International equity [d]	4	267		271
Limited partnerships			75	75
Other		30		30
Total assets	$ 604	$ 3,264	$ 80	$ 3,948

At December 31, 2010	Level 1	Level 2	Level 3	Total
Cash and cash equivalents [a]	$ 117	$ 96	$	$ 213
Fixed income securities:				
U.S. treasury securities	85			85
Government related securities	57	232		289
Corporate bonds [b]		1,892		1,892
Mortgage-backed and asset-backed securities		185	5	190
Equity securities: [c]				
U.S. large capitalization	194	314		508
U.S. small capitalization	85	4		89
International equity [d]		296		296
Limited partnerships			82	82
Other		16		16
Total assets	$ 538	$ 3,035	$ 87	$ 3,660

(a) Assets categorized as Level 2 reflect investments in money market funds.

(b) Securities of diverse industries, substantially all investment grade.

(c) Assets categorized as Level 2 reflect investments in common collective funds.

(d) Includes $44 million of investments in emerging market funds.

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Money market investments are carried at amortized cost which approximates fair value due to the short-term maturity of these investments. Investments in equity securities are reported at fair value based on quoted market prices on national security exchanges. The fair value of investments in common collective funds are determined using the Net Asset Value ("NAV") provided by the administrator of the fund. The NAV is determined by each fund's trustee based upon the fair value of the underlying assets owned by the fund, less liabilities, divided by the number of outstanding units. The fair value of U.S. treasury securities is determined based on quoted market prices in active markets. The fair value of government related securities and corporate bonds is determined based on quoted market prices on national security exchanges, when available, or using valuation models which incorporate certain other observable inputs including recent trading activity for comparable securities and broker quoted prices. The fair value of mortgage-backed and asset-backed securities is based upon valuation models which incorporate available dealer quotes and market information. Limited partnerships are valued using statements issued by the partnership which determine the value based on the fair value of the underlying investments.

The table below sets forth a summary of changes in the fair value of investments reflected as Level 3 assets at December 31, 2011.

	Limited Partnerships	Mortgage-backed Securities	Total
At January 1, 2010	$ 77	$ 5	$ 82
Actual return on investments:			
Related to investments held at end of year	3		3
Purchases, sales and settlements, net	2		2
At December 31, 2010	82	5	87
Actual return on investments:			
Related to investments held at end of year	2		2
Purchases, sales and settlements, net	(9)		(9)
At December 31, 2011	$ 75	$ 5	$ 80

The Company's other postretirement benefits plan assets of $5 million at December 31, 2011 and 2010 were invested in U.S. fixed income index funds, which were categorized as Level 2 assets.

Future Benefit Payments

The estimated future benefit payments are as follows:

	2012	2013	2014	2015	2016	2017-2021
Pension	$ 435	$ 426	$ 415	$ 403	$ 393	$ 1,783
Postretirement	$ 83	$ 82	$ 80	$ 78	$ 75	$ 329
Retiree Medicare drug subsidy	$ 12	$ 12	$ 12	$ 12	$ 12	$ 58

In 2012, the Company expects to contribute approximately $55 million primarily to its non-qualified pension plans to satisfy the benefit payments due under these plans. The Company, at its discretion, may make additional contributions in 2012 to pre-fund its qualified pension plans. Also in 2012, the Company

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expects to contribute approximately $70 million to its other postretirement benefit plans, to satisfy the Company's portion of benefit payments due under these plans.

Multiemployer Pension and Postretirement Benefit Plans

The Company contributes to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees including talent, writers, directors, producers and other employees, primarily in the entertainment industry. The other employers participating in these multiemployer plans are primarily in the entertainment and other related industries. The risks of participating in multiemployer plans are different from single-employer plans as assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers and if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. In addition, if the Company chooses to stop participating in some of its multiemployer plans it may be required to pay those plans a withdrawal liability based on the underfunded status of the plan.

The financial health of a multiemployer plan is indicated by the zone status, as defined by the Pension Protection Act of 2006, which represents the funded status of the plan as certified by the plan's actuary. Plans in the red zone are less than 65% funded, the yellow zone are between 65% and 80% funded, and green zone are at least 80% funded.

The table below presents information concerning the Company's participation in multiemployer defined benefit pension plans.

