CBS CORP
Form 10-K
February 15, 2013

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, 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	**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 MKT

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	Smaller reporting company o
		(Do not check if a smaller reporting company)	

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, 2012, 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 $302,759,933 (based upon the closing price of $33.29 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 $19,296,678,355 (based upon the closing price of $32.78 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 $19,599,438,288.

As of February 12, 2013, 42,712,202 shares of Class A Common Stock and 586,448,427 shares of Class B Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of CBS Corporation's Notice of 2013 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 Global Distribution Group (composed of CBS Studios International and 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 focused on college athletics and other sports; 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 30 owned broadcast television stations; and *CBS Radio*®, through which the Company owns and operates 127 radio stations in 28 United States ("U.S.") markets.

OUTDOOR AMERICAS: The Outdoor Americas segment provides space for advertisers on various structures in North America and South America, including billboards, transit shelters and benches, buses, rail systems (in-car and structures on station platforms and terminals), mall kiosks, stadium signage, and in retail stores principally through *CBS Outdoor*®. The Company's outdoor advertising business in Europe has been presented as a discontinued operation in the Company's consolidated financial statements for all periods presented.

For the year ended December 31, 2012, contributions to the Company's consolidated revenues from its segments were as follows: Entertainment 55%, Cable Networks 13%, Publishing 6%, Local Broadcasting 20% and Outdoor Americas 9%. The Company generated approximately 12% of its total revenues from international regions in 2012. For the year ended December 31, 2012, approximately 43% and 21% of total international revenues of approximately $1.73 billion were generated in Europe and Canada, respectively.

The Company operates businesses which span the media and entertainment industries, including the CBS Television Network, cable program services, television content production and distribution, motion pictures, publishing, radio stations, television stations, interactive businesses, and outdoor advertising, with a focus on optimizing the performance of each and establishing synergies and efficiencies among them. The Company's principal strategy is to create and acquire content that is widely accepted by audiences, and generate both advertising and non-advertising revenues from the distribution of this content on multiple media platforms and to various geographic locations. The Company also continues to pursue opportunities to grow and diversify its revenue streams, including licensing its content for exhibition on digital and other platforms; expanding the distribution of its content internationally; securing compensation from multichannel video programming distributors ("MVPDs"), including cable, direct broadcast satellite ("DBS"), telephone company, and other distributors, for authorizing the MVPDs' carriage of the Company's owned television stations (also known as "retransmission fees") and cable networks, and securing compensation from television stations affiliated with the CBS Television Network ("network affiliation fees" also known as "reverse compensation"); and increasingly monetizing content viewership and ratings as industry measurements evolve to reflect changing viewership habits.

As part of the Company's strategic initiatives for its outdoor advertising business, the Company has begun the process of converting its outdoor businesses in the Americas into a real estate investment trust

("REIT"). In addition, during the fourth quarter of 2012, the Company initiated a plan to divest its outdoor advertising business in Europe, which includes an interest in an outdoor business in Asia. Outdoor Europe has been classified as held-for-sale and its results have been presented as a discontinued operation in the Company's consolidated financial statements for all periods presented. All of these actions are subject to customary approvals.

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 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, 2012, 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 (55%, 55% and 55% of the Company's consolidated revenues in 2012, 2011 and 2010, respectively, and 46%, 47% and 37% of the Company's consolidated operating income in 2012, 2011 and 2010, respectively)

The Entertainment segment consists of the CBS Television Network; CBS Television Studios and CBS Global Distribution Group (composed of 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. A significant portion of the advertising spots sold for the network's non-sports programming occurs annually generally during May through July in the industry's upfront advertising market for the upcoming television broadcast season, which runs for one year commencing in late-September. Advertisers purchase the remaining advertising spots closer to the broadcast of the related programming in the scatter advertising market. Overall advertising revenue for the network is also impacted by audience ratings for its programming. In addition, the CBS Television Network's revenues include network affiliation fees.

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 2013 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, airs programming, including *Gossip Girl*, *90210, The Vampire Diaries* and *America's Next Top Model*. Eight of the Company's owned television stations are affiliates of The CW. Certain of The CW's programming is streamed on each of Hulu, LLC and Netflix, Inc. pursuant to license agreements.

Television Production and Syndication. The Company, through CBS Television Studios and CBS Global Distribution Group (composed of 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 subsequently distributes programming after its initial exhibition on a network, basic cable network or premium subscription service for domestic exhibition on television stations, cable networks or video-on-demand services (known as "off-network syndicated programming"). Off-network syndicated programming, first-run syndicated programming and programming distributed internationally can sometimes be sold in successive cycles of sales known as "first cycle," "second cycle," sales, and so on, which may occur on exclusive or non-exclusive bases. Generally, license fees may decrease with successive sales cycles due to increased program exhibitions.

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 international 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 international 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 the 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 off-network 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 enters

into agreements for digital streaming of its programming in the U.S. and certain other countries. The Company extended its licensing agreements with Netflix, Inc., for streaming various programming from the Company's library on Netflix's subscription video-on-demand services in October 2012 for Canada, Latin America and the U.K, and entered into a new agreement with Netflix for Denmark, Finland, Norway and Sweden in October, 2012. In November 2012, the Company entered into a non-exclusive licensing agreement with Hulu LLC to stream various programs from the Company's library on Hulu's video-on-demand services in the U.S. 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.

Fees for television programming licensed for syndication and digital streaming are recorded as revenues at the beginning of the license period in which the programs are made available for exhibition, which, among other reasons, may cause substantial fluctuations in the Entertainment segment's operating results. Unrecognized revenues attributable to such license agreements were $1.31 billion and $1.25 billion at December 31, 2012 and December 31, 2011, respectively.

The Company continues to expand its global channel presence through international joint ventures. The Company owns a 49% interest in a joint venture with a subsidiary of Liberty Global, Inc., which owns and operates six cable and satellite channels in the U.K. and Ireland, including *CBS Action* , *CBS Drama* and *CBS Reality* . The Company also owns a 30% interest in a joint venture with another subsidiary of Liberty Global, which owns and operates seven cable and satellite channels in Europe, the Middle East and Africa. In December 2012, these channels were re-launched with CBS programming and renamed *CBS Action* , *CBS Drama* , *CBS Reality* and *CBS Europa* . In India, 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 cable and satellite channels customized for the Indian market and surrounding territory. In Australia, 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 television channel service, and an approximately 33% interest in another joint venture, which owns two cable and satellite channels 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 2012 were *The Woman in Black*, *Salmon Fishing in the Yemen*, *The Words* and *Seven Psychopaths*. Theatrical releases scheduled for 2013 include *The Last Exorcism Part II, The To Do List* and *Last Vegas*.

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 DVDs and Blu-ray Discs 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 2012. 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, Australia and Europe. CBS Interactive's worldwide brands reached approximately 280 million unique monthly visitors during December 2012 according to comScore Media Metrix, December 2012.

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, eSports, Webcasts, videos, and game downloads. *CBSSports.com* provides sports content, fantasy sports, community and e-commerce features, and also owns and operates *MaxPreps.com*. *Lastfm* is a music recommendation, discovery and social networking site, and *MetroLyrics.com* is one of the most popular databases for song lyrics online. *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 video content from its Websites and television, radio and affiliated stations under an advertiser-supported distribution model. The growing slate of the Company's content available online includes full episodes, clips and highlights based on CBS, CBS Sports Network and Showtime Networks programming as well as original made-for-the-Web content.

Entertainment Competition.

Television Network. The television broadcast environment is highly competitive. The principal methods of competition in broadcast television are the development and acquisition of popular programming and the development of audience interest through programming and promotion, in order to sell advertising at profitable rates. Broadcast networks like CBS compete for audience, advertising revenues and programming with other broadcast networks such as ABC, FOX, NBC, The CW and MyNetworkTV, independent television stations, cable program services as well as other media, including DVDs and Blu-ray Discs, 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.

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. CBS Films must also compete with other buyers for the acquisition of third-party produced motion pictures. Once a motion picture is completed or acquired, CBS Films must compete with numerous other motion pictures produced and/or distributed 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, Relativity Media, FilmDistrict, 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 Bing; 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 (13%, 12% and 11% of the Company's consolidated revenues in 2012, 2011 and 2010, respectively, and 26%, 26% and 28% of the Company's consolidated operating income in 2012, 2011 and 2010, 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 focused on college athletics and other sports; 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 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, 2012, *Showtime, The Movie Channel* and *Flix*, in the aggregate, had approximately 76 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*®, an on-demand authenticated version of *Showtime*, which can be accessed on computers via *showtimeanytime.com* or via certain portable devices through a *Showtime Anytime* software application or "app" 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 apps, 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 MVPDs, 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 *Homeland*, which received six Emmy® Awards in 2012 (including Outstanding Drama Series), *Dexter®, 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 licensing 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* and its companion on-demand version. Smithsonian Networks additionally makes *Smithsonian Channel* content available on an authenticated basis to certain distributors. It also operates the Website *SmithsonianChannel.com* and various apps, which promote *Smithsonian Channel* programming and provide information and entertainment services.

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 televises in high definition over 350 live professional, amateur, semi-professional and collegiate events annually, highlighted by Division I college football, basketball, hockey and lacrosse, as well as professional bull riding (PBR), professional basketball (NBA Development League), professional lacrosse (MLL and NLL) and, commencing in March 2013, arena football (AFL). In addition, the network showcases a variety of original programming, including documentaries and features, studio shows, such as weeknight news and commentary show, *ROME*, featuring host Jim Rome, and *Lead Off*, and weekly shows such as *NFL Monday QB*. CBS Sports Network also provides ancillary coverage for CBS Sports relating to major events such as the NCAA Division I Men's Basketball Tournament, the Masters, the PGA Championship and U.S. Open Tennis. CBS Sports Network had approximately 46 million subscribers as of December 31, 2012. The network derives its revenues from subscription fees and the sale of advertising. CBS Sports Network has secured carriage arrangements with the top MVPDs.

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. 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 MVPDs for carriage so as to favorably position and package Showtime Networks' premium subscription program services to subscribers. Home Box Office, Inc. is the largest 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, another premium subscription program service, competes with Showtime Networks' and Home Box Office, Inc.'s premium program services. Showtime Networks also competes for programming, distribution and/or audiences with basic cable program services, broadcast television and other media, including DVDs and Blu-ray Discs, 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. The effects of consolidation among MVPDs 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 and Blu-ray Discs, portable devices and the Internet.

CBS Sports Network. CBS Sports Network principally competes with cable programming services, including other sports-oriented cable programming services, for distribution and license fee revenue among MVPDs, as well as for viewership and advertising revenue. The effects of consolidation among cable operators and consumer pricing sensitivity have made it more difficult for newer channels to secure broad distribution in mainstream programming packages. 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 cable programming services generally, including 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%, 6% and 6% of the Company's consolidated revenues in 2012, 2011 and 2010, respectively, and 3%, 3% and 3% of the Company's consolidated operating income in 2012, 2011 and 2010, respectively)

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®*, *Threshold Editions* 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, AOL.com and 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 2012, Simon & Schuster published 317 New York Times bestsellers in hardcover, paperback and electronic formats, collectively, including 35 New York Times #1 bestsellers. Best-selling titles in 2012 include *Kill Shot* by Vince Flynn, *Lone Wolf* by Jodi Picoult, *Far From the Tree* by Andrew Solomon, and *Proof of Heaven* by Eben Alexander. Bestselling children's titles from Simon & Schuster include *City of Lost Souls* by Cassandra Clare and *Dork Diaries 4* by Rachel Renee Russell. *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 two 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 2012, the sale of digital content represented approximately 23% of Simon & Schuster's revenues. The Company expects that electronic books will continue to 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 2010, Simon & Schuster began to enter into agency arrangements with book retailers and wholesalers under which Simon & Schuster sold its electronic books directly to the consumer and set the consumer price; in 2012, as a result of a settlement with the U.S. Department of Justice, new agency arrangements permit book retailers and wholesalers to set the consumer price for Simon & Schuster's electronic books, subject to certain restrictions. The Company still faces price competition from retailers and from competing publishers that sell directly to consumers.

Local Broadcasting (20%, 20% and 21% of the Company's consolidated revenues in 2012, 2011 and 2010, respectively, and 28%, 29% and 38% of the Company's consolidated operating income in 2012, 2011 and 2010, respectively)

The Local Broadcasting segment is composed of CBS Television Stations, the Company's 30 owned broadcast television stations, and CBS Radio, through which the Company owns and operates 127 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 30 broadcast television stations through its CBS Television Stations group, all of which operate under licenses granted by the Federal Communications Commission ("FCC") pursuant to the Communications Act of 1934, as amended (the "Communications Act"). The licenses are renewable every eight years. The Company's television stations are located in the 7 largest, and 15 of the top 20, television markets in the U.S. The Company owns multiple television stations within the same designated market area ("DMA") in 10 major markets. These multiple station markets

are: New York (market #1), 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). 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. In addition, the CBS Television Stations group receives retransmission fees from MVPDs for authorizing the MVPDs' carriage of the Company's owned 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, entertainment, and other services, through the CBS Local Digital Media group. 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 14, 2013.

Station and Metropolitan Area Served(1)	Market Rank(2)	Type	Network Affiliation
WCBS-TV New York, NY	1	UHF	CBS
WLNY-TV New York, NY	1	UHF	Independent
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
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

Station and Metropolitan Area Served(1)	Market Rank(2)	Type	Network Affiliation
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
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 2012.

(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 127 radio stations serving 28 U.S. markets as of February 14, 2013. Virtually all of the Company's owned and operated radio stations are

located in the 50 largest U.S. radio markets and approximately 78% 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. In June 2012, the Company announced the creation of *CBS Sports Radio Network*, which launched in January 2013 and provides up to 24-hours, seven-days-a-week of national sports programming to affiliated radio stations. The network has more than 250 affiliates across the country and Canada, including radio stations in 9 of the top 10 U.S. radio markets. Cumulus Media, as *CBS Sports Radio Network's* exclusive syndicator, is responsible for securing radio station affiliates and for the network's advertising sales. 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, insurance, 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 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 are part of the CBS Local Digital Media group and 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 2012.

