

CBS CORP
Form 10-Q
August 02, 2012

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2012

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
(State or other jurisdiction of
incorporation or organization)

04-2949533
(I.R.S. Employer
Identification No.)

51 W. 52nd Street, New York, New York
(Address of principal executive offices)

10019
(Zip Code)

(212) 975-4321

Registrant's telephone number, including area code

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

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

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

Large accelerated filer ý Accelerated filer o Non-accelerated filer o Smaller reporting company o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

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Number of shares of common stock outstanding at July 31, 2012:

Class A Common Stock, par value \$.001 per share 43,205,560

Class B Common Stock, par value \$.001 per share 596,825,491

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****CBS CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited; in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues	\$ 3,476	\$ 3,586	\$ 7,400	\$ 7,096
Expenses:				
Operating	1,877	2,030	4,338	4,306
Selling, general and administrative	698	683	1,377	1,341
Impairment charges (Note 3)			11	
Depreciation and amortization	132	139	263	278
Total expenses	2,707	2,852	5,989	5,925
Operating income	769	734	1,411	1,171
Interest expense	(104)	(110)	(214)	(220)
Interest income	1	1	3	3
Gain on early extinguishment of debt (Note 6)			25	
Other items, net	(3)	5	9	14
Earnings before income taxes and equity in loss of investee companies	663	630	1,234	968
Provision for income taxes	(225)	(230)	(428)	(352)
Equity in loss of investee companies, net of tax	(11)	(5)	(16)	(19)
Net earnings	\$ 427	\$ 395	\$ 790	\$ 597
Basic net earnings per common share	\$..66	\$..59	\$ 1.22	\$..89
Diluted net earnings per common share	\$..65	\$..58	\$ 1.19	\$..87
Weighted average number of common shares outstanding:				
Basic	646	669	648	671
Diluted	661	686	664	689
Dividends per common share	\$..10	\$..10	\$..20	\$..15

See notes to consolidated financial statements.

Table of Contents**CBS CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(Unaudited; in millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Net earnings	\$ 427	\$ 395	\$ 790	\$ 597
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustments	(21)	6	(11)	19
Amortization of net actuarial loss	7	8	15	15
Unrealized gain on securities			1	
Total other comprehensive income (loss), net of tax	(14)	14	5	34
Comprehensive income	\$ 413	\$ 409	\$ 795	\$ 631

See notes to consolidated financial statements.

Table of Contents**CBS CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(Unaudited; in millions, except per share amounts)

	At June 30, 2012	At December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,888	\$ 660
Receivables, less allowances of \$115 (2012) and \$114 (2011)	2,973	3,254
Programming and other inventory (Note 4)	521	735
Deferred income tax assets, net	326	319
Prepaid income taxes	37	10
Prepaid expenses	272	213
Other current assets	355	343
Current assets of discontinued operations	10	9
Total current assets	6,382	5,543
Property and equipment:		
Land	330	329
Buildings	713	714
Capital leases	202	200
Advertising structures	2,083	2,069
Equipment and other	2,034	2,022
	5,362	5,334
Less accumulated depreciation and amortization	2,968	2,824
Net property and equipment	2,394	2,510
Programming and other inventory (Note 4)	1,332	1,496
Goodwill	8,599	8,620
Intangible assets (Note 3)	6,508	6,526
Other assets	1,498	1,434
Assets of discontinued operations	68	68
Total Assets	\$ 26,781	\$ 26,197
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 309	\$ 410
Accrued compensation	268	403
Participants' share and royalties payable	875	938
Program rights	488	577
Deferred revenue	186	253
Current portion of long-term debt (Note 6)	901	24
Accrued expenses and other current liabilities	1,327	1,316
Current liabilities of discontinued operations	20	12
Total current liabilities	4,374	3,933
Long-term debt (Note 6)	5,900	5,958
Pension and postretirement benefit obligations	1,818	1,839
Deferred income tax liabilities, net	1,164	1,025

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Other liabilities	3,234	3,351
Liabilities of discontinued operations	173	183
Commitments and contingencies (Note 10)		
Stockholders' Equity:		
Class A Common Stock, par value \$.001 per share; 375 shares authorized; 43 (2012) and 44 (2011) shares issued		
Class B Common Stock, par value \$.001 per share; 5,000 shares authorized; 779 (2012) and 769 (2011) shares issued	1	1
Additional paid-in capital	43,378	43,395
Accumulated deficit	(27,553)	(28,343)
Accumulated other comprehensive loss	(434)	(439)
	15,392	14,614
Less treasury stock, at cost; 181 (2012) and 162 (2011) Class B Shares	5,274	4,706
Total Stockholders' Equity	10,118	9,908
Total Liabilities and Stockholders' Equity	\$ 26,781	\$ 26,197

See notes to consolidated financial statements.

Table of Contents**CBS CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited; in millions)

	Six Months Ended	
	June 30,	
	2012	2011
Operating Activities:		
Net earnings	\$ 790	\$ 597
Adjustments to reconcile net earnings to net cash flow provided by operating activities:		
Depreciation and amortization	263	278
Stock-based compensation	81	75
Impairment charges	11	
Gain on early extinguishment of debt	(25)	
Equity in loss of investee companies, net of tax and distributions	19	21
Change in assets and liabilities, net of effects of acquisitions	119	623
Net cash flow provided by operating activities	1,258	1,594
Investing Activities:		
Acquisitions, net of cash acquired	(69)	(55)
Capital expenditures	(93)	(95)
Investments in and advances to investee companies	(39)	(42)
Proceeds from dispositions	1	13
Other investing activities	6	8
Net cash flow used for investing activities	(194)	(171)
Financing Activities:		
Proceeds from issuance of notes	1,567	4
Repayment of notes	(700)	(2)
Payment of capital lease obligations	(10)	(9)
Payment of contingent consideration	(33)	
Dividends	(135)	(73)
Purchase of Company common stock	(564)	(500)
Payment of payroll taxes in lieu of issuing shares for stock-based compensation	(105)	(78)
Proceeds from exercise of stock options	71	