Pension Plan	Employer Identification Number/Pension Plan Number	Pension Protection Act Zone Status [(a)] 2011	2010	Company Contributions 2011	2010	2009	Expiration Date of Collective-Bargaining Agreement
AFTRA Retirement Plan [(b)]	13-6414972-001	Green	Green	$ 7	$ 6	$ 6	(c)
Directors Guild of America Producer	51-0137697-001	Green	Green	6	4	4	6/30/2014
Producer Writers Guild of America	95-2216351-001	Green	Green	6	5	5	5/1/2014
Screen Actors Guild Producers	95-2110997-001	Green	Yellow	6	7	8	6/30/2014
Motion Picture Industry	95-1810805-001	Green	Yellow	16	12	12	(d)
Other Plans				4	3	3	
Total contributions				$ 45	$ 37	$ 38	

(a) The Zone status for each individual plan listed was certified by each plan's actuary as of the beginning of the plan years for 2011 and 2010. The plan year is the twelve months ending December 31 for each plan listed above except AFTRA Retirement Plan which has a plan year ending November 30.

(b) The Company was listed in AFTRA Retirement Plan's Form 5500 as providing more than 5% of total contributions for the plan year ended November 30, 2010.

(c) The expiration dates range from June 30, 2014 through November 15, 2014.

(d) The expiration dates range from May 15, 2012 through March 2, 2013.

As a result of the above noted zone status there were no funding improvements or rehabilitation plans implemented, as defined by ERISA, nor any surcharges imposed for any of the individual plans listed.

The Company also contributes to multiemployer plans that provide postretirement healthcare and other benefits to certain employees under collective bargaining agreements. The contributions to these plans were $6 million for each of the years ended December 31, 2011, 2010 and 2009.

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The Company recognized the net periodic cost for multiemployer pension and postretirement benefit plans based on the required contributions to the plans.

Defined Contribution Plans

The Company sponsors defined contribution plans for the benefit of substantially all employees meeting certain eligibility requirements. Employer contributions to such plans were $48 million, $41 million and $40 million for the years ended December 31, 2011, 2010 and 2009, respectively.

13) COMMITMENTS AND CONTINGENCIES

The Company's commitments not recorded on the balance sheet primarily consist of programming and talent commitments, operating lease arrangements, purchase obligations for goods and services, and guaranteed minimum franchise payments resulting from the Company's normal course of business.

Programming and talent commitments of the Company, estimated to aggregate $16.91 billion as of December 31, 2011, primarily include $12.90 billion for sports programming rights, $3.22 billion relating to television, radio, and film production and licensing and $796 million for talent contracts. The Company also has committed purchase obligations which include agreements to purchase goods and services in the future that totaled $807 million as of December 31, 2011.

Other long-term contractual obligations recorded on the Company's Consolidated Balance Sheet include program liabilities, participations due to producers and residuals.

At December 31, 2011, commitments for programming and talent and purchase obligations not recorded on the balance sheet and other long-term contractual obligations recorded on the balance sheet were payable as follows:

	Programming and Talent	Purchase Obligations	Other Long-term Contractual Obligations
2012	$ 2,762	$ 313	$
2013	1,817	244	683
2014	1,583	99	167
2015	1,393	57	91
2016	1,470	17	49
2017 and thereafter	7,888	77	41
Total	$ 16,913	$ 807	$ 1,031

The Company has long-term operating lease commitments for office space, billboards, equipment, transponders and studio facilities. The Company also enters into capital leases for satellite transponders. At December 31, 2011, future minimum operating lease payments are estimated to aggregate $2.24 billion, of which $879 million relates to Outdoor billboards.

CBS Corp.'s outdoor advertising business 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.

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At December 31, 2011, minimum rental payments under leases and minimum franchise payments are as follows:

	Leases		Guaranteed Minimum
	Capital	Operating	Franchise Payments
2012	$ 22	$ 320	$ 416
2013	14	276	315
2014	11	244	300
2015	9	215	190
2016	9	188	43
2017 and thereafter	31	994	94
Total minimum payments	$ 96	$ 2,237	$ 1,358
Less amounts representing interest	18		
Present value of minimum payments	$ 78		

Future minimum operating lease payments have been reduced by future minimum sublease income of $92 million. Rent expense was $601 million (2011), $594 million (2010) and $617 million (2009).

Guarantees

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, 2011, the outstanding letters of credit and surety bonds approximated $389 million and were not recorded on the Consolidated Balance Sheet.

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.

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

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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. On May 24, 2011, the court granted the motion to dismiss and entered judgment in favor of defendants on May 25, 2011. On June 23, 2011, plaintiffs filed a notice of appeal with the United States Court of Appeals for the Second Circuit.