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 their 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 2012 were ranked #1 or #2 in four of the top five U.S. markets by metro area population (New York, Los Angeles, Chicago, and San Francisco), according to the 2012 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 14, 2013 in the top 25 U.S. radio markets:

	Radio			Television			Outdoor Americas
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	WLNY-TV	UHF	Independent	Subway/Rail, Bus,
#1 Radio	WFAN	AM	Sports				Transit Structures, Malls,
#1 Television	WFAN(2)	FM	Sports				Digital In-Store Networks
	WINS	AM	News				
	WNOW	FM	Contemporary Hit Radio				
	WWFS	FM	Adult Contemporary				
Los Angeles, CA(3)	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				Transit Structures,
#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				Transit Structures,
#6 Television	KLLC	FM	Hot Adult Contemporary				Malls, Digital
	KMVQ	FM	Contemporary Hit Radio				In-Store Networks
	KZDG(4)	AM	Indian Talk/Music				
Dallas-Fort Worth, TX	KJKK	FM	Adult Hits	KTVT-TV	UHF	CBS	Billboards, Transit
	KLUV	FM	Classic Hits	KTXA-TV	UHF	Independent	Structures, 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	Sports				Digital In-Store
#6 Radio	KILT	AM	Sports				Networks
	KILT	FM	Country				
	KKHH	FM	Contemporary Hit Radio				
	KLOL	FM	Spanish				
Washington, D.C.	WIAD	FM	Adult Contemporary				Billboards,
	WJFK	AM	Sports				Subway/Rail, Bus,
	WJFK	FM	Sports				Malls, Digital

#7 Radio	WLZL	FM	Spanish				In-Store Networks
	WNEW	FM	News				
	WPGC	FM	Rhythmic Top 40				
Philadelphia, PA	KYW	AM	News	KYW-TV	UHF	CBS	Billboards, Malls,
	WIP	AM	Sports	WPSG-TV	UHF	The CW	Digital In-Store Networks
#8 Radio	WIP	FM	Sports				
#4 Television	WOGL	FM	Classic Hits				
	WPHT	AM	News/Talk				
Atlanta, GA	WAOK	AM	News/Talk	WUPA-TV	UHF	The CW	Billboards,
	WVEE	FM	Urban				Subway/Rail, Bus,
#9 Radio	WZGC	FM	Sports				Transit Structures,
#9 Television							Malls, Digital In-Store Networks

	Radio			Television			Outdoor Americas
Market and Market Rank(1)	**Stations**	**AM/ FM**	**Format**	**Stations**	**Type**	**Network Affiliation**	**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 Networks
#10 Radio	WBZ	FM	Sports				
#7 Television	WODS	FM	Contemporary Hit Radio				
	WZLX	FM	Classic Rock				
Miami-Ft. Lauderdale, FL				WFOR-TV	UHF	CBS	Billboards,
				WBFS-TV	UHF	MyNetworkTV	Subway/Rail, Bus, Malls,
#11 Radio							Digital In-Store Networks
#16 Television							
Detroit, MI	WDZH	FM	Contemporary Hit Radio	WKBD-TV	UHF	The CW	Billboards, Bus,
	WOMC	FM	Classic Hits	WWJ-TV	UHF	CBS	Malls, Digital
#12 Radio	WWJ	AM	News				In-Store Networks
#11 Television	WXYT	AM	Sports				
	WXYT	FM	Sports				
	WYCD	FM	Country				
Seattle-Tacoma, WA	KJAQ	FM	Adult Hits	KSTW-TV	VHF	The CW	Billboards, Malls,
	KMPS	FM	Country				Digital In-Store
#13 Radio	KFNQ	AM	Sports				Networks
#12 Television	KZOK	FM	Classic Rock				
Phoenix, AZ	KMLE	FM	Country				Billboards,
	KOOL	FM	Classic Hits				Subway/Rail,
#14 Radio	KZON	FM	Contemporary Hit Radio				Transit Structures, Malls, Digital In-Store Networks
Puerto Rico							Billboards
#15 Radio							
Minneapolis, MN	KMNB	FM	Country	WCCO-TV	UHF	CBS	Billboards,
	KZJK	FM	Adult Hits	KCCO-TV	VHF	CBS	Transit Structures,
#16 Radio	WCCO	AM	News/Talk	KCCW-TV	VHF	CBS	Malls, Digital In-Store
#15 Television							Networks
San Diego, CA	KEGY	FM	Contemporary Hit Radio				Billboards, Transit
	KYXY	FM	Adult Contemporary				Structures, Malls,
#17 Radio							Digital In-Store Networks
Tampa-St. Petersburg, FL	WLLD	FM	Rhythmic Contemporary Hit Radio	WTOG-TV	UHF	The CW	Billboards, Malls,
	WHFS	AM	Sports				Digital In-Store
#18 Radio	WQYK	FM	Country				Networks
#14 Television	WRBQ	FM	Classic Hits				
	WHFS	FM	Sports				
	WYUU	FM	Spanish				
Nassau-Suffolk, NY(5)							Billboards,
#19 Radio							Subway/Rail, Bus, Digital In-Store Networks
Denver, CO				KCNC-TV	UHF	CBS	Billboards, Transit Structures, Malls, Digital
#20 Radio							In-Store Networks
#17 Television							

Baltimore, MD	WJZ	AM	Sports	WJZ-TV	VHF	CBS	Billboards, Transit Structures, Malls, Digital In-Store Networks
	WJZ	FM	Sports				
#21 Radio	WLIF	FM	Adult Contemporary				
#27 Television	WWMX	FM	Hot Adult Contemporary				
St. Louis, MO	KEZK	FM	Adult Contemporary				Billboards, Malls, Digital In-Store Networks
	KMOX	AM	News/Talk				
#22 Radio	KYKY	FM	Hot Adult Contemporary				
Portland, OR							Billboards, Malls, Digital In-Store Networks
#23 Radio							

	Radio			Television			Outdoor Americas
Market and Market Rank(1)	Stations	AM/ FM	Format	Stations	Type	Network Affiliation	Display Type
Charlotte, NC	WBAV	FM	Urban Adult Contemporary				Malls,
	WBCN	AM	Sports				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 2012 Radio Market Ranking as provided by Arbitron Inc. Television market rank based on Nielsen Media Research Local Market Universe Estimate, September 2012.

(2) CBS Radio is the operator and beneficial owner of WFAN-FM through agreements with a third-party entity, which holds title to WFAN-FM for tax purposes.

(3) 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").

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

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

Outdoor Americas (9%, 9% and 9% of the Company's consolidated revenues in 2012, 2011 and 2010, respectively, and 7%, 8% and 7% of the Company's consolidated operating income in 2012, 2011 and 2010, respectively)

The Company provides, through its Outdoor Americas businesses, advertising space on various structures, including billboards, transit shelters and benches, buses, rail systems (in-car and structures on station platforms and terminal), mall kiosks, stadium signage, and in retail stores. It has outdoor advertising structures 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 a variety of outdoor structures in Puerto Rico, Argentina, Brazil, Uruguay and Chile. The Company operates its Outdoor businesses through *CBS Outdoor* in the U.S., Canada and South America, *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 Americas' revenues is generated from providing advertising space to local, regional and national advertisers. Rates for advertising space for a particular structure are based on supply and demand, which are influenced by the structure's exposure known as "impressions", the demographics of the particular market and the location of the structure within that market. Commencing in January 2011, metrics for fixed structures such as billboards and transit shelters, 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 owners of outdoor advertising structures, including CBS Outdoor, advertising agencies and advertisers. These metrics facilitate the inclusion of Outdoor Americas' 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 Americas' revenues.

Outdoor Americas generally operates in the billboard, transit, and retail store advertising markets. The two primary types of billboard structures are commonly referred to as "bulletins" and "posters."

Space on billboard structures is generally provided for periods ranging from 4 weeks to 12 months. Billboard faces are generally mounted on structures owned by Outdoor Americas 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 are no significant concentrations of billboard structures that are subject to any one lease or subject to negotiation with any one landlord.

Transit advertising is provided 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 that Outdoor Americas receives from providing space to advertisers, 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 revenues received by Outdoor Americas under that advertising contract.

Transit shelters and benches reach both vehicular and pedestrian audiences. Transit shelters are usually constructed, installed and maintained by Outdoor. Most of Outdoor Americas' transit shelter and bench contracts include revenue-sharing arrangements with a municipality or transit authority and often include minimum required payments. Such contracts usually involve a competitive bidding process and are awarded on the basis of projected revenues to the municipality, including minimum payments, and Outdoor Americas' willingness to construct public facilities, such as bus shelters, public toilets and information kiosks. In these negotiations, Outdoor Americas seeks to reduce minimum payment obligations on new agreements and on renewal of existing agreements. There is no assurance that Outdoor Americas 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 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 structures in retail stores, enables customized messaging by region and retail environment. Generally, CBS Outernet enters into revenue-sharing arrangements with retailers.

Outdoor Americas' business strategy involves operating in major selected markets, to grow its revenues and cash flow by being a leading provider of out-of-home advertising in the markets it serves, controlling costs, developing and entering into new markets and using advanced technologies to build greater awareness for its clients. In addition, the Company purchases structures within its existing markets or in contiguous markets to expand its reach. The Company believes that there will be continuing opportunities for implementing its acquisition and development strategies given the outdoor industry's fragmentation.

In January 2013, the Company announced that it has begun the process of converting its Outdoor Americas business into a REIT, which is subject to customary approvals.

Outdoor Competition. The outdoor advertising industry is fragmented, consisting of several large companies involved in providing outdoor space for 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 providers of advertising space 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 Americas' customers and deliver

appropriate returns on investment, the Company could face increased competition for rights to digital billboards and costs could increase.

The Company believes that its strong emphasis in customer service and its position as a leading provider of space for out-of-home advertising in each of its primary markets as well as its international inventory enables it to compete effectively with the other outdoor 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 in the U.S. and of national, regional and local authorities in foreign countries. 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-23 for more information on the Company's brands).

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 and Blu-ray Discs, 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, 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. The Company derives revenues from the creation and exploitation of creative content, for which the copyright law grants certain exclusive rights, including to reproduce, publicly perform and distribute. 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. Any changes to copyright laws, which diminish the scope of a copyright owner's exclusive rights, could impact the Company.

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 MVPDs 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 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.

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.

The FCC adopted a notice of proposed rule-making ("NPRM") in its latest quadrennial review of broadcast ownership rules in December 2011, which is still pending. In that NPRM, the FCC has proposed modifying the newspaper-broadcast cross-ownership rule and eliminating the radio-television cross-ownership rule. The FCC's current ownership rules and proposed changes 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.
>
> *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. As part of its quadrennial review of media ownership rules, the FCC has proposed to repeal this rule in favor of reliance on the local radio ownership rule and the local television 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. As part of its quadrennial review of media ownership rules, the FCC has proposed a rule that would presume a waiver to be consistent with the public interest if: (1) a daily newspaper sought to combine with a radio station in the same top 20 market, or (2) a daily newspaper sought to combine with a full-power commercial television station in the same top 20 market, and the television station is not ranked among the top four television stations in the market and (b) at least eight independently owned and operated "major media voices" would remain in the market after the combination.

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's owned television stations have elected the retransmission consent option in substantially all cases, and, since 2006, the Company 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 MVPDs unless the differential is justified by certain permissible factors set forth in the FCC's regulations. Until recently, the FCC's "program access" rules also generally prohibited vertically integrated cable programmers from entering into exclusive distribution arrangements with cable operators. The FCC continues to assess the competitive impact of such individual exclusive contracts. 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. In September 2012, the FCC launched a rule-making proceeding to implement the auction legislation and auctions are expected to occur in 2014, followed by the repacking process.

Outdoor Americas

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 outdoor structures and include restrictions on the construction, repair, operation, upgrading, height, size and location of outdoor 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 Americas 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 Americas 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 Americas 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 Americas 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 Americas 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 Americas generally has been successful in negotiating settlements with municipalities for billboards required to be removed. Restrictive regulations also limit Outdoor Americas' 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 outdoor structures.

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 Americas' 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®, Showtime Anytime®, 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, 2012, the Company employed approximately 20,930 full-time and part-time salaried employees and had approximately 5,000 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 15 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. These documents are also available on the Securities and Exchange Commission's Website at www.sec.gov.

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 structures, 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. Natural and other disasters, acts of terrorism, political uncertainty or hostilities could lead to a reduction in advertising expenditures as a result of disrupted programming and services, 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 structures 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 is not being measured, could have an impact on the Company's program ratings. For example, while C-3, a current television industry ratings system, measures live commercial viewing plus three days of DVR and video-on-demand playback, the growing viewership occurring on subsequent days of DVR and video-on-demand playback is excluded from C-3 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 $15.21 billion as of December 31, 2012, primarily included $11.98 billion for sports programming rights, $2.44 billion relating to television, radio, film production and licensing and $789 million for talent contracts with $6.70 billion of these amounts payable in and after 2018. 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, as well as with other buyers for the acquisition of third-party produced 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; technologies that enable users to fast-forward or skip advertisements, such as DVRs, or increase the sharing of subscription content; systems that allow users to access copyrighted product of the Company over the Internet through antennas and other devices; 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 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 or other devices, 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 and Blu-ray Disc 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 and other devices, 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, evolve 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, which may cause operating results to increase or decrease during a period and create non-comparable results relative to the corresponding period in the prior year. 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 MVPD 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 other content and incurs costs with respect to its content, including for all types of creative talent, including actors, authors, writers and producers, composers and publishers of music, as well as for 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. Such auctions are expected to begin in 2014 followed by repacking, which could adversely impact the Company's broadcast coverage and related revenues. 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 MVPDs or continued distribution on less favorable terms, could also adversely affect the Company's revenues and its 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, CBS Sports Network and Smithsonian Networks are also dependent upon the maintenance of affiliation agreements with MVPDs, 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', CBS Sports Network's and Smithsonian Networks' 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 MVPDs 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, 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. For example, network and information systems-related events, such as computer hackings, viruses, or other destructive or disruptive software, process breakdowns or malicious or other activities, and natural or other disasters 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, security breaches or natural or other disasters 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.

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.

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

The Company's Plans to Convert its Outdoor Americas Business into a Real Estate Investment Trust and Divest its Outdoor Europe Business Are Subject to Approvals and Changes in Legislation, Tax Rules and Market Conditions

In January 2013, the Company announced that it has begun the process of converting its outdoor advertising businesses in North America and South America into a real estate investment trust. In addition, during the fourth quarter of 2012, the Company initiated a plan to divest its outdoor advertising business in Europe, which includes an interest in an outdoor business in Asia. Outdoor Europe has been classified as held-for-sale and its results have been presented as a discontinued operation in the Company's consolidated financial statements for all periods presented. All of these actions are subject to customary approvals and risks, many of which are outside the Company's control, including changes in legislation, tax rules or market conditions, which could adversely impact timing, the ability to consummate or achieve the benefits of the transactions and the ability to divest the Outdoor Europe business on terms that the Company finds acceptable.

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 (including the Company's outdoor advertising business in Europe (which includes an interest in an outdoor business in Asia), which has been classified as held-for-sale and its results have been presented as a discontinued operation in the Company's consolidated financial statements for all periods presented) 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.***

E-books Matters. A number of lawsuits described below have been pending against the following parties relating to the sale of e-books: Apple Inc., Hachette Book Group, Inc., HarperCollins Publishers, LLC, Holtzbrinck Publishers LLC d/b/a Macmillan, Penguin Group (USA) Inc. and the Company's subsidiary, Simon & Schuster, Inc. (collectively, the "Publishing parties").

On April 10, 2012, for purposes of settlement and without any admission of wrongdoing or liability, Simon & Schuster and two of the other Publishing parties entered into a settlement stipulation and proposed final judgment (the "Stipulation") with the United States Department of Justice (the "DOJ") in connection with the DOJ's investigations of agency distribution of e-books. In furtherance of this settlement, on April 11, 2012, the DOJ filed an antitrust action in the United States District Court for the Southern District of New York against the Publishing parties and concurrently filed the Stipulation with the court. On September 7, 2012, the Stipulation was approved by the court and final judgment was entered. The Stipulation does not involve any monetary payments by Simon & Schuster, but will require the adoption of certain business practices for a 24 month period and certain compliance practices for a five year period.

On June 11, 2012, for purposes of settlement and without any admission of wrongdoing or liability, Simon & Schuster entered into a proposed settlement agreement to resolve the antitrust action filed by a number of states and the Commonwealth of Puerto Rico against several of the Publishing parties in the United States District Court for the Western District of Texas, which was transferred to the United States District Court for the Southern District of New York ("States") on April 30, 2012. The proposed settlement provides that, certain Publishing parties, including Simon & Schuster, will pay agreed upon amounts for consumer restitution, among other things, and also requires the adoption of certain business and compliance practices, which are substantially similar to those described in the Stipulation with the DOJ. On September 14, 2012, the court granted preliminary approval of the proposed settlement, which all states (except Minnesota), the District of Columbia and the United States territories joined. On October 15, 2012, Simon & Schuster paid the agreed upon amounts into an escrow account pending final court approval. On February 8, 2013, the court approved the proposed settlement following a final

settlement approval hearing that day. The Company believes that this settlement with the States and the Stipulation with the DOJ will not have a material adverse effect on its results of operations, financial position or cash flows.

On December 9, 2011, the United States Judicial Panel on Multidistrict Litigation (the "MDL") issued an order consolidating in the United States District Court for the Southern District of New York various purported class action suits that private litigants had filed in federal courts in California and New York. On January 20, 2012, the plaintiffs filed a consolidated amended class action complaint with the court against the Publishing parties. These private litigant plaintiffs, who are e-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 e-books pursuant to agency distribution arrangements between each of the publishers and e-book retailers. The consolidated amended class action complaint generally seeks multiple forms of damages for the purchase of e-books and injunctive and other relief. On March 2, 2012, the Publishing parties filed a motion to dismiss this action. On May 15, 2012, the court denied the motion to dismiss. The Company believes that the States' settlement will likely resolve the class claims of those private litigant plaintiffs in the MDL litigation who reside in the areas covered by the States' settlement and who do not opt out of such settlement.