CBS Outdoor and London Underground Actions. Beginning in 2010, CBS Outdoor Limited filed legal proceedings and claims against London Underground Limited with respect to disputes arising under the 2006 transit contract between the parties, and London Underground Limited filed counterclaims with respect to its claims. In December 2011, the parties entered into a settlement agreement resolving these matters, which is not material to the Company's consolidated financial statements. CBS Outdoor Limited continues to operate the London Underground advertising concession.

E-books Actions. Commencing on August 9, 2011, purported class action complaints have been filed in the United States District Court for the Southern District of New York and the United States District Court for the Northern District of California regarding the sale of electronic books pursuant to agency distribution arrangements. On August 16, 2011, a motion was filed with the United States Judicial Panel on Multidistrict Litigation (the "MDL Panel") by certain parties seeking to consolidate these actions for pre-trial proceedings in one venue. On December 9, 2011, the MDL Panel issued an order consolidating the actions in the United States District Court for the Southern District of New York. On January 20, 2012, the plaintiffs filed a consolidated amended class action complaint with the court against Apple Inc., Hachette Book Group, Inc., HarperCollins Publishers, Inc., Macmillan Publishers, Inc., Penguin Group (USA) Inc. and the Company's subsidiary, Simon & Schuster, Inc. The plaintiffs, electronic book purchasers, allege that, among other things, the defendants are in violation of federal and/or state antitrust laws in connection with the sale of electronic books pursuant to agency distribution arrangements between each of the publishers and electronic book retailers. The actions generally seek multiple forms of damages for the purchase of electronic books and injunctive and other relief. Simon & Schuster intends to vigorously defend itself in these actions. In addition, certain federal and state governmental entities in the United States and the competition authority in the European Community are conducting competition investigations of agency distribution arrangements in this industry and Simon & Schuster is cooperating with these competition investigations.

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

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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 "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. On April 21, 2011, the FCC filed a combined petition for certiorari seeking review of the Second Circuit's decision in this case and also in an indecency case involving a broadcast on another television network. On June 27, 2011, the United States Supreme Court granted the FCC's petition for certiorari. On January 10, 2012, the United States Supreme Court heard oral argument in these cases.

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. On November 2, 2011, the Third Circuit upheld its earlier decision to vacate the FCC's order to have the Company pay the $550,000 forfeiture.

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

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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, 2011, the Company had pending approximately 50,090 asbestos claims, as compared with approximately 52,220 as of December 31, 2010 and 62,360 as of December 31, 2009. During 2011, the Company received approximately 4,410 new claims and closed or moved to an inactive docket approximately 6,540 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 2011 and 2010 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately $33 million and $14 million, respectively. The Company's costs for settlement and defense of asbestos claims may vary year to year as insurance proceeds are not always recovered in the same period as the insured portion of the expenses.

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

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.

General. On an ongoing basis, the Company vigorously defends itself in numerous lawsuits and proceedings and responds to various investigations and inquiries from federal, state and local authorities (collectively, "litigation"). Litigation may be brought against the Company without merit, 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.

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14) REPORTABLE SEGMENTS

The following tables set forth the Company's financial performance by reportable segment. The Company's operating segments, which are the same as its reportable segments, have been determined in accordance with the Company's internal management structure, which is organized based upon products and services.

Year Ended December 31,	2011	2010	2009
Revenues:			
Entertainment	$ 7,457	$ 7,391	$ 6,977
Cable Networks	1,621	1,475	1,347
Publishing	787	791	793
Local Broadcasting	2,689	2,782	2,360
Outdoor	1,894	1,819	1,723
Eliminations	(203)	(198)	(185)
Total Revenues	$ 14,245	$ 14,060	$ 13,015

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

Year Ended December 31,	2011	2010	2009
Intercompany Revenues:			
Entertainment	$ 160	$ 157	$ 144
Cable Networks	1		1
Local Broadcasting	20	22	20
Outdoor	22	19	20
Total Intercompany Revenues	$ 203	$ 198	$ 185

The Company presents segment operating income (loss) before depreciation and amortization and impairment charges ("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.

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Year Ended December 31,	2011	2010	2009
Segment OIBDA before Impairment Charges:			
Entertainment	$ 1,391	$ 871	$ 876
Cable Networks	707	566	461
Publishing	90	68	50
Local Broadcasting	849	840	513
Outdoor	342	263	169
Corporate	(228)	(218)	(147)
Residual costs	(75)	(15)	(116)
Eliminations	1	4	(2)
OIBDA before Impairment Charges	3,077	2,379	1,804
Impairment charges			(210)
Depreciation and amortization	(548)	(563)	(583)
Operating income	2,529	1,816	1,011
Interest expense	(436)	(529)	(542)
Interest income	7	6	6
Loss on early extinguishment of debt		(81)	(30)
Other items, net	(17)	10	(2)
Earnings before income taxes and equity in loss of investee companies	2,083	1,222	443
Provision for income taxes	(755)	(463)	(183)
Equity in loss of investee companies, net of tax	(37)	(35)	(33)
Net earnings from continuing operations	1,291	724	227
Earnings from discontinued operations before income taxes	23		
Provision for income taxes	(9)		
Net earnings from discontinued operations	14		
Net earnings	$ 1,305	$ 724	$ 227

Year Ended December 31,	2011	2010	2009
Operating Income (Loss):			
Entertainment	$ 1,231	$ 708	$ 700
Cable Networks	684	543	437
Publishing	83	61	43
Local Broadcasting	750	740	212
Outdoor	107	14	(97)
Corporate	(252)	(239)	(166)
Residual costs	(75)	(15)	(116)
Eliminations	1	4	(2)
Total Operating Income	$ 2,529	$ 1,816	$ 1,011

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Year Ended December 31,	2011	2010	2009
Depreciation and Amortization:			
Entertainment	$ 160	$ 163	$ 176
Cable Networks	23	23	24
Publishing	7	7	7
Local Broadcasting	99	100	91
Outdoor	235	249	266
Corporate	24	21	19
Total Depreciation and Amortization	$ 548	$ 563	$ 583

Year Ended December 31,	2011	2010	2009
Impairment Charges:			
Local Broadcasting	$	$	$ 210
Total Impairment Charges	$	$	$ 210

Year Ended December 31,	2011	2010	2009
Stock-based Compensation:			
Entertainment	$ 45	$ 43	$ 44
Cable Networks	4	5	6
Publishing	3	3	4
Local Broadcasting	22	20	21
Outdoor	6	5	6
Corporate	60	60	55
Total Stock-based Compensation	$ 140	$ 136	$ 136

Year Ended December 31,	2011	2010	2009
Capital Expenditures:			
Entertainment	$ 94	$ 90	$ 72
Cable Networks	15	19	8
Publishing	7	6	5
Local Broadcasting	69	74	71
Outdoor	66	78	91
Corporate	14	17	15

Total Capital Expenditures	$ 265	$ 284	$ 262

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At December 31,	2011	2010
Assets:		
Entertainment	$ 8,471	$ 8,324
Cable Networks	1,679	1,650
Publishing	1,091	1,126
Local Broadcasting	9,626	9,686
Outdoor	4,092	4,256
Corporate	1,262	1,094
Discontinued operations	77	77
Eliminations	(101)	(70)
Total Assets	$ 26,197	$ 26,143

Year Ended December 31,	2011	2010	2009
Revenues by Type:			
Advertising	$ 9,007	$ 9,153	$ 8,172
Content licensing and distribution	3,254	3,071	3,120
Affiliate and subscription fees	1,744	1,598	1,462
Other	240	238	261
Total Revenues	$ 14,245	$ 14,060	$ 13,015

Year Ended December 31,	2011	2010	2009
Revenues: [(a)]			
United States	$ 12,055	$ 11,984	$ 11,154
International	2,190	2,076	1,861
Total Revenues	$ 14,245	$ 14,060	$ 13,015

At December 31,	2011	2010
Long-lived Assets: [(b)]		
United States	$ 19,840	$ 19,880
International	695	754
Total Long-lived Assets	$ 20,535	$ 20,634

Transactions within the Company between the United States and international regions were not significant.

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

(b) Reflects total assets from both continuing and discontinued operations less current assets, investments and noncurrent deferred tax assets.

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15) OTHER ITEMS, NET

For 2011, "Other items, net" reflected a net loss of $17 million primarily consisting of foreign exchange losses.

For 2010, "Other items, net" of $10 million primarily consisted of gains of $21 million associated with dispositions, partially offset by foreign exchange losses of $10 million.

For 2009, "Other items, net" reflected a net loss of $2 million primarily consisting of losses of $7 million associated with securitizing accounts receivables and a non-cash charge of $8 million associated with other-than-temporary declines in the market value of the Company's investments, partially offset by foreign exchange gains of $11 million.