Commencing on February 24, 2012, similar antitrust suits have been filed under Canadian law against the Publishing parties by private litigants in Canada, purportedly as class actions. Simon & Schuster intends to vigorously defend itself in the MDL and Canadian matters.

In addition, the European Commission (the "EC") and Canadian Competition Bureau are conducting separate competition investigations of agency distribution arrangements of e-books in this industry and Simon & Schuster is cooperating with these investigations. On September 19, 2012, the EC began accepting public comment on the terms of a proposed settlement. On December 12, 2012, following the close of that comment period, the EC accepted the proposed settlement. The settlement between the EC and certain Publishing parties, including Simon & Schuster, requires the adoption of certain business and compliance practices similar to those described in the Stipulation with the DOJ.

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, 2012, the Company had pending approximately 45,900 asbestos claims, as compared with approximately 50,090 as of December 31, 2011 and 52,220 as of December 31, 2010. During 2012, the Company received approximately 4,350 new claims and closed or moved to an inactive docket approximately 8,540 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 2012 and 2011 for settlement and defense of asbestos claims after insurance recoveries

and net of tax benefits were approximately $21 million and $33 million, respectively. The Company's costs for settlement and defense of asbestos claims may vary year to year and 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 the past five to ten years and has remained flat 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 14, 2013.

Name	Age	Title
Sumner M. Redstone	89	Executive Chairman of the Board of Directors and Founder
Leslie Moonves	63	President and Chief Executive Officer and Director
Anthony G. Ambrosio	52	Executive Vice President, Human Resources and Administration
Louis J. Briskman	64	Executive Vice President and General Counsel
Martin D. Franks	62	Executive Vice President, Planning, Policy and Government Affairs
Joseph R. Ianniello	45	Executive Vice President and Chief Financial Officer
Richard M. Jones	47	Senior Vice President and General Tax Counsel
Lawrence Liding	44	Senior Vice President, Controller and Chief Accounting Officer
Gil Schwartz	61	Executive Vice President and Chief Communications Officer
Angeline C. Straka	67	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, Boston University School of Law and Brandeis University. Mr. Redstone graduated from Harvard University in 1944 and received a LL.B. from Harvard University School of Law in 1947. Upon graduation, Mr. Redstone served as Law Secretary with the United States Court of Appeals and then as a Special Assistant to the United States Attorney General. Mr. Redstone served in the Military Intelligence Division during World War II. While a student at Harvard, he was selected to join a special intelligence group whose mission was to break Japan's high-level military and diplomatic codes. Mr. Redstone received, among other honors, two commendations from the Military Intelligence Division in recognition of his service, contribution and devotion to duty. He is also a recipient of the Army Commendation Award. Mr. Redstone also serves as Executive Chairman of the Board of Directors 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 comprised the Company on 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.

Part II

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
2012				
1st quarter	$ 34.26	$ 27.82	$ 33.94	$ 27.18
2nd quarter	$ 35.56	$ 30.49	$ 35.00	$ 29.81
3rd quarter	$ 38.46	$ 30.55	$ 38.32	$ 29.85
4th quarter	$ 38.02	$ 32.39	$ 38.10	$ 31.84
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

On January 29, 2013, the Company announced a quarterly cash dividend of $.12 per share on its Class A and Class B Common Stock, payable on April 1, 2013. The Company declared a quarterly cash dividend on its Class A and Class B Common Stock during each of the four quarters of 2012 and 2011, resulting in total annual dividends of $287 million for 2012 and $237 million for 2011. During 2012, the Company increased its quarterly cash dividend from $.10 per share to $.12 per share, beginning with the dividend declared 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. The Company subsequently announced that its Board of Directors approved increases to this share repurchase program of $1.5 billion on November 3, 2011 and $1.7 billion on July 26, 2012. Below is a summary of CBS Corp.'s purchases of its Class B Common Stock during the three months ended December 31, 2012 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, 2012 October 31, 2012	2.6	$ 34.19	2.6	$ 2,721
November 1, 2012 November 30, 2012	2.4	$ 34.50	2.4	$ 2,637
December 1, 2012 December 31, 2012	3.5	$ 36.71	3.5	$ 2,511
Total	8.5	$ 35.30	8.5	$ 2,511

As of February 12, 2013, there were approximately 1,815 record holders of CBS Corp. Class A Common Stock and approximately 26,845 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 2013 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, 2007 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, 2012.

Total Cumulative Stockholder Return
For Five-Year Period Ending December 31, 2012

December 31,	2007	2008	2009	2010	2011	2012
CBS Corp. Class A Common Stock	$ 100	$ 33	$ 59	$ 81	$ 119	$ 165
CBS Corp. Class B Common Stock	$ 100	$ 33	$ 58	$ 79	$ 114	$ 162
S&P 500	$ 100	$ 63	$ 80	$ 92	$ 94	$ 109
Peer Group [(a)]	$ 100	$ 57	$ 81	$ 91	$ 98	$ 135

(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, [a]				
	2012	2011	2010	2009 [b]	2008 [b]
Revenues	$ 14,089	$ 13,637	$ 13,466	$ 12,405	$ 13,112
Operating income (loss)	$ 2,983	$ 2,619	$ 1,929	$ 1,156	$ (11,613)
Net earnings (loss) from continuing operations	$ 1,634	$ 1,391	$ 822	$ 343	$ (11,179)
Net loss from discontinued operations, net of tax	$ (60)	$ (86)	$ (98)	$ (116)	$ (494)
Net earnings (loss)	$ 1,574	$ 1,305	$ 724	$ 227	$ (11,673)
Basic net earnings (loss) per common share:					
Net earnings (loss) from continuing operations	$ 2.55	$ 2.09	$ 1.21	$ .51	$ (16.69)
Net loss from discontinued operations	$ (.09)	$ (.13)	$ (.14)	$ (.17)	$ (.74)
Net earnings (loss)	$ 2.45	$ 1.97	$ 1.07	$ .34	$ (17.43)
Diluted net earnings (loss) per common share:					
Net earnings (loss) from continuing operations	$ 2.48	$ 2.04	$ 1.18	$ .50	$ (16.69)
Net loss from discontinued operations	$ (.09)	$ (.13)	$ (.14)	$ (.17)	$ (.74)
Net earnings (loss)	$ 2.39	$ 1.92	$ 1.04	$ .33	$ (17.43)
Dividends per common share	$ ..44	$ ..35	$ ..20	$ ..20	$ 1.06
At Year End:					
Total assets:					
Continuing operations	$ 25,988	$ 25,695	$ 25,614	$ 26,350	$ 26,415
Discontinued operations	478	525	550	618	672
Total assets	$ 26,466	$ 26,220	$ 26,164	$ 26,968	$ 27,087
Total debt:					
Continuing operations	$ 5,922	$ 5,982	$ 6,000	$ 6,997	$ 6,996
Discontinued operations	13	21	21	21	34
Total debt	$ 5,935	$ 6,003	$ 6,021	$ 7,018	$ 7,030
Total Stockholders' Equity	$ 10,213	$ 9,908	$ 9,821	$ 9,019	$ 8,597

(a) During 2012, CBS Corporation (the "Company" or "CBS Corp.") initiated a plan to divest its outdoor advertising business in Europe, which includes an interest in an outdoor business in Asia ("Outdoor Europe"). Outdoor Europe has been classified as held-for-sale and its results have been presented as a discontinued operation in the Company's consolidated financial statements for all periods presented.

(b) In 2009, the Company recorded noncash 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 noncash impairment charges of $14.18 billion ($12.73 billion, net of tax), or $19.00 per diluted share, including $551 million reflected in net loss from discontinued operations, principally to reduce the carrying value of goodwill and intangible assets.

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

The Company operates businesses which span the media and entertainment industries, including the CBS Television Network, cable program services, television content production and distribution, motion pictures, publishing, radio stations, television stations, interactive businesses, and outdoor advertising. The Company's principal strategy is to create and acquire content that is widely accepted by audiences and generate both advertising and non-advertising revenues from the distribution of this content on multiple media platforms and to various geographic locations. The Company also continues to pursue opportunities to grow its revenue streams, including licensing its content for exhibition on digital and other platforms; expanding the distribution of its content internationally; securing compensation from multichannel video programming distributors ("MVPDs") and television stations affiliated with the CBS Television Network; and increasingly monetizing content viewership and ratings as industry measurements evolve to reflect changing viewership habits. The Company's continued ability to capitalize on these and other emerging opportunities will provide it with incremental advertising and non-advertising revenues and serves to de-risk and diversify the Company's business model.

For 2012, the Company's diluted earnings per share ("EPS") from continuing operations of $2.48 increased $.44, or 22%, from $2.04 for 2011. This growth was primarily driven by 3% higher revenues, increased profitability of television licensing revenues and lower weighted average shares outstanding resulting from the Company's share repurchases. The revenue growth reflects increases across all major revenue streams, including higher revenues from licensing the Company's programming for digital streaming and domestic and international syndication, higher cable network affiliate fees and retransmission revenues from MVPDs, and higher political advertising sales. Total advertising revenues for 2012, which represented 60% of the Company's total revenues, grew 1% reflecting a steady advertising marketplace. For 2012, operating income of $2.98 billion increased 14% from $2.62 billion for 2011 with an increase in the Company's operating income margin of two percentage points to 21%.

The Company expects to benefit from continued growth in revenues received from MVPDs and television stations affiliated with the CBS Television Network, as well as incremental television license fees driven by first-cycle domestic syndication availabilities of television series in 2013 (see page I-3 for more information about television syndication cycles). Advertising revenues in 2013 will benefit from the Super Bowl broadcast on the CBS Television Network. However, the Company's overall financial performance will be impacted by many factors, including, the health of the economy and audience acceptance of the Company's programming.

The Company generated $1.82 billion of operating cash flow in 2012 which was primarily used to return $1.41 billion to shareholders through repurchases of the Company's stock and payment of dividends, and to invest approximately $400 million back into the business through capital expenditures and acquisitions.

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

Free cash flow for 2012 of $1.57 billion, decreased 1% from $1.59 billion for 2011, principally reflecting higher income tax payments and increased investment in television content. Included in free cash flow for 2012 were contributions to the Company's qualified pension plans of $200 million and payments of approximately $60 million associated with the early extinguishment of debt, primarily for make-whole premiums. Free cash flow for 2011 included contributions to the Company's qualified pension plans of $410 million. Free cash flow is a non-GAAP financial measure. See "Reconciliation of Non-GAAP Financial Information" on pages II-12 and II-13 for a reconciliation of net cash flow provided by (used for) operating activities, the most directly comparable financial measure in accordance with accounting principles generally accepted in the United States of America ("GAAP"), to free cash flow.

As part of the Company's strategic initiatives for its outdoor advertising business, the Company has begun the process of converting its outdoor business in the Americas into a real estate investment trust ("REIT"). In addition, during the fourth quarter of 2012 the Company initiated a plan to divest its outdoor advertising business in Europe, which includes an interest in an outdoor business in Asia ("Outdoor Europe"). Outdoor Europe has been classified as held-for-sale and its results have been presented as a discontinued operation in the Company's consolidated financial statements for all periods presented. All of these actions are subject to customary approvals.

CBS Corp. operates in the following five segments:

ENTERTAINMENT: The Entertainment segment consists of the *CBS Television Network, CBS Television Studios, CBS Global Distribution Group, 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 55% to consolidated revenues in 2012, 2011 and 2010 and 46%, 47% and 37% to consolidated operating income in 2012, 2011 and 2010, 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 13%, 12% and 11% to consolidated revenues in 2012, 2011 and 2010, respectively, and 26% to consolidated operating income in 2012 and 2011, and 28% to consolidated operating income in 2010.

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. The Publishing segment contributed 6% to consolidated revenues and 3% to consolidated operating income in 2012, 2011 and 2010.

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 20% to consolidated revenues in 2012 and 2011, and 21% to consolidated revenues in 2010 and 28%, 29% and 38% to consolidated operating income in 2012, 2011 and 2010, respectively.

OUTDOOR AMERICAS: The Outdoor Americas segment, principally through *CBS Outdoor*, provides space for advertisers on various structures in North America and South America, including billboards, transit shelters and benches, buses, rail systems (both in-car and structures on station platforms and terminals), mall kiosks, stadium signage, and in retail stores. Outdoor Americas revenues are generated primarily from advertising displayed on such structures. The Outdoor Americas segment contributed 9% to consolidated revenues in 2012, 2011 and 2010, and 7%, 8% and 7% to consolidated operating income in 2012, 2011 and 2010, respectively.

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

Consolidated Results of Operations 2012 vs. 2011 and 2011 vs. 2010

Revenues

The following tables present the Company's consolidated revenues by type for each of the years ended December 31, 2012, 2011 and 2010.

Revenues by Type Year Ended December 31,	2012	2011	Increase/(Decrease) 2012 vs. 2011		2010	Increase/(Decrease) 2011 vs. 2010	
Advertising	$ 8,459	$ 8,399	$ 60	1%	$ 8,559	$ (160)	(2)%
Content licensing and distribution	3,468	3,236	232	7	3,049	187	6
Affiliate and subscription fees	1,921	1,762	159	9	1,620	142	9
Other	241	240	1		238	2	1
Total Revenues	$ 14,089	$ 13,637	$ 452	3%	$ 13,466	$ 171	1%

Percentage of Revenues by Type	Year Ended December 31, 2012	2011	2010
Advertising	60%	61%	63%
Content licensing and distribution	24	24	23
Affiliate and subscription fees	14	13	12
Other	2	2	2
Total	100%	100%	100%

Advertising sales increased 1% to $8.46 billion in 2012 from $8.40 billion in 2011 reflecting increased political advertising spending associated with the U.S. presidential election, as well as a steady advertising marketplace. Network advertising revenues increased slightly reflecting higher pricing, partially offset by lower ratings during the second half of 2012. Advertising revenues in 2013 will benefit from the CBS Television Network's broadcast of the Super Bowl, which airs on the CBS Television Network once every three years, as well as upfront pricing increases for the remainder of the 2012/2013 television broadcast season. However, overall advertising revenues for the CBS Television Network will also be impacted by ratings for its programming and demand in the scatter advertising market (see page I-2 for a description of advertising sales in the upfront and scatter markets). Also in 2013, advertising revenue comparisons for Local Broadcasting will be negatively impacted by lower political advertising spending.

In 2011, advertising sales decreased 2% to $8.40 billion from $8.56 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 programming agreement between the Company and Turner Broadcasting System, Inc. for the telecast of the *NCAA Division I Men's Basketball Championship* ("NCAA Tournament"), which began in 2011. In aggregate, these two non-comparable items negatively impacted the advertising revenue comparison for 2011 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, partially offset by significantly lower political spending as 2010 benefited from midterm elections.

Content licensing and distribution revenues are principally comprised of fees from the licensing of internally produced programming to multiple media platforms and in various geographic locations; fees from the distribution of third party programming; and revenues from the publishing and distribution of consumer books. Content licensing and distribution revenues increased 7% to $3.47 billion in 2012 from $3.24 billion in 2011 reflecting higher revenues from the licensing of programming for digital streaming

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and increased domestic and international syndication sales. In 2011, content licensing and distribution revenues increased 6% to $3.24 billion from $3.05 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.

Content licensing and distribution revenues are expected to grow in 2013, reflecting the benefit from first-cycle domestic syndication availabilities (see page I-3 for more information about television syndication cycles). Television license fee revenues are recognized at the beginning of the license period in which programs are made available for exhibition, and accordingly, substantial fluctuations in operating results may result from the timing of the availability of a television series for a multiple year licensing arrangement.

Affiliate and subscription fees are principally comprised of revenues received from MVPDs for carriage of the Company's cable networks, as well as for authorizing the MVPDs carriage of the Company's owned television stations ("retransmission fees"); fees received from television stations affiliated with the CBS Television Network (known as "network affiliation fees" or "reverse compensation"); and subscriber fees for online content. Growth in each of these components resulted in increases in affiliate and subscription fees of 9% in both 2012 and 2011 to $1.92 billion and $1.76 billion, respectively. The Company expects continued growth in affiliate and subscription fee revenues in 2013, reflecting the benefit of current agreements, as well as the renewal of certain other agreements with MVPDs and television stations affiliated with the CBS Television Network.

Other revenues, which include ancillary fees for Entertainment, Cable Networks, Local Broadcasting and Outdoor Americas operations, remained relatively flat for all periods presented.

International Revenues

International revenues primarily consist of television licensing revenues, as well as outdoor advertising revenues generated in Canada, Mexico and South America. The Company generated approximately 12% of its total revenues from international regions in both 2012 and 2011, and 11% in 2010.

Year Ended December 31,	**2012**	**% of International**	**2011**	**% of International**	**2010**	**% of International**
United Kingdom	$ 245	14%	$ 202	13%	$ 188	13%
Other Europe	498	29	480	30	436	29
Canada	359	21	371	24	383	26
Asia	173	10	129	8	108	7
Other	456	26	400	25	367	25
Total International Revenues	$ 1,731	100%	$ 1,582	100%	$ 1,482	100%

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

Operating Expenses

The table below presents the Company's consolidated operating expenses by type for each of the years ended December 31, 2012, 2011 and 2010.

Operating Expenses by Type			**Increase/(Decrease)**			**Increase/(Decrease)**	
Year Ended December 31,	**2012**	**2011**	**2012 vs. 2011**		**2010**	**2011 vs. 2010**	
Programming	$ 2,621	$ 2,563	$ 58	2%	$ 3,094	$ (531)	(17)%
Production	2,149	2,096	53	3	2,104	(8)	
Billboard, transit and other occupancy	645	637	8	1	640	(3)	
Participation, distribution and royalty	1,004	1,065	(61)	(6)	1,066	(1)	
Other	1,548	1,521	27	2	1,608	(87)	(5)
Total Operating Expenses	$ 7,967	$ 7,882	$ 85	1%	$ 8,512	$ (630)	(7)%

Programming expenses represented 33% of total operating expenses for each of the years 2012 and 2011, and 36% in 2010, and reflect the amortization of acquired rights of programs exhibited on the broadcast and cable networks, and television and radio stations. Programming expenses increased 2% to $2.62 billion in 2012 from $2.56 billion in 2011 primarily driven by higher television programming costs, principally for network primetime programming. The Company expects programming expenses to be higher in 2013, principally driven by the amortization of sports programming costs relating to the CBS Television Network's broadcast of the Super Bowl, which airs on the CBS Television Network once every three years. For 2011, programming expenses decreased 17% to $2.56 billion from $3.09 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.

Production expenses represented 27% of total operating expenses for each of the years 2012 and 2011, and 25% in 2010, and reflect the amortization of 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 increased 3% to $2.15 billion in 2012 from $2.10 billion in 2011 primarily driven by higher amortization associated with increased revenues from television licensing arrangements. For 2011, production expenses remained relatively flat at $2.10 billion due to the title mix from licensing arrangements for television programming. The Company expects its production costs to increase in 2013 mainly reflecting cost amortization associated with revenues from first-cycle domestic syndication availabilities.

Billboard, transit and other occupancy expenses represented 8% of total operating expenses for each of the years 2012, 2011 and 2010, 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 $645 million in 2012 from $637 million in 2011, principally due to the negative outcome of a dispute over a billboard tax that has been imposed on the outdoor advertising industry in Toronto, partially offset by lower occupancy expenses from the impact of cost-savings initiatives. For 2011, billboard, transit and other occupancy expenses decreased slightly to $637 million from $640 million in 2010.

Participation, distribution and royalty costs, which represented 13% of total operating expenses in 2012, 14% in 2011 and 13% in 2010, 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, such as print and advertising. Participation, distribution and royalty

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costs decreased 6% to $1.00 billion in 2012 from $1.07 billion in 2011, principally due to lower participations associated with the mix of titles licensed for syndication. For 2011, participation, distribution and royalty costs remained relatively flat at $1.07 billion reflecting lower advertising and other distribution costs from the timing of theatrical film releases offset by higher participations from the licensing of titles for digital streaming and the mix of domestic syndication sales.

Other operating expenses, which represented 19% of total operating expenses for each of the years 2012, 2011 and 2010, primarily include compensation, costs associated with book sales, including printing and warehousing, and costs associated with the production and hosting of websites. For 2012, other operating expenses increased 2% to $1.55 billion from $1.52 billion in 2011 reflecting higher employee-related costs mainly to support growth in digital businesses. For 2011, other operating expenses decreased 5% to $1.52 billion from $1.61 billion in 2010 primarily reflecting lower costs associated with the absence of sponsorship revenues resulting from the new programming agreement for the NCAA Tournament.

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 2012 and 2011, and 18% for 2010. For 2012, SG&A expenses increased $36 million, or 1%, to $2.63 billion from $2.60 billion in 2011 principally due to a charge related to a Publishing legal settlement, and higher advertising and promotion expenses.

For 2011, SG&A expenses increased $132 million, or 5%, to $2.60 billion from $2.47 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 $37 million lower pension and postretirement benefit costs primarily due to the favorable performance of pension plan assets in 2010.

Restructuring Charges

During the year ended December 31, 2012, in a continued effort to reduce its cost structure, the Company initiated restructuring plans across several of its businesses, primarily for the reorganization of certain business operations. As a result, the Company recorded restructuring charges of $19 million, reflecting $13 million of severance costs and $6 million of costs associated with exiting contractual obligations. During the years ended December 31, 2011 and 2010, the Company recorded restructuring charges of $43 million and $59 million, respectively. The charges reflected $53 million of severance costs and $49 million of costs associated with exiting contractual obligations. As of December 31, 2012, the cumulative amount paid for the 2012, 2011 and 2010 restructuring charges was $83 million, of which

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$55 million was for the severance costs and $28 million was related to costs associated with contractual obligations. The Company expects to substantially utilize the remaining reserves by the end of 2013.

	Balance at December 31, 2011	2012 Charges	2012 Payments	Balance at December 31, 2012
Entertainment	$ 42	$ 7	$ (24)	$ 25
Cable Networks	1			1
Publishing	2	3	(3)	2
Local Broadcasting	2	8	(1)	9
Outdoor Americas	1		(1)	
Corporate		1		1
Total	$ 48	$ 19	$ (29)	$ 38

	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	9		(7)	2
Outdoor Americas	1	1	(1)	1
Total	$ 25	$ 43	$ (20)	$ 48

Impairment Charges

In 2012, in connection with the sale of its five owned radio stations in West Palm Beach, the Company recorded a pre-tax noncash impairment charge of $11 million to reduce the carrying value of the allocated goodwill.

Depreciation and Amortization

Depreciation and amortization decreased $20 million, or 4%, to $475 million for 2012 from $495 million for 2011 and decreased $5 million, or 1%, to $495 million for 2011 from $500 million for 2010, in both cases reflecting lower amortization for leasehold agreements.

Interest Expense

Interest expense decreased $33 million, or 8%, to $402 million for 2012 from $435 million for 2011, primarily driven by the Company's debt refinancing during 2012. For 2011, interest expense decreased $92 million, or 17%, to $435 million from $527 million for 2010, primarily resulting from the refinancing and reduction of debt during 2010. The Company had $5.92 billion of debt outstanding at December 31, 2012 and $5.98 billion at December 31, 2011, at weighted average interest rates of 6.0% and 6.9%, respectively.

Interest Income

Interest income of $6 million for 2012 remained flat compared to 2011 and for 2011, interest income increased from $5 million in 2010.

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Net Loss on Early Extinguishment of Debt

For 2012, the net loss on early extinguishment of debt of $32 million reflected a pre-tax loss associated with the redemption of the Company's $338 million of 5.625% senior notes due 2012 and $400 million of 8.20% senior notes due 2014, partially offset by the pre-tax gain recognized upon the redemption of the Company's $700 million of 6.75% senior notes due 2056. (See Note 8 to the consolidated financial statements).

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 tender offers.

Other Items, Net

For all periods presented, "Other items, net" primarily consisted of foreign exchange gains and losses. For 2010, "Other items, net" also included gains of $21 million associated with dispositions.

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 2012, the provision for income taxes increased to $892 million from $751 million in 2011 and for 2011, the provision for income taxes increased from $478 million in 2010. These increases were primarily driven by the increase in earnings from continuing operations before income taxes. The Company's effective income tax rate was 35% in 2012, 34% in 2011 and 36% in 2010. For 2013, the Company's annual effective tax rate is expected to be comparable to the prior three years.

Equity in Loss of Investee Companies, Net of Tax

Equity in loss of investee companies, net of tax, was $35 million for 2012, $37 million for 2011 and $35 million for 2010 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 $1.63 billion for 2012, $1.39 billion for 2011 and $822 million for 2010.

Net Loss from Discontinued Operations

As part of the Company's strategic initiatives for its outdoor advertising business, during the fourth quarter of 2012 the Company initiated a plan to divest Outdoor Europe. Outdoor Europe is expected to be sold within one year. As a result, Outdoor Europe has been classified as held-for-sale and its results have been presented as a discontinued operation in the Company's consolidated financial statements for all periods presented.

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The following table sets forth details of the net loss from discontinued operations for the years ended December 31, 2012, 2011 and 2010.

Year Ended December 31,	2012	2011	2010
Revenues from discontinued operations	$ 588	$ 608	$ 594
Loss from discontinued operations before income taxes	$ (78)	$ (73)	$ (113)
Income tax benefit (provision)	18	(13)	15
Net loss from discontinued operations, net of tax	$ (60)	$ (86)	$ (98)

In constant dollars, revenues from discontinued operations for 2012 increased 1% compared to 2011 and for 2011 revenues in constant dollars decreased 2% compared to 2010.

Net Earnings and Diluted EPS

For 2012, net earnings were $1.57 billion, or $2.39 per diluted share, up from $1.31 billion, or $1.92 per diluted share in 2011 and for 2011, net earnings increased from $724 million, or $1.04 per diluted share in 2010. These increases were principally driven by growth in operating income and a decline in interest expense. The increase in diluted EPS also reflected lower weighted average shares outstanding as a result of the Company's share repurchase program.

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 operating cash flow from discontinued operations and less capital expenditures. The Company's calculation of free cash flow includes capital expenditures because investment in capital expenditures is a use of cash that is directly related to the Company's operations. The Company's net cash flow provided by (used for) operating activities is the most directly comparable GAAP financial measure.

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 a primary measure used externally by the Company's investors, analysts and industry peers for purposes of valuation and comparison of the Company's operating performance to other companies in its industry.

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As free cash flow is not a measure calculated in accordance with GAAP, free cash flow should not be considered in isolation of, or as a substitute for, either net cash flow provided by (used for) operating activities as a measure of liquidity or net earnings (loss) as a measure of operating performance. Free cash flow, as the Company calculates it, may not be comparable to similarly titled measures employed by other companies. In addition, free cash flow as a measure of liquidity has certain limitations, 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 that are not reflected in free cash flow.

The following table presents a reconciliation of the Company's net cash flow provided by operating activities to free cash flow.

Year Ended December 31,	**2012**	**2011**	**2010**
Net cash flow provided by operating activities	$ 1,815	$ 1,749	$ 1,735
Capital expenditures	(254)	(245)	(254)
Exclude net cash flow used for operating activities from discontinued operations	(4)	(83)	(34)
Free cash flow	$ 1,565	$ 1,587	$ 1,515

Segment Results of Operations For the Years Ended December 31, 2012, 2011 and 2010

The following tables present the Company's revenues, segment operating income (loss) before depreciation and amortization, restructuring charges and impairment charges ("Segment OIBDA"), operating income (loss) and depreciation and amortization by segment, for each of the years ended December 31, 2012, 2011 and 2010. The Company presents Segment OIBDA as the primary measure of profit and loss for its operating segments in accordance with Financial Accounting Standards Board ("FASB") guidance for segment reporting. The Company believes the presentation of Segment OIBDA is relevant and useful for investors because it allows investors to view segment performance in a manner similar to the primary method used by the Company's management and enhances their ability to understand the Company's operating performance. The reconciliation of Segment OIBDA to the Company's consolidated Net earnings (loss) is presented in Note 15 (Reportable Segments) to the consolidated financial statements.

Outdoor Europe, previously included in the Outdoor segment, has been presented as a discontinued operation. As a result, the Outdoor segment has been renamed Outdoor Americas. In addition, Residual

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Costs, which was previously presented as a separate line item in the Company's segment presentation, is now included within Corporate. Prior periods have been reclassified to conform to this presentation.

Year Ended December 31,	2012	2011	2010
Revenues:			
Entertainment	$ 7,694	$ 7,457	$ 7,391
Cable Networks	1,772	1,621	1,475
Publishing	790	787	791
Local Broadcasting	2,774	2,689	2,782
Outdoor Americas	1,296	1,286	1,225
Eliminations	(237)	(203)	(198)
Total Revenues	$ 14,089	$ 13,637	$ 13,466

Year Ended December 31,	2012	2011	2010
Segment OIBDA:			
Entertainment	$ 1,549	$ 1,431	$ 894
Cable Networks	811	707	569
Publishing	89	92	72
Local Broadcasting	957	849	865
Outdoor Americas	378	380	317
Corporate	(296)	(302)	(229)
Total Segment OIBDA	3,488	3,157	2,488
Restructuring charges	(19)	(43)	(59)
Impairment charges	(11)		
Depreciation and amortization	(475)	(495)	(500)
Total Operating Income	$ 2,983	$ 2,619	$ 1,929
Operating Income (Loss):			
Entertainment	$ 1,381	$ 1,231	$ 708
Cable Networks	785	684	543
Publishing	80	83	61
Local Broadcasting	848	750	740
Outdoor Americas	209	197	127
Corporate	(320)	(326)	(250)
Total Operating Income	$ 2,983	$ 2,619	$ 1,929
Depreciation and Amortization:			
Entertainment	$ 161	$ 160	$ 163
Cable Networks	26	23	23
Publishing	6	7	7
Local Broadcasting	90	99	100
Outdoor Americas	169	182	186
Corporate	23	24	21

Total Depreciation and Amortization	$ 475	$ 495	$ 500

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

(Contributed 55% to consolidated revenues in 2012, 2011 and 2010, and 46%, 47% and 37% to consolidated operating income in 2012, 2011 and 2010, respectively.)

Year Ended December 31,	2012	2011	2010
Revenues	$ 7,694	$ 7,457	$ 7,391
Segment OIBDA	$ 1,549	$ 1,431	$ 894
Restructuring charges	(7)	(40)	(23)
Depreciation and amortization	(161)	(160)	(163)
Operating income	$ 1,381	$ 1,231	$ 708
Segment OIBDA as a % of revenues	20%	19%	12%
Operating income as a % of revenues	18%	17%	10%
Capital expenditures	$ 92	$ 94	$ 90

2012 vs. 2011

For 2012, Entertainment revenues increased 3% to $7.69 billion from $7.46 billion in 2011. This growth was led by a 13% increase in revenues from the licensing of television programming, driven by higher licensing revenues from digital streaming as well as domestic and international syndication. Revenue growth also reflects higher network affiliation fees. Advertising revenues increased slightly, reflecting higher pricing partially offset by lower primetime ratings during the second half of 2012. Revenue comparisons in 2013 will benefit from the broadcast of *Super Bowl XLVII* on the CBS Television Network, first-cycle domestic syndication availabilities, and incremental network affiliation fees associated with current agreements and expected renewals in 2013.

For 2012, Entertainment OIBDA increased $118 million, or 8%, to $1.55 billion from $1.43 billion for 2011, principally driven by the aforementioned revenue growth and higher profit margins on television licensing revenues. Restructuring charges of $7 million in 2012 principally reflect severance costs. For 2011, restructuring charges of $40 million principally reflect costs associated with exiting operating facilities and severance costs.

Fees for television programming licensed for syndication and digital streaming are recorded as revenues at the beginning of the license period in which the programs are made available for exhibition, which, among other reasons, may cause substantial fluctuations in operating results. Unrecognized revenues attributable to such license agreements were $1.31 billion and $1.25 billion at December 31, 2012 and 2011, respectively.