16) SUPPLEMENTAL CASH FLOW INFORMATION

Year Ended December 31,	2011	2010	2009
Cash paid for interest, net of amounts capitalized	$ 419	$ 520	$ 514
Cash paid for income taxes	$ 235	$ 248	$ 56
Non-cash investing and financing activities:			
Contingent consideration associated with acquisitions	$ 56	$	$
Equipment acquired under capitalized leases	$ 7	$ 1	$

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17) QUARTERLY FINANCIAL DATA (unaudited):

2011	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenues:					
Entertainment	$ 1,994	$ 1,836	$ 1,632	$ 1,995	$ 7,457
Cable Networks	393	413	420	395	1,621
Publishing	155	183	220	229	787
Local Broadcasting	621	691	656	721	2,689
Outdoor	413	490	477	514	1,894
Eliminations	(66)	(27)	(40)	(70)	(203)
Total Revenues	$ 3,510	$ 3,586	$ 3,365	$ 3,784	$ 14,245
Segment OIBDA:					
Entertainment	$ 268	$ 440	$ 405	$ 278	$ 1,391
Cable Networks	153	176	203	175	707
Publishing	7	19	38	26	90
Local Broadcasting	169	230	184	266	849
Outdoor	49	86	80	127	342
Corporate	(52)	(57)	(55)	(64)	(228)
Residual costs	(19)	(18)	(19)	(19)	(75)
Eliminations	1	(3)	1	2	1
OIBDA	576	873	837	791	3,077
Depreciation and amortization	(139)	(139)	(134)	(136)	(548)
Total Operating Income	$ 437	$ 734	$ 703	$ 655	$ 2,529
Operating Income (Loss):					
Entertainment	$ 230	$ 400	$ 366	$ 235	$ 1,231
Cable Networks	147	171	197	169	684
Publishing	5	17	36	25	83
Local Broadcasting	143	204	161	242	750
Outdoor	(12)	26	21	72	107
Corporate	(58)	(63)	(60)	(71)	(252)
Residual costs	(19)	(18)	(19)	(19)	(75)
Eliminations	1	(3)	1	2	1
Total Operating Income	$ 437	$ 734	$ 703	$ 655	$ 2,529
Net earnings from continuing operations	$ 202	$ 395	$ 338	$ 356	$ 1,291
Net earnings	$ 202	$ 395	$ 338	$ 370	$ 1,305
Basic earnings per common share:					
Net earnings from continuing operations	$ .30	$ .59	$ .51	$ .55	$ 1.94
Net earnings	$ .30	$ .59	$ .51	$ .57	$ 1.97
Diluted earnings per common share:					
Net earnings from continuing operations	$ .29	$ .58	$ .50	$ .53	$ 1.90
Net earnings	$ .29	$ .58	$ .50	$ .55	$ 1.92
Weighted average number of common shares outstanding:					
Basic	674	669	659	653	664
Diluted	693	686	675	669	681

Dividends per common share	$	..05	$	..10	$	..10	$	..10	$	..35

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2010	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Revenues:					
Entertainment	$ 2,081	$ 1,672	$ 1,617	$ 2,021	$ 7,391
Cable Networks	368	369	370	368	1,475
Publishing	152	189	218	232	791
Local Broadcasting	606	678	677	821	2,782
Outdoor	392	457	459	511	1,819
Eliminations	(68)	(34)	(44)	(52)	(198)
Total Revenues	$ 3,531	$ 3,331	$ 3,297	$ 3,901	$ 14,060
Segment OIBDA:					
Entertainment	$ 134	$ 223	$ 277	$ 237	$ 871
Cable Networks	101	129	167	169	566
Publishing	2	17	31	18	68
Local Broadcasting	109	214	195	322	840
Outdoor	12	77	74	100	263
Corporate	(39)	(56)	(59)	(64)	(218)
Residual costs [a]	(26)	(26)	64	(27)	(15)
Eliminations	1	1	1	1	4
OIBDA	294	579	750	756	2,379
Depreciation and amortization	(141)	(144)	(139)	(139)	(563)
Total Operating Income	$ 153	$ 435	$ 611	$ 617	$ 1,816
Operating Income (Loss):					
Entertainment	$ 93	$ 181	$ 237	$ 197	$ 708
Cable Networks	95	123	162	163	543
Publishing	1	15	29	16	61
Local Broadcasting	84	190	170	296	740
Outdoor	(51)	12	12	41	14
Corporate	(44				