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. Revenue growth also reflected higher network affiliation fees 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

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the new programming agreement for the NCAA Tournament, which resulted in lower revenues, but higher profits for 2011 compared to 2010.

For 2011, Entertainment OIBDA increased $537 million, or 60%, to $1.43 billion from $894 million for 2010 with an improved OIBDA margin of seven percentage points to 19%. The OIBDA increase 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 $23 million for 2010 principally reflected severance costs.

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

(Contributed 13%, 12% and 11% to consolidated revenues in 2012, 2011 and 2010, respectively, and 26% to consolidated operating income in 2012 and 2011, and 28% to consolidated operating income in 2010.)

Year Ended December 31,	**2012**	**2011**	**2010**
Revenues	$ 1,772	$ 1,621	$ 1,475
Segment OIBDA	$ 811	$ 707	$ 569
Restructuring charges			(3)
Depreciation and amortization	(26)	(23)	(23)
Operating income	$ 785	$ 684	$ 543
Segment OIBDA as a % of revenues	46%	44%	39%
Operating income as a % of revenues	44%	42%	37%
Capital expenditures	$ 18	$ 15	$ 19

2012 vs. 2011

For 2012, Cable Networks revenues increased 9% to $1.77 billion from $1.62 billion in 2011 primarily driven by higher affiliate fees, which reflect increases in rates and growth in subscriptions at Showtime Networks, CBS Sports Network and Smithsonian Networks, as well as higher licensing revenues from the digital streaming and international syndication of *Showtime* original series. As of December 31, 2012 subscriptions totaled 76 million for Showtime Networks (including *Showtime*, *The Movie Channel* and *Flix*), 46 million for CBS Sports Network and 17 million for Smithsonian Networks.

For 2012, Cable Networks OIBDA increased $104 million, or 15%, to $811 million from $707 million for 2011, primarily due to the aforementioned revenue growth and 12% lower costs for theatrical programming, partially offset by 14% higher programming and production costs associated with *Showtime* original series and sports programming.

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 fees 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

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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 OIBDA increased $138 million, or 24%, to $707 million from $569 million for 2010, primarily due to the aforementioned revenue growth and lower costs for theatrical programming, partially offset by higher programming and advertising costs for *Showtime* original series. Restructuring charges of $3 million for 2010 principally reflect costs associated with exiting an operating facility.

Publishing (*Simon & Schuster*)

(Contributed 6% to consolidated revenues and 3% to consolidated operating income in 2012, 2011 and 2010.)

Year Ended December 31,	**2012**	**2011**	**2010**
Revenues	$ 790	$ 787	$ 791
Segment OIBDA	$ 89	$ 92	$ 72
Restructuring charges	(3)	(2)	(4)
Depreciation and amortization	(6)	(7)	(7)
Operating income	$ 80	$ 83	$ 61
Segment OIBDA as a % of revenues	11%	12%	9%
Operating income as a % of revenues	10%	11%	8%
Capital expenditures	$ 5	$ 7	$ 6

2012 vs. 2011

For 2012, Publishing revenues of $790 million remained relatively flat compared to $787 million in 2011, reflecting growth in digital book sales and lower print book sales. Revenues from digital sales increased 35% from the same prior-year period and represented 23% of total Publishing revenues in 2012 compared to 17% in 2011. Best-selling titles in 2012 included *Kill Shot* by Vince Flynn and *The Wind Through the Keyhole* by Stephen King.

For 2012, Publishing OIBDA decreased $3 million, or 3%, to $89 million from $92 million for 2011. The decrease was driven by a charge related to a settlement agreement to resolve the e-books antitrust action covering a number of states, the District of Columbia and United States territories. Underlying Publishing results reflect margin growth associated with an increase in the mix of revenues from digital book sales, which have lower production and distribution costs than print books. As the Publishing business continues to transition to an increasing mix of digital book sales compared to print book sales, profit margins are expected to continue to grow. Restructuring charges of $3 million in 2012 primarily reflected costs associated with combining several of Publishing's imprints. Restructuring charges of $2 million in 2011 reflected severance costs.

2011 vs. 2010

For 2011, Publishing revenues decreased 1% to $787 million from $791 million in 2010 as strong growth in digital book sales was offset by lower print book sales. Revenues from digital book sales of $133 million for 2011 more than doubled 2010 digital book 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.

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For 2011, Publishing OIBDA increased $20 million, or 28%, to $92 million from $72 million for 2010 driven by lower direct operating costs, including expense decreases resulting from the significant increase in more profitable digital book sales as a percentage of total revenues, lower bad debt expenses and the impact of cost-containment measures. Restructuring charges of $4 million in 2010 reflected severance costs.

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

(Contributed 20% to consolidated revenues in 2012 and 2011, and 21% to consolidated revenues in 2010 and 28%, 29% and 38% to consolidated operating income in 2012, 2011 and 2010, respectively.)

Year Ended December 31,	**2012**	**2011**	**2010**
Revenues	$ 2,774	$ 2,689	$ 2,782
Segment OIBDA	$ 957	$ 849	$ 865
Restructuring charges	(8)		(25)
Impairment charges	(11)		
Depreciation and amortization	(90)	(99)	(100)
Operating income	$ 848	$ 750	$ 740
Segment OIBDA as a % of revenues	34%	32%	31%
Operating income as a % of revenues	31%	28%	27%
Capital expenditures	$ 64	$ 69	$ 74

2012 vs. 2011

For 2012, Local Broadcasting revenues increased 3% to $2.77 billion from $2.69 billion for 2011 principally reflecting higher political advertising and retransmission fees partially offset by softness in local economies. CBS Television Stations revenues increased 8% from the prior year, while CBS Radio revenues decreased 2%.

Local Broadcasting OIBDA increased 13% to $957 million from $849 million for 2011, primarily driven by the revenue growth, lower programming costs for syndicated programming, and lower music royalty costs. During 2012, the Company recorded a pre-tax noncash impairment charge of $11 million to reduce the carrying value of the allocated goodwill in connection with the disposition of the Company's radio stations in West Palm Beach. Restructuring charges of $8 million for 2012 reflect severance costs and costs associated with exiting contractual obligations.

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 2010, 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. CBS Television Stations results reflected growth in many key advertising categories, including domestic automotive and financial services, as well as higher retransmission fees. 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 OIBDA decreased 2% to $849 million from $865 million for 2010 primarily due to the revenue decline, partially offset by lower programming and production costs for syndicated and sports programming. Restructuring charges of $25 million for 2010 reflect severance costs and costs associated with exiting contractual obligations.

Acquisitions and Dispositions

During 2012, the Company acquired a radio station in the New York market and a radio station in the Washington, D.C. area, as well as a television station in Long Island, New York. Also during 2012, the Company sold five radio stations in West Palm Beach. Together, these acquisitions and dispositions did not have a material impact on the comparability of operating results.

Outdoor Americas *(CBS Outdoor)*

(Contributed 9% to consolidated revenues in 2012, 2011 and 2010, and 7%, 8% and 7% to consolidated operating income in 2012, 2011 and 2010, respectively.)

Year Ended December 31,	2012	2011	2010
Revenues	$ 1,296	$ 1,286	$ 1,225
Segment OIBDA	$ 378	$ 380	$ 317
Restructuring charges		(1)	(4)
Depreciation and amortization	(169)	(182)	(186)
Operating income	$ 209	$ 197	$ 127
Segment OIBDA as a % of revenues	29%	30%	26%
Operating income as a % of revenues	16%	15%	10%
Capital expenditures	$ 54	$ 46	$ 48

2012 vs. 2011

For 2012, Outdoor Americas revenues increased 1% on both a reported and constant dollar basis to $1.30 billion from $1.29 billion in 2011, principally driven by 5% growth in the U.S. reflecting increases in both the billboards and displays businesses. The nonrenewal of the Toronto transit contract negatively affected the revenue comparison by two percentage points. Approximately 14% and 18% of Outdoor Americas revenues were generated from regions outside the U.S. for 2012 and 2011, respectively.

For 2012, Outdoor Americas OIBDA decreased 1% to $378 million from $380 million in 2011, as the revenue growth was offset by the negative outcome of a dispute over a billboard tax that has been imposed on the outdoor advertising industry in Toronto, including a one-time retroactive payment. Outdoor Americas depreciation and amortization decreased in all periods presented principally reflecting lower amortization for leasehold agreements.

The Company has begun the process of converting Outdoor Americas into a REIT. In addition, during the fourth quarter of 2012, the Company initiated a plan to divest Outdoor Europe. Outdoor Europe has been classified as held-for-sale and its results have been presented as a discontinued operation in the Company's consolidated financial statements for all periods presented.

2011 vs. 2010

For 2011, Outdoor Americas revenues increased 5% to $1.29 billion from $1.23 billion in 2010 principally driven by 5% growth in the U.S. reflecting increases in both the billboards and displays

businesses. The revenue increase was also due to the favorable impact of foreign exchange rate changes of approximately $7 million. In constant dollars, Outdoor Americas revenues increased 4%. Approximately 18% of Outdoor Americas revenues were generated from regions outside the U.S. for both 2011 and 2010.

For 2011, Outdoor Americas OIBDA increased 20% to $380 million from $317 million in 2010 and the OIBDA margin increased to 30% for 2011 from 26% for 2010. These increases were primarily driven by the revenue growth and the mix of more profitable contracts. Restructuring charges of $4 million for 2010 principally reflect severance costs.

Corporate

Corporate expenses include general corporate overhead, unallocated shared company expenses, pension and postretirement benefit costs for plans retained by the Company for previously divested businesses, and intercompany eliminations. For 2012, corporate expenses decreased 2% to $320 million from $326 million for 2011 driven by lower pension and postretirement benefit costs, primarily due to the benefit from pre-funding pension plans in 2011 and lower pension-related interest cost associated with retirees. This decrease was partially offset by expense increases associated with the Company's higher stock price.

For 2011, corporate expenses increased to $326 million from $250 million for 2010 primarily reflecting the absence of the 2010 favorable settlement of $90 million related to the resolution of certain disputes regarding previously disposed businesses and higher incentive compensation, partially offset by lower pension and postretirement benefit costs. The decrease in pension and postretirement benefit costs was primarily due to the favorable performance of pension plan assets in 2010, as well as the benefit from pre-funding pension plans in 2010.

Financial Position

Current assets increased by $171 million to $5.72 billion at December 31, 2012 from $5.55 billion at December 31, 2011, primarily due to increases in entertainment and sports programming rights. The allowance for doubtful accounts as a percentage of receivables decreased to 2.5% at December 31, 2012 compared with 3.1% at December 31, 2011, primarily due to recoveries and write-offs of previously reserved receivables.

Net property and equipment of $2.27 billion at December 31, 2012 decreased by $101 million from $2.37 billion at December 31, 2011, primarily reflecting depreciation expense of $369 million, partially offset by capital expenditures of $254 million.

Other assets increased by $142 million to $1.55 billion at December 31, 2012 from $1.41 billion at December 31, 2011, primarily reflecting higher long-term receivables associated with revenues from licensing agreements for digital streaming.

Pension and postretirement benefit obligations increased by $30 million to $1.86 billion at December 31, 2012 from $1.83 billion at December 31, 2011, primarily reflecting actuarial losses resulting from the decrease in the discount rate, offset by contributions made to the Company's qualified pension plans and better than expected asset performance.

Other liabilities decreased $209 million to $2.16 billion at December 31, 2012 from $2.37 billion at December 31, 2011, primarily driven by lower programming liabilities and residual liabilities of previously disposed businesses.

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Cash Flows

Cash and cash equivalents increased by $48 million and $180 million for the years ended December 31, 2012 and 2011, respectively, and decreased by $237 million for the year ended December 31, 2010. The changes in cash and cash equivalents were as follows:

Year Ended December 31,	2012	2011	2010
Cash provided by (used for) operating activities from:			
Continuing operations	$ 1,819	$ 1,832	$ 1,769
Discontinued operations	(4)	(83)	(34)
Cash provided by operating activities	1,815	1,749	1,735
Cash used for investing activities from:			
Continuing operations	(429)	(369)	(328)
Discontinued operations	(22)	(20)	(40)
Cash used for investing activities	(451)	(389)	(368)
Cash used for financing activities from:			
Continuing operations	(1,316)	(1,180)	(1,604)
Discontinued operations			
Cash used for financing activities	(1,316)	(1,180)	(1,604)
Net increase (decrease) in cash and cash equivalents	$ 48	$ 180	$ (237)

Operating Activities. In 2012, cash provided by operating activities from continuing operations decreased $13 million to $1.82 billion from $1.83 billion in 2011 as the increase in operating income was more than offset by higher income tax payments and a higher use of cash from working capital. The increased use of working capital primarily reflects a higher level of investment in television content in 2012, and higher receivables from the timing difference between revenue recognition and collections for long term television licensing arrangements, primarily for digital streaming. Revenues from the licensing of television programming are recognized when the television series is made available to the licensee, at the beginning of the applicable license period, while the related cash is collected over the term of the license period. The Company made pension contributions to its qualified plans of $200 million in 2012 compared with $410 million in 2011. Cash flow from operating activities from continuing operations for 2012 also included payments of approximately $60 million associated with the early extinguishment of debt, primarily for make-whole premiums.

In 2011, cash provided by operating activities from continuing operations increased $63 million to $1.83 billion from $1.77 billion in 2010 principally driven by growth in operating income and lower interest payments, partially offset by lower contributions from changes in working capital, which reflected a use of cash during 2011 versus a source of cash during 2010. The working capital change reflected higher contributions to the Company's qualified pension plans in 2011 of $410 million compared to $167 million in 2010; the benefit to 2010 cash flow from the telecast of the Super Bowl in that year; and the timing difference between revenue recognition and collections for the Company's multi-year digital streaming agreements which were first signed in 2011.

Cash paid for income taxes from continuing operations was $425 million for 2012, $233 million for 2011 and $245 million for 2010. The increase in cash taxes for 2012 was driven by the increase in pre-tax income and lower tax benefits from lower contributions to the Company's qualified pension plans. The decrease in cash taxes for 2011 was driven by tax benefits from contributions to the Company's qualified

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pension plans and higher market values for stock-based compensation instruments exercised and vested, partially offset by higher tax payments associated with an increase in taxable income.

Investing Activities. In 2012, cash used for investing activities from continuing operations of $429 million principally includes capital expenditures of $254 million; acquisitions of $146 million, primarily for television and radio stations; and investments of $91 million, primarily in domestic and international television joint ventures. These uses of cash were partially offset by $49 million received for dispositions, principally from the sale of radio stations. In 2011, cash used for investing activities from continuing operations of $369 million principally reflected capital expenditures of $245 million; investments of $79 million, principally in domestic and international television ventures; and acquisitions of $75 million, primarily for internet businesses. In 2010, cash used for investing activities from continuing operations of $328 million principally reflected capital expenditures of $254 million and investments of $80 million, principally in domestic and international television ventures.

Capital expenditures from continuing operations were $254 million in 2012, $245 million in 2011 and $254 million in 2010. For 2013, capital expenditures are anticipated to be at similar levels as the prior three years.

Financing Activities. In 2012, cash used for financing activities of $1.32 billion principally reflected the repayment of notes and debentures of $1.58 billion, the repurchase of CBS Corp. Class B Common Stock for $1.14 billion, dividend payments of $276 million and the payment of employee payroll taxes in lieu of issuing shares for restricted stock unit vests of $105 million, partially offset by proceeds from the issuance of notes of $1.57 billion and proceeds from the exercise of stock options of $168 million. For 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 and dividend payments of $206 million, partially offset by proceeds from the exercise of stock options of $72 million. In 2010, cash used for financing activities of $1.60 billion principally reflected the repayment of notes and debentures of $2.13 billion, a $400 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.

Dividends

On January 29, 2013, the Company announced a quarterly cash dividend of $.12 per share on its Class A and Class B Common Stock, payable on April 1, 2013. The Company declared a quarterly cash dividend on its Class A and Class B Common Stock during each of the four quarters of 2012, 2011 and 2010, resulting in total annual dividends of $287 million, $237 million and $139 million, respectively. During 2012, the Company increased its quarterly cash dividend from $.10 per share to $.12 per share, beginning with the dividend declared in the third quarter.

Share Repurchase Program

During 2012, the Company repurchased 35.5 million shares of CBS Corp. Class B Common Stock for $1.17 billion, at an average cost of $32.99 per share. Since the inception of the share repurchase program in January 2011 through December 31, 2012, the Company has repurchased 77.7 million shares of its Class B Common Stock for $2.19 billion, at an average cost of $28.18 per share, leaving $2.51 billion of authorization remaining at December 31, 2012.

On February 14, 2013, the Company announced its intention to accelerate its current share repurchase program by repurchasing an additional $1 billion of CBS Corp. Class B Common Stock through an accelerated share repurchase ("ASR") transaction. The Company expects to initiate the ASR during the first quarter of 2013.

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Capital Structure

At December 31,	2012	2011
Senior debt (1.95% 8.875% due 2012 2056)	$ 5,863	$ 5,925
Obligations under capital leases	72	78
Total debt [(a)]	5,935	6,003
Less discontinued operations debt [(b)]	13	21
Total debt from continuing operations	5,922	5,982
Less current portion	18	24
Total long-term debt from continuing operations, net of current portion	$ 5,904	$ 5,958

(a) At December 31, 2012 and December 31, 2011, the senior debt balances included (i) a net unamortized (discount) premium of $(16) million and $4 million, respectively, and (ii) an increase in the carrying value of the debt relating to previously settled fair value hedges of $23 million and $75 million, respectively. The face value of the Company's total debt was $5.93 billion at December 31, 2012 and $5.92 billion at December 31, 2011.

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

Total debt of $5.94 billion at December 31, 2012 and $6.00 billion at December 31, 2011 was 37% and 38%, respectively, 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.

For the year ended December 31, 2012, debt issuances and redemptions were as follows:

Debt Issuances

June 2012, $400 million 1.95% senior notes due 2017
June 2012, $500 million 4.85% senior notes due 2042
February 2012, $700 million 3.375% senior notes due 2022

Debt Redemptions

$152 million 8.625% debentures due 2012
$338 million 5.625% senior notes due 2012
$400 million 8.20% senior notes due 2014
$700 million 6.75% senior notes due 2056

These redemptions resulted in a pre-tax net loss on early extinguishment of debt of $32 million for the year ended December 31, 2012.

During the year ended December 31, 2010, the Company issued $1.10 billion of senior notes and repurchased and redeemed $2.07 billion of senior notes and debentures, of which $750 million was repurchased through tender offers, resulting in a pre-tax loss on early extinguishment of debt of $81 million.

At December 31, 2012, the Company's scheduled maturities of long-term debt at face value, excluding capital leases, were as follows:

	2013	2014	2015	2016	2017	2018 and Thereafter
Long-term debt	$	$ 99	$	$ 200	$ 400	$ 5,157

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Credit Facility

At December 31, 2012, the Company had a $2.0 billion revolving credit facility which expires in March 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, 2012, the Company's Consolidated Leverage Ratio was approximately 1.6x and Consolidated Coverage Ratio was approximately 9.5x.

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 Credit Facility is used for general corporate purposes. At December 31, 2012, the Company had no borrowings outstanding under the Credit Facility and the remaining availability under the Credit Facility, net of outstanding letters of credit, was $1.99 billion.

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 $1.99 billion of remaining availability at December 31, 2012, 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 $699 million is expected to come from cash generated from operating activities and the Company's ability to refinance its debt.

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On February 14, 2013, the Company announced its intention to accelerate its current share repurchase program by repurchasing an additional $1 billion of CBS Corp. Class B Common Stock through an ASR transaction. The Company expects to initiate the ASR during the first quarter of 2013 and finance it primarily with short-term borrowings, cash on hand and cash generated from operations. The Company expects to repay the short-term borrowings during 2013 using cash generated from operations and proceeds from potential dispositions.

Contractual Obligations

As of December 31, 2012 the Company's significant contractual obligations and payments due by period were as follows:

	Payments Due by Period				
	Total	2013	2014-2015	2016-2017	2018 and thereafter
Programming and talent commitments [a]	$ 15,211	$ 2,489	$ 3,264	$ 2,758	$ 6,700
Guaranteed minimum franchise payments [b]	462	160	223	33	46
Purchase obligations [c]	582	221	216	62	83
Operating leases [d]	1,968	273	449	355	891
Other long-term contractual obligations [e]	1,006		853	121	32
Long-term debt obligations [f]	5,856		99	600	5,157
Interest commitments on long-term debt [g]	4,689	350	686	648	3,005
Capital lease obligations (including interest) [h]	88	17	24	20	27
Total [i]	$ 29,862	$ 3,510	$ 5,814	$ 4,597	$ 15,941

(a) Programming and talent commitments of the Company primarily include $11.98 billion for sports programming rights, $2.44 billion relating to television, radio, and film production and licensing and $789 million for talent contracts.

(b) Outdoor Americas 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 $1.97 billion include $707 million for Outdoor Americas 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 and excluding capital leases.

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

(h) Includes capital leases for satellite transponders.

(i)

Does not include contractual obligations of Outdoor Europe, which is presented as a discontinued operation in the consolidated financial statements. These obligations are mainly comprised of guaranteed minimum franchise payments of $565 million and long-term operating lease commitments of $166 million.

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The table above also excludes $173 million of reserves for uncertain tax positions and the related accrued interest and penalties, as the Company cannot reasonably predict the amount of and timing of cash payments relating to this obligation.

In 2013, the Company expects to make discretionary contributions of $150 million to pre-fund its qualified pension plans and contributions of approximately $51 million to its non-qualified pension plans to satisfy the benefit payments due under these plans. Also in 2013, the Company expects to contribute approximately $67 million to its other postretirement benefit plans, to satisfy the Company's portion of benefit payments due under these plans.

Off-Balance Sheet Arrangements

The Company has indemnification obligations with respect to letters of credit and surety bonds primarily used as security against non-performance in the normal course of business. At December 31, 2012, the outstanding letters of credit and surety bonds approximated $426 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 Famous Players theater leases. 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 see the accompanying notes to the consolidated financial statements.

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Programming and Production Costs

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

The costs incurred in acquiring television series and feature film programming are capitalized when the program is accepted and available for airing and the costs of programming rights licensed under multi-year sports programming agreements are capitalized if the rights payments are made before the related economic benefit has been received. These costs are 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 Revenues estimates for internally produced television programming and theatrical films, and the estimated economic benefit for acquired programming, which includes television series, feature films and sports, are updated regularly based on information available as the television program and theatrical film progresses through its life cycle or contractual term. Overestimating Ultimate Revenues for internally produced programming 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/or 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 2012, in accordance with amended FASB guidance for goodwill impairment testing, the Company performed a qualitative assessment for seven reporting units which management estimates each have fair values that exceed their respective carrying values 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 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. The Company also determined that the impact of macroeconomic factors on the discount rates and growth rates used for the most recent impairment tests would not significantly affect the fair value of the reporting units. Based on this qualitative assessment, considering the aggregation of these factors, the Company concluded that for these seven reporting units, it is not more likely than not that the fair value of each reporting unit is less than its carrying amount and therefore performing the two-step impairment test was unnecessary.

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The Company performed the first step of the goodwill impairment test for the remaining two reporting units. The first step of the goodwill impairment test examines whether the carrying value of a reporting unit exceeds its fair value. 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 2012, the Discounted Cash Flow Method and Market Comparable Method resulted in substantially equal fair values. The Discounted Cash Flow Method adds the present value of the estimated annual cash flows over a discrete projection period to the residual value of the business at the end of the projection period. This technique requires the use of significant estimates and assumptions such as growth rates, operating margins, capital expenditures and discount rates. The estimated growth rates, operating margins and capital expenditures for the projection period are based on the Company's internal forecasts of future performance as well as historical trends. The residual value is estimated based on a perpetual nominal growth rate, which is based on projected long-range inflation and long-term industry projections. The discount rates 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 noncash impairment charge. Such a charge could have a material effect on the Company's Consolidated Statement of Operations and Balance Sheet.

Based on the 2012 annual impairment test, the Company concluded that the fair value of each of the two reporting units for which the Company performed the first step of the goodwill impairment test exceeded their respective carrying values. The percentage that fair value exceeded carrying value and the significant assumptions used to calculate the fair value for these reporting units were as follows:

		Significant Assumptions	
Reporting Unit	**Reporting Unit Fair Value in Excess of Carrying Value**	**Perpetual Nominal Growth Rate**	**Discount Rate**
CBS Interactive	9%	3.0%	9.5%
CBS Radio	6%	1.5%	8.0%

At December 31, 2012 the carrying value of goodwill for the CBS Interactive and CBS Radio reporting units was $993 million and $1.86 billion, respectively. An increase to the discount rates of 60 basis points and 40 basis points for Interactive and Radio, respectively, or a decrease to the perpetual nominal growth rates of 110 basis points and 50 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.

FCC Licenses FCC licenses are tested for impairment at the geographic market level. 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.

For its annual impairment test performed in the fourth quarter of 2012, the Company early adopted amended FASB guidance which permits the Company to choose to first assess qualitative factors to

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determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If based on this assessment the Company determines it is not more likely than not that the indefinite-lived intangible asset is impaired, then performing the quantitative impairment test is unnecessary. For 2012, the Company performed this qualitative assessment for ten radio markets and eleven television markets which management estimates each have an aggregate fair value of FCC licenses that exceed their respective carrying values by 20% or more. For each market, the Company weighed the relative impact of market-specific and macroeconomic factors. The market-specific factors considered include recent projections by geographic market from both independent and internal sources for advertising revenue and operating costs, as well as market share and capital expenditures. The Company also considered the macroeconomic impact on discount rates and growth rates. Based on this qualitative assessment, considering the aggregation of these factors, the Company concluded that it is not more likely than not that the aggregate fair values of the FCC licenses in each of these radio and television markets are less than their respective carrying values. Therefore, performing the quantitative impairment test was unnecessary.

For each of the remaining radio and television markets the Company performed a quantitative impairment test that compares the estimated fair value of the FCC licenses by geographic market with their respective carrying values. 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 estimated based on both industry and internal 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 2012 were as follows:

	Discount Rate	Perpetual Nominal Growth Rate
Television stations	7.5%	2.0%
Radio stations	8.0%	1.5%

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

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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, an other-than-temporary 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 2012 annual impairment test, the Company concluded that the estimated fair value of the FCC licenses in each radio and television market for which the Company performed the quantitative assessment exceeded their respective carrying values and therefore no impairment charge was necessary. Four radio markets, which had an aggregate carrying value of FCC licenses of $316 million, were each within 5% of their respective estimated fair value, and four radio markets, which had an aggregate carrying value of FCC licenses of $838 million, were each within 10% of their respective estimated fair value. In each of the remaining radio markets and in all of the television markets, the estimated fair value of FCC licenses was in excess of the respective carrying values at December 31, 2012 by more than 10%. A downward revision to the present value of future cash flows could result in impairment and a non-cash charge would be required. Such a charge could have a material effect on the Company's Consolidated Statement of Operations and Consolidated Balance Sheet.

Reserves and Legal Matters

Estimates of reserves and liabilities related to legal issues and discontinued businesses, including asbestos and environmental matters, require significant judgments by management. The Company continually evaluates these estimates based on changes in the relevant facts and circumstances and events that may impact estimates. While management believes that the current reserves for matters related to predecessor operations of the Company, including environmental and asbestos, are adequate, there can be no assurance that circumstances will not change in future periods. This belief is based upon many factors and assumptions, including the number of outstanding claims, estimated average cost per claim, the breakdown of claims by disease type, historic claim filings, costs per claim of resolution and the filing of new claims.

Pensions

Pension benefit obligations and net periodic pension costs are calculated using many actuarial assumptions. Two key assumptions used in accounting for pension liabilities and expenses are the discount rate and expected rate of return on plan assets. The discount rate is determined based on the weighted average 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, 2012, 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 $110 million and will not have a material impact on the 2013 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 $10 million in 2013 pension expense.

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(Tabular dollars in millions, except per share amounts)

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 2012 and 2011, the Company recognized tax benefits of $3 million and $6 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 $173 million at December 31, 2012 is properly recorded pursuant to the recognition and measurement provisions of FASB guidance for uncertainty in income taxes.

Legal Matters

E-books Matters. A number of lawsuits described below have been pending against the following parties relating to the sale of e-books: Apple Inc., Hachette Book Group, Inc., HarperCollins Publishers, LLC, Holtzbrinck Publishers LLC d/b/a Macmillan, Penguin Group (USA) Inc. and the Company's subsidiary, Simon & Schuster, Inc. (collectively, the "Publishing parties").

On April 10, 2012, for purposes of settlement and without any admission of wrongdoing or liability, Simon & Schuster and two of the other Publishing parties entered into a settlement stipulation and proposed final judgment (the "Stipulation") with the United States Department of Justice (the "DOJ") in connection with the DOJ's investigations of agency distribution of e-books. In furtherance of this settlement, on April 11, 2012, the DOJ filed an antitrust action in the United States District Court for the Southern District of New York against the Publishing parties and concurrently filed the Stipulation with the court. On September 7, 2012, the Stipulation was approved by the court and final judgment was entered. The Stipulation does not involve any monetary payments by Simon & Schuster, but will require the adoption of certain business practices for a 24 month period and certain compliance practices for a five year period.

On June 11, 2012, for purposes of settlement and without any admission of wrongdoing or liability, Simon & Schuster entered into a proposed settlement agreement to resolve the antitrust action filed by a number of states and the Commonwealth of Puerto Rico against several of the Publishing parties in the United States District Court for the Western District of Texas, which was transferred to the United States District Court for the Southern District of New York ("States") on April 30, 2012. The proposed settlement provides that, certain Publishing parties, including Simon & Schuster, will pay agreed upon amounts for consumer restitution, among other things, and also requires the adoption of certain business and compliance practices, which are substantially similar to those described in the Stipulation with the DOJ. On September 14, 2012, the court granted preliminary approval of the proposed settlement, which all

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states (except Minnesota), the District of Columbia and the United States territories joined. On October 15, 2012, Simon & Schuster paid the agreed upon amounts into an escrow account pending final court approval. On February 8, 2013, the court approved the proposed settlement following a final settlement approval hearing that day. The Company believes that this settlement with the States and the Stipulation with the DOJ will not have a material adverse effect on its results of operations, financial position or cash flows.

On December 9, 2011, the United States Judicial Panel on Multidistrict Litigation (the "MDL") issued an order consolidating in the United States District Court for the Southern District of New York various purported class action suits that private litigants had filed in federal courts in California and New York. On January 20, 2012, the plaintiffs filed a consolidated amended class action complaint with the court against the Publishing parties. These private litigant plaintiffs, who are e-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 e-books pursuant to agency distribution arrangements between each of the publishers and e-book retailers. The consolidated amended class action complaint generally seeks multiple forms of damages for the purchase of e-books and injunctive and other relief. On March 2, 2012, the Publishing parties filed a motion to dismiss this action. On May 15, 2012, the court denied the motion to dismiss. The Company believes that the States' settlement will likely resolve the class claims of those private litigant plaintiffs in the MDL litigation who reside in the areas covered by the States' settlement and who do not opt out of such settlement.

Commencing on February 24, 2012, similar antitrust suits have been filed under Canadian law against the Publishing parties by private litigants in Canada, purportedly as class actions. Simon & Schuster intends to vigorously defend itself in the MDL and Canadian matters.

In addition, the European Commission (the "EC") and Canadian Competition Bureau are conducting separate competition investigations of agency distribution arrangements of e-books in this industry and Simon & Schuster is cooperating with these investigations. On September 19, 2012, the EC began accepting public comment on the terms of a proposed settlement. On December 12, 2012, following the close of that comment period, the EC accepted the proposed settlement. The settlement between the EC and certain Publishing parties, including Simon & Schuster, requires the adoption of certain business and compliance practices similar to those described in the Stipulation with the DOJ.

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, 2012, the Company had pending approximately 45,900 asbestos claims, as compared with

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approximately 50,090 as of December 31, 2011 and 52,220 as of December 31, 2010. During 2012, the Company received approximately 4,350 new claims and closed or moved to an inactive docket approximately 8,540 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 2012 and 2011 for settlement and defense of asbestos claims after insurance recoveries and net of tax benefits were approximately $21 million and $33 million, respectively. The Company's costs for settlement and defense of asbestos claims may vary year to year and 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 the past five to ten years and has remained flat 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

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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, 2012 and 2011, the notional amount of all foreign currency contracts were $157 million and $151 million, respectively, which represents hedges of expected foreign currency cash flows.

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, 2012 or 2011, 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. and Viacom Inc. 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, 2012, 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 and leases its production facilities to Viacom Inc.'s media networks businesses. In addition, the Company recognizes revenues for advertising spending placed by various subsidiaries of Viacom Inc.

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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 $221 million, $255 million and $262 million for the years ended December 31, 2012, 2011 and 2010, respectively.

As part of its normal course of business, the Company places advertisements with, leases production facilities from, and purchases other goods and services from various subsidiaries of Viacom Inc. The total amounts for these transactions were $26 million, $23 million and $27 million for the years ended December 31, 2012, 2011 and 2010, respectively.

The following table presents the amounts due from Viacom Inc. in the normal course of business as reflected on the Company's Consolidated Balance Sheets. Amounts due to Viacom Inc. were minimal at December 31, 2012 and 2011.

At December 31,	**2012**	**2011**
Receivables	$ 124	$ 102
Other assets (Receivables, noncurrent)	133	198
Total amounts due from Viacom Inc.	$ 257	$ 300

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 $160 million, $133 million and $145 million for the years ended December 31, 2012, 2011 and 2010, respectively.

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

Adoption of New Accounting Standards

Fair Value Measurements

During the first quarter of 2012, the Company adopted the FASB's amended guidance which 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 did not have a material effect on the Company's consolidated financial statements.

Impairment Analysis of Unamortized Film Costs

During the fourth quarter of 2012, the Company adopted the FASB's amended guidance on impairment assessments of unamortized film costs. This guidance eliminates the presumption that the conditions leading to the write-off of unamortized film costs after the balance sheet date existed as of the balance sheet date. The guidance also eliminates the requirement that fair value measurements used in the impairment analysis include the consideration of subsequent evidence, if such information would not have been considered by market participants at the measurement date. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

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

Testing Indefinite-Lived Intangible Assets for Impairment

During the fourth quarter of 2012, the Company early adopted the FASB's amended guidance on testing indefinite-lived intangible assets for impairment. Under this guidance, the Company has the option to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If based on this assessment, the Company concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then performing the quantitative impairment test is unnecessary.

Recent Pronouncements

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued guidance which requires disclosure of significant amounts reclassified out of accumulated other comprehensive income by component and their corresponding effect on the respective line items of net income. This guidance is effective for the Company beginning in the first quarter of 2013.

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-38
2. Report of Independent Registered Public Accounting Firm	II-39
3. Consolidated Statements of Operations for the years ended December 31, 2012, 2011 and 2010	II-40
4. Consolidated Statements of Comprehensive Income for the years ended December 31, 2012, 2011 and 2010	II-41
5. Consolidated Balance Sheets at December 31, 2012 and 2011	II-42
6. Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010	II-43
7. Consolidated Statements of Stockholders' Equity for the years ended December 31, 2012, 2011 and 2010	II-44
8. Notes to Consolidated Financial Statements	II-45 II-95
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, 2012 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, 2012.

The effectiveness of our internal control over financial reporting as of December 31, 2012 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, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012 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, 2012, 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.

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 15, 2013

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

	Year Ended December 31,		
	2012	2011	2010
Revenues	$ 14,089	$ 13,637	$ 13,466
Expenses:			
Operating	7,967	7,882	8,512
Selling, general and administrative	2,634	2,598	2,466
Restructuring charges (Note 4)	19	43	59
Impairment charges (Note 2)	11		
Depreciation and amortization	475	495	500
Total expenses	11,106	11,018	11,537
Operating income	2,983	2,619	1,929
Interest expense	(402)	(435)	(527)
Interest income	6	6	5
Net loss on early extinguishment of debt (Note 8)	(32)		(81)
Other items, net	6	(11)	9
Earnings from continuing operations before income taxes and equity in loss of investee companies	2,561	2,179	1,335
Provision for income taxes	(892)	(751)	(478)
Equity in loss of investee companies, net of tax	(35)	(37)	(35)
Net earnings from continuing operations	1,634	1,391	822
Net loss from discontinued operations, net of tax (Note 3)	(60)	(86)	(98)
Net earnings	$ 1,574	$ 1,305	$ 724
Basic net earnings (loss) per common share:			
Net earnings from continuing operations	$ 2.55	$ 2.09	$ 1.21
Net loss from discontinued operations	$ (.09)	$ (.13)	$ (.14)
Net earnings	$ 2.45	$ 1.97	$ 1.07
Diluted net earnings (loss) per common share:			
Net earnings from continuing operations	$ 2.48	$ 2.04	$ 1.18
Net loss from discontinued operations	$ (.09)	$ (.13)	$ (.14)
Net earnings	$ 2.39	$ 1.92	$ 1.04
Weighted average number of common shares outstanding:			
Basic	642	664	679
Diluted	659	681	694
Dividends per common share	$ ..44	$ ..35	$ ..20

See notes to consolidated financial statements.

CBS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31,		
	2012	2011	2010
Net earnings	$ 1,574	$ 1,305	$ 724
Other comprehensive income (loss) from continuing operations, net of tax:			
Cumulative translation adjustments	7	12	4
Net actuarial gain (loss) and prior service cost (Note 13)	(138)	(145)	102
Unrealized gain on securities			2
Other comprehensive income (loss) from continuing operations, net of tax	(131)	(133)	108
Other comprehensive income (loss) from discontinued operations, net of tax	1	(20)	2
Total other comprehensive income (loss), net of tax	(130)	(153)	110
Total comprehensive income	$ 1,444	$ 1,152	$ 834

See notes to consolidated financial statements.

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

	At December 31,	
	2012	**2011**
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 708	$ 660
Receivables, less allowances of $81 (2012) and $100 (2011)	3,137	3,086
Programming and other inventory (Note 5)	859	735
Deferred income tax assets, net (Note 12)	253	321
Prepaid income taxes	27	14
Prepaid expenses	206	186
Other current assets	312	324
Current assets of discontinued operations	218	223
Total current assets	5,720	5,549
Property and equipment:		
Land	330	329
Buildings	718	711
Capital leases	194	200
Advertising structures	1,689	1,660
Equipment and other	2,057	1,980
	4,988	4,880
Less accumulated depreciation and amortization	2,717	2,508
Net property and equipment	2,271	2,372
Programming and other inventory (Note 5)	1,582	1,496
Goodwill (Note 2)	8,567	8,571
Intangible assets (Note 2)	6,515	6,521
Other assets	1,551	1,409
Assets of discontinued operations	260	302
Total Assets	$ 26,466	$ 26,220
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 386	$ 324
Accrued expenses	636	581
Accrued compensation	374	384
Participants' share and royalties payable	953	938
Program rights	455	577
Deferred revenues	232	230
Current portion of long-term debt (Note 8)	18	24
Other current liabilities	646	645
Current liabilities of discontinued operations	241	234
Total current liabilities	3,941	3,937
Long-term debt (Note 8)	5,904	5,958
Participants' share and royalties payable	965	975
Pension and postretirement benefit obligations (Note 13)	1,860	1,830
Deferred income tax liabilities, net (Note 12)	1,254	1,044
Other liabilities	2,157	2,366
Liabilities of discontinued operations	172	202
Commitments and contingencies (Note 14)		
Stockholders' Equity:		

	2012	2011
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; 785 (2012) and 769 (2011) shares issued	1	1
Additional paid-in capital	43,424	43,395
Accumulated deficit	(26,769)	(28,343)
Accumulated other comprehensive loss (Note 1)	(569)	(439)
	16,087	14,614
Less treasury stock, at cost; 198 (2012) and 162 (2011) Class B Shares	5,874	4,706
Total Stockholders' Equity	10,213	9,908
Total Liabilities and Stockholders' Equity	$ 26,466	$ 26,220

See notes to consolidated financial statements.

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

	Year Ended December 31,		
	2012	**2011**	**2010**
Operating Activities:			
Net earnings	$ 1,574	$ 1,305	$ 724
Less: Net loss from discontinued operations	(60)	(86)	(98)
Net earnings from continuing operations	1,634	1,391	822
Adjustments to reconcile net earnings from continuing operations to net cash flow provided by operating activities:			
Depreciation and amortization	475	495	500
Impairment charges	11		
Deferred tax provision	442	452	293
Stock-based compensation	153	139	136
Redemption of debt	(28)		60
Net loss (gain) on disposition and write-down of assets		12	(19)
Equity in loss of investee companies, net of tax and distributions	52	50	35
Amortization of deferred financing costs	12	13	16
Change in assets and liabilities, net of investing and financing activities			
Increase in receivables	(238)	(10)	(16)
(Increase) decrease in inventory and related program and participation liabilities, net	(414)	(159)	121
Decrease in other assets	28	43	123
Decrease in accounts payable and accrued expenses	(10)	(107)	(23)
Decrease in pension and postretirement benefit obligations	(192)	(381)	(118)
Decrease in income taxes	(81)	(27)	(76)
Decrease in deferred revenue	(17)	(85)	(79)
Other, net	(8)	6	(6)
Net cash flow provided by operating activities from continuing operations	1,819	1,832	1,769
Net cash flow used for operating activities from discontinued operations	(4)	(83)	(34)
Net cash flow provided by operating activities	1,815	1,749	1,735
Investing Activities:			
Acquisitions, net of cash acquired	(146)	(75)	(11)
Capital expenditures	(254)	(245)	(254)
Investments in and advances to investee companies	(91)	(79)	(80)
Proceeds from sale of investments	13	12	
Proceeds from dispositions	49	18	18
Other investing activities			(1)
Net cash flow used for investing activities from continuing operations	(429)	(369)	(328)
Net cash flow used for investing activities from discontinued operations	(22)	(20)	(40)
Net cash flow used for investing activities	(451)	(389)	(368)
Financing Activities:			
Proceeds from issuance of notes	1,566		1,094
Repayment of notes and debentures	(1,583)		(2,126)
Payment of capital lease obligations	(19)	(19)	(16)
Payment of contingent consideration	(33)		

Dividends	(276)	(206)	(142)
Purchase of Company common stock	(1,137)	(1,012)	
Payment of payroll taxes in lieu of issuing shares for stock-based compensation	(105)	(82)	(37)
Proceeds from exercise of stock options	168	72	7
Excess tax benefit from stock-based compensation	103	72	16
Decrease to accounts receivable securitization program			(400)
Other financing activities		(5)	
Net cash flow used for financing activities	(1,316)	(1,180)	(1,604)
Net increase (decrease) in cash and cash equivalents	48	180	(237)
Cash and cash equivalents at beginning of year	660	480	717
Cash and cash equivalents at end of year	$ 708	$ 660	$ 480

See notes to consolidated financial statements.

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

	Year Ended December 31,					
	2012		2011		2010	
	Shares	Amount	Shares	Amount	Shares	Amount
Class A Common Stock:						
Balance, beginning of year	44	$	44	$	52	$
Conversion of A shares into B shares	(1)				(8)	
Balance, end of year	43		44		44	
Class B Common Stock:						
Balance, beginning of year	769	1	757	1	743	1
Conversion of A shares into B shares	1				8	
Issuance of stock for RSU vests	8		9		7	
Exercise of stock options	10		7		1	
Retirement of Treasury Stock	(3)		(4)		(2)	
Balance, end of year	785	1	769	1	757	1
Additional Paid-In Capital:						
Balance, beginning of year		43,395		43,443		43,479
Stock-based compensation		147		135		133
Tax benefits related to employee stock-based transactions		104		64		1
Exercise of stock options		170		72		7
Retirement of Treasury Stock		(105)		(82)		(38)
Dividends		(287)		(237)		(139)
Balance, end of year		43,424		43,395		43,443
Accumulated Deficit:						
Balance, beginning of year		(28,343)		(29,648)		(30,372)
Net earnings		1,574		1,305		724
Balance, end of year		(26,769)		(28,343)		(29,648)
Accumulated Other Comprehensive Loss:						
Balance, beginning of year		(439)		(286)		(396)
Other comprehensive income (loss)		(130)		(153)		110
Balance, end of year		(569)		(439)		(286)
Treasury Stock, at cost:						
Balance, beginning of year	162	(4,706)	120	(3,689)	120	(3,693)
Class B Common Stock purchased	36	(1,170)	42	(1,019)		
Shares paid for tax withholding for stock-based compensation	3	(105)	4	(82)	2	(38)
Issuance of stock for deferred compensation		2		2		4
Retirement of Treasury Stock	(3)	105	(4)	82	(2)	38
Balance, end of year	198	(5,874)	162	(4,706)	120	(3,689)
Total Stockholders' Equity		$ 10,213		$ 9,908		$ 9,821

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 Global Distribution Group; 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 Americas (CBS Outdoor). During 2012, the Company initiated a plan to divest its outdoor advertising business in Europe, which includes an interest in an outdoor business in Asia ("Outdoor Europe"). Outdoor Europe has been classified as held-for-sale and its results have been presented as a discontinued operation in the Company's consolidated financial statements for all periods presented.

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 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

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

television program or theatrical film. For television programming, estimates for remaining total lifetime revenues are limited to the amount of revenue contracted for each episode in the initial market. Accordingly, television programming costs and participation costs incurred in excess of the amount of revenue contracted for each episode in the initial market are expensed as incurred on an episode by episode basis. 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 series and feature film programming are capitalized when the program is accepted and available for airing. These costs are amortized over the period in which an economic benefit is expected to be derived based on the timing of the Company's usage of and benefit from such programming. The costs of programming rights licensed under multi-year sports programming agreements are capitalized if the rights payments are made before the related economic benefit has been received. These costs are expensed over the period in which an economic benefit is expected to be derived based on the relative value of the events broadcast by the Company during a period. The relative value for an event is determined based on the revenues generated for that event in relation to the estimated total revenues over the remaining term of the sports programming agreement. For the Company's multi-year sports programming agreements where the rights payments for a season approximate the relative value of the events broadcast by the Company during that season, those rights payments are expensed during such season.

Lifetime revenue estimates for internally produced television programming and theatrical films, and the estimated economic benefit for the acquired programming, including revenue projections for multi-year sports programming, are periodically reviewed and adjustments, if any, will result in changes to amortization rates, future net realizable value adjustments and/or estimated accruals for participation expense.

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 $369 million (2012), $374 million (2011) and $371 million (2010). Amortization expense related to capital leases was $19 million (2012 and 2011) and $18 million (2010). Accumulated amortization of capital leases was $131 million at December 31, 2012 and $132 million at December 31, 2011.

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.

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

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 agreements, franchise agreements and trade names, 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 indefinite lives, which consist of FCC licenses, 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 noncash 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 The consolidated financial statements present Outdoor Europe as a discontinued operation (See Note 3). In addition, 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 previously disposed businesses primarily include aircraft leases that are generally expected to liquidate in accordance with contractual terms.

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

CBS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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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.

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.

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 $419 million (2012), $399 million (2011) and $432 million (2010).

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

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

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

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

Provision for Doubtful Accounts The provision for doubtful accounts is estimated based on historical bad debt experience, the aging of accounts receivable, industry trends and economic indicators, as well as recent payment history for specific customers. The provision for doubtful accounts charged to expense was $17 million (2012), $24 million (2011) and $37 million (2010).

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") and market-based performance share units ("PSUs") only in the periods in which such effect would have been dilutive. For the years ended December 31, 2012, 2011 and 2010, stock options to purchase 4 million, 21 million and 31 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,	**2012**	**2011**	**2010**
(in millions)			
Weighted average shares for basic EPS	642	664	679
Dilutive effect of shares issuable under stock-based compensation plans	17	17	15
Weighted average shares for diluted EPS	659	681	694

Comprehensive Income The components of other comprehensive income (loss) are net of the following tax benefit (provision) for the years ended December 31, 2012, 2011 and 2010: $80 million, $77 million and $39 million, respectively, for net actuarial gain (loss) and prior service cost related to

CBS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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pension and other postretirement benefits plans, $.3 million, $.1 million and $(.3) million, respectively, for unrealized gain (loss) on securities, and $1 million, $1 million and $.4 million, respectively, for other comprehensive income (loss) from discontinued operations.

	Continuing Operations			Discontinued Operations	
	Cumulative Translation Adjustments	Net Actuarial Gain (Loss) and Prior Service Cost	Unrealized Gain on Securities	Other Comprehensive Income (Loss)	Accumulated Other Comprehensive Income (Loss)
At December 31, 2009	$ 92	$ (767)	$	$ 279	$ (396)
2010 Activity	4	102	2	2	110
At December 31, 2010	96	(665)	2	281	(286)
2011 Activity	12	(145)		(20)	(153)
At December 31, 2011	108	(810)	2	261	(439)
2012 Activity	7	(138)		1	(130)
At December 31, 2012	$ 115	$ (948)	$ 2	$ 262	$ (569)

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

The following table summarizes the Company's stock-based compensation expense for the years ended December 31, 2012, 2011 and 2010.

Year Ended December 31,	2012	2011	2010
RSUs and PSUs	$ 111	$ 99	$ 103
Stock options and equivalents	42	40	33
Stock-based compensation expense, before income taxes	153	139	136
Related tax benefit	(59)	(54)	(54)
Stock-based compensation expense, net of tax benefit	$ 94	$ 85	$ 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

Fair Value Measurements

During the first quarter of 2012, the Company adopted the Financial Accounting Standards Board's ("FASB") amended guidance which 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 did not have a material effect on the Company's consolidated financial statements.

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

Impairment Analysis of Unamortized Film Costs

During the fourth quarter of 2012, the Company adopted the FASB's amended guidance on impairment assessments of unamortized film costs. This guidance eliminates the presumption that the conditions leading to the write-off of unamortized film costs after the balance sheet date existed as of the balance sheet date. The guidance also eliminates the requirement that fair value measurements used in the impairment analysis include the consideration of subsequent evidence, if such information would not have been considered by market participants at the measurement date. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

Testing Indefinite-Lived Intangible Assets for Impairment

During the fourth quarter of 2012, the Company early adopted the FASB amended guidance on testing indefinite-lived intangible assets for impairment. Under this guidance, the Company has the option to first assess qualitative factors to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If based on this assessment, the Company concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then performing the quantitative impairment test is unnecessary.

Recent Pronouncements

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued guidance which requires disclosure of significant amounts reclassified out of accumulated other comprehensive income by component and their corresponding effect on the respective line items of net income. This guidance is effective for the Company beginning in the first quarter of 2013.

2) GOODWILL AND OTHER INTANGIBLE ASSETS

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. FCC licenses are tested for impairment at the geographic market level. 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.

For 2012, in accordance with amended FASB guidance for goodwill and intangibles impairment testing, the Company performed the qualitative assessment for seven reporting units, ten radio markets, and eleven television markets which management estimates each have fair values that exceed their respective carrying values 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. For each radio and television market, the Company weighed the relative impact of market-specific and macroeconomic factors. Based on the qualitative assessments, considering the aggregation of the relevant factors, the Company concluded that it is not more likely than not that the fair values of these reporting units and the fair value of FCC licenses within each market are less than their respective carrying amounts. Therefore, performing the quantitative impairment test was unnecessary.

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

For 2012, the Company performed the two-step quantitative goodwill impairment test for the remaining two reporting units, CBS Interactive and CBS Radio. 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 exceeds the fair value, the second step of the test compares the implied fair value of a 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 2012 was 3.0% for CBS Interactive and 1.5% for CBS Radio. The discount rates, which for 2012 were 9.5% for CBS Interactive and 8.0% for CBS Radio, are determined based on the average of the weighted average cost of capital of comparable entities.

Based on the 2012 annual impairment test, for each of the two 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 the second step of the impairment test was unnecessary.

For each of the remaining seventeen radio and three television markets, the Company performed the quantitative impairment test that compares the estimated fair value of the FCC licenses by geographic market with their respective carrying values. 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 estimated based on both industry and internal 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 2012 were 7.5% and 8.0%, respectively, and the perpetual nominal growth rates used were 2.0% and 1.5%, respectively.

For its 2012 annual impairment test the Company concluded that the estimated fair values of the indefinite-lived intangible assets for which it performed a quantitative assessment exceeded the respective carrying values and therefore no impairment charge was required.

During 2012, in connection with the sale of its five owned radio stations in West Palm Beach, the Company recorded a pre-tax noncash impairment charge of $11 million to reduce the carrying value of the allocated goodwill.

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(Tabular dollars in millions, except per share amounts)

For the years ended December 31, 2012 and 2011, the changes in the book value of goodwill by segment were as follows:

	Balance at December 31, 2011	Acquisitions	Dispositions	Impairment	Other [(a)]	Balance at December 31, 2012
Entertainment:						
Goodwill	$ 9,456	$ 4	$	$	$	$ 9,460
Accumulated impairment losses	(6,294)					(6,294)
Goodwill, net of impairment	3,162	4				3,166
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	6	(263)			23,209
Accumulated impairment losses	(20,816)		255	(11)		(20,572)
Goodwill, net of impairment	2,650	6	(8)	(11)		2,637
Outdoor Americas:						
Goodwill	9,579				5	9,584
Accumulated impairment losses	(7,707)					(7,707)
Goodwill, net of impairment	1,872				5	1,877
Total:						
Goodwill	43,388	10	(263)		5	43,140
Accumulated impairment losses	(34,817)		255	(11)		(34,573)
Goodwill, net of impairment	$ 8,571	$ 10	$ (8)	$ (11)	$ 5	$ 8,567

(a) Primarily includes foreign currency translation adjustments.

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

	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 Americas:					
Goodwill	9,587			(8)	9,579
Accumulated impairment losses	(7,707)				(7,707)
Goodwill, net of impairment	1,880			(8)	1,872
Total:					
Goodwill	43,292	107		(11)	43,388
Accumulated impairment losses	(34,817)				(34,817)
Goodwill, net of impairment	$ 8,475	$ 107	$	$ (11)	$ 8,571

(a) Reflects acquisitions of internet businesses.

(b) Primarily includes foreign currency translation adjustments.

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

The Company's intangible assets were as follows:

At December 31, 2012	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:			
Leasehold agreements	$ 889	$ (635)	$ 254
Franchise agreements	477	(309)	168
Trade names	213	(28)	185
Other intangible assets	245	(169)	76
Total intangible assets subject to amortization	1,824	(1,141)	683
FCC licenses	5,832		5,832
Total intangible assets	$ 7,656	$ (1,141)	$ 6,515

At December 31, 2011	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:			
Leasehold agreements	$ 878	$ (589)	$ 289
Franchise agreements	475	(282)	193
Other intangible assets	376	(244)	132
Total intangible assets subject to amortization	1,729	(1,115)	614
FCC licenses	5,738		5,738
Trade names	169		169
Total intangible assets	$ 7,636	$ (1,115)	$ 6,521

Amortization expense was $106 million (2012), $121 million (2011) and $129 million (2010). The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each of the years, 2013 through 2017, to be as follows:

	2013	2014	2015	2016	2017
Amortization expense	$ 99	$ 88	$ 78	$ 68	$ 41

3) DISCONTINUED OPERATIONS

As part of the Company's strategic initiatives for its outdoor advertising business, during the fourth quarter of 2012 the Company initiated a plan to divest Outdoor Europe. Outdoor Europe is expected to be sold within one year. As a result, Outdoor Europe has been classified as held-for-sale and its results have been presented as a discontinued operation in the Company's consolidated financial statements for all periods presented.

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The following table sets forth details of the net loss from discontinued operations for the years ended December 31, 2012, 2011 and 2010.

Year Ended December 31,	2012	2011	2010
Revenues from discontinued operations	$ 588	$ 608	$ 594
Loss from discontinued operations before income taxes	$ (78)	$ (73)	$ (113)
Income tax benefit (provision)	18	(13)	15
Net loss from discontinued operations, net of tax	$ (60)	$ (86)	$ (98)

Noncurrent assets of discontinued operations of $260 million for 2012 and $302 million for 2011 primarily consist of net property and equipment of $103 million and $138 million for 2012 and 2011, respectively, and goodwill of $49 million for both 2012 and 2011. Noncurrent liabilities from discontinued operations primarily relate to aircraft leases from previously disposed businesses that are generally expected to liquidate in accordance with contractual terms. (See Note 1 for the accounting policy related to these discontinued operations).

4) RESTRUCTURING CHARGES

During the year ended December 31, 2012, in a continued effort to reduce its cost structure, the Company initiated restructuring plans across several of its businesses, primarily for the reorganization of certain business operations. As a result, the Company recorded restructuring charges of $19 million, reflecting $13 million of severance costs and $6 million of costs associated with exiting contractual obligations. During the years ended December 31, 2011 and 2010, the Company recorded restructuring charges of $43 million and $59 million, respectively. The charges reflected $53 million of severance costs and $49 million of costs associated with exiting contractual obligations. As of December 31, 2012, the cumulative amount paid for the 2012, 2011 and 2010 restructuring charges was $83 million, of which $55 million was for the severance costs and $28 million was related to costs associated with contractual obligations. The Company expects to substantially utilize the remaining reserves by the end of 2013.

	Balance at December 31, 2011	2012 Charges	2012 Payments	Balance at December 31, 2012
Entertainment	$ 42	$ 7	$ (24)	$ 25
Cable Networks	1			1
Publishing	2	3	(3)	2
Local Broadcasting	2	8	(1)	9
Outdoor Americas	1		(1)	
Corporate		1		1
Total	$ 48	$ 19	$ (29)	$ 38

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	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	9		(7)	2
Outdoor Americas	1	1	(1)	1
Total	$ 25	$ 43	$ (20)	$ 48

5) PROGRAMMING AND OTHER INVENTORY

At December 31,	2012	2011
Program rights	$ 1,389	$ 1,333
Television programming:		
Released (including acquired libraries)	781	628
In process and other	128	170
Theatrical programming:		
Released	25	15
In process and other	60	25
Publishing, primarily finished goods	57	59
Other	1	1
Total programming and other inventory	2,441	2,231
Less current portion	859	735
Total noncurrent programming and other inventory	$ 1,582	$ 1,496

6) RELATED PARTIES

National Amusements, Inc. National Amusements, Inc. ("NAI") is the controlling stockholder of CBS Corp. and Viacom Inc. 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. At December 31, 2012, 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 and leases its production facilities to Viacom Inc.'s media networks businesses. In addition, the Company recognizes revenues for advertising spending placed by various subsidiaries of Viacom Inc. 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 $221 million, $255 million and $262 million for the years ended December 31, 2012, 2011 and 2010, respectively.

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As part of its normal course of business, the Company places advertisements with, leases production facilities from, and purchases other goods and services from various subsidiaries of Viacom Inc. The total amounts for these transactions were $26 million, $23 million and $27 million for the years ended December 31, 2012, 2011 and 2010, respectively.

The following table presents the amounts due from Viacom Inc. in the normal course of business as reflected on the Company's Consolidated Balance Sheets. Amounts due to Viacom Inc. were minimal at December 31, 2012 and 2011.

At December 31,	**2012**	**2011**
Receivables	$ 124	$ 102
Other assets (Receivables, noncurrent)	133	198
Total amounts due from Viacom Inc.	$ 257	$ 300

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 $160 million, $133 million and $145 million for the years ended December 31, 2012, 2011 and 2010, respectively.

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

7) 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 49% interest in a joint venture with a subsidiary of Liberty Global Inc., which owns and operates six cable and satellite channels in the United Kingdom and Ireland, including CBS branded channels; a 30% interest in a joint venture with another subsidiary of Liberty Global, which owns and operates seven cable and satellite channels in Europe, the Middle East and Africa; a 50% interest in a joint venture with Reliance Broadcast Network Limited, which operates four cable and satellite channels for the Indian market and surrounding territory; a 33% interest in a joint venture with a subsidiary of Ten Network Holdings Limited to provide content to ELEVEN, a digital television channel service in Australia; and a 33% interest in another joint venture which owns two cable and satellite channels in Australia.

At December 31, 2012 and 2011, respectively, the Company had $118 million and $100 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, 2012 and 2011, respectively, the Company had $10 million and $12 million of cost investments that are included in "Other assets" on the Consolidated Balance Sheets.

The aggregate market value of the Company's available for sale investments was $9 million at both December 31, 2012 and 2011. The market value of each individual investment was not below its carrying value on the Consolidated Balance Sheets.

The Company invested $91 million, $79 million and $80 million into its equity and cost investments during the years ended December 31, 2012, 2011 and 2010, respectively.

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8) BANK FINANCING AND DEBT

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

At December 31,	2012	2011
8.625% Debentures due 2012	$	$ 152
5.625% Senior Notes due 2012		339
8.20% Senior Notes due 2014		398
8.875% Notes due 2014	100	100
7.625% Senior Debentures due 2016	200	200
1.95% Senior Notes due 2017	396	
4.625% Senior Notes due 2018	321	325
8.875% Senior Notes due 2019	591	589
5.750% Senior Notes due 2020	500	500
4.30% Senior Notes due 2021	300	300
3.375% Senior Notes due 2022	694	
7.875% Debentures due 2023	224	224
7.125% Senior Notes due 2023 [b]	52	52
7.875% Senior Debentures due 2030	1,271	1,272
5.50% Senior Debentures due 2033	428	428
5.90% Senior Notes due 2040	299	299
4.85% Senior Notes due 2042	487	
6.750% Senior Notes due 2056		747
Obligations under capital leases	72	78
Total debt [c]	5,935	6,003
Less discontinued operations debt [d]	13	21
Total debt from continuing operations	5,922	5,982
Less current portion	18	24
Total long-term debt from continuing operations, net of current portion	$ 5,904	$ 5,958

(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, 2012 and December 31, 2011, the senior debt balances included (i) a net unamortized (discount) premium of $(16) million and $4 million, respectively, and (ii) an increase in the carrying value of the debt relating to previously settled fair value hedges of $23 million and $75 million, respectively. The face value of the Company's total debt was $5.93 billion at December 31, 2012 and $5.92 billion at December 31, 2011.

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

For the year ended December 31, 2012, debt issuances and redemptions were as follows:

Debt Issuances

June 2012, $400 million 1.95% senior notes due 2017
June 2012, $500 million 4.85% senior notes due 2042
February 2012, $700 million 3.375% senior notes due 2022

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Debt Redemptions

$152 million 8.625% debentures due 2012
$338 million 5.625% senior notes due 2012
$400 million 8.20% senior notes due 2014
$700 million 6.75% senior notes due 2056

These redemptions resulted in a pre-tax net loss on early extinguishment of debt of $32 million for the year ended December 31, 2012.

During the year ended December 31, 2010, the Company issued $1.10 billion of senior notes and repurchased and redeemed $2.07 billion of senior notes and debentures, of which $750 million was repurchased through tender offers, resulting in a pre-tax loss on early extinguishment of debt of $81 million.

At December 31, 2012, the Company's scheduled maturities of long-term debt at face value, excluding capital leases, were as follows:

	2013	2014	2015	2016	2017	2018 and Thereafter
Long-term debt	$	$ 99	$	$ 200	$ 400	$ 5,157

Credit Facility

At December 31, 2012, the Company had a $2.0 billion revolving credit facility which expires in March 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, 2012, the Company's Consolidated Leverage Ratio was approximately 1.6x and Consolidated Coverage Ratio was approximately 9.5x.

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 noncash 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 Credit Facility is used for general corporate purposes. At December 31, 2012, the Company had no borrowings outstanding under the Credit Facility and the remaining availability under the Credit Facility, net of outstanding letters of credit, was $1.99 billion.

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9) 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, 2012 and 2011, the carrying value of the senior debt was $5.86 billion and $5.93 billion, respectively, and the fair value, which is estimated, based on quoted market prices for similar liabilities and includes accrued interest, was $7.16 billion and $6.86 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 exp