

CBS CORP
Form 10-K
February 25, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2010

OR

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

For the transition period from _____ to _____

Commission File Number 001-09553

CBS CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

04-2949533

(I.R.S. Employer
Identification Number)

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

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

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

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, \$0.001 par value	New York Stock Exchange
Class B Common Stock, \$0.001 par value	New York Stock Exchange
7.625% Senior Debentures due 2016	NYSE Amex
6.75% Senior Notes due 2056	New York Stock Exchange

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

None
(Title of Class)

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer, 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

Accelerated
filer

Non-accelerated filer
(Do not check if a
smaller
reporting company)

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 No

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

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

DOCUMENTS INCORPORATED BY REFERENCE

Portions of CBS Corporation's Notice of 2011 Annual Meeting of Stockholders and Proxy Statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Proxy Statement") (Portion of Item 5; Part III).

PART I

Item 1. Business.

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

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

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

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

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

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

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

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

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

As of December 31, 2010, National Amusements, Inc. ("NAI"), a closely held corporation that owns and operates approximately 944 movie screens in the U.S., the United Kingdom ("U.K.") and South America and manages 16 movie screens in the U.S. and South America, directly or indirectly owned approximately 79% of the Company's voting Class A Common Stock, and approximately 6% of the Company's Class A Common Stock and Class B Common Stock on a combined basis. Owners of the Company's Class A Common Stock are entitled to one vote per share. The Company's Class B Common Stock does not have voting rights. NAI is not subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. Sumner M. Redstone, the controlling shareholder of NAI, is the Executive Chairman of the Board of Directors and Founder of the Company.

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The Company was organized in Delaware in 1986. The Company's principal offices are located at 51 W. 52nd Street, New York, New York 10019. Its telephone number is (212) 975-4321 and its Web site address is www.cbcorporation.com.

CBS CORP. BUSINESS SEGMENTS

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

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

Television Network. The CBS Television Network through CBS Entertainment , CBS News® and CBS Sports® distributes a comprehensive schedule of news and public affairs broadcasts, sports and entertainment programming to more than 200 domestic affiliates reaching throughout the U.S., including 16 of the Company's owned and operated television stations, and to affiliated stations in certain U.S. territories. The CBS Television Network primarily derives revenues from the sales of advertising time for its network broadcasts.

CBS Entertainment is responsible for acquiring or developing and scheduling the entertainment programming presented on the CBS Television Network, which includes primetime comedy and drama series, reality-based programming, specials, children's programs, daytime dramas, game shows and late-night programs. CBS News operates a worldwide news organization, providing the CBS Television Network and the CBS Radio Network with regularly scheduled news and public affairs broadcasts, including *60 Minutes*®, *CBS Evening News with Katie Couric* and *The Early Show*, as well as special reports. CBS News Productions, the off-network production company created by CBS News, produces programming for domestic and international outlets, including the CBS Television Network, cable television, home video, audio-book and in-flight markets, as well as schools and libraries. CBS News also provides CBS Newspath®, a television news syndication service that offers daily news coverage, sports highlights and news features to the CBS Television Network affiliates and other subscribers worldwide. CBS Sports broadcasts include *The NFL Today*, certain games from the NCAA Division I Men's Basketball Tournament, including the NCAA Men's Final Four, golf, including the Masters Tournament and the PGA Championship, the U.S. Open Tennis Championships, regular-season college football and basketball line-ups on network television, in addition to the NFL's American Football Conference regular season schedule, the Postseason Divisional Playoff games and the AFC championship game. CBS Sports has rights extensions with the NFL to broadcast the AFC through the 2013 season including the broadcast of the 2013 Super Bowl. CBS Home Entertainment licenses home video rights and CBS Consumer Products licenses merchandising rights.

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

Television Production and Syndication. The Company, through CBS Television Studios, CBS Studios International and CBS Television Distribution, produces, acquires and/or distributes programming worldwide, including series, specials, news and public affairs. Such programming is produced primarily for broadcast on network television, exhibition on basic cable and premium subscription services or distribution via first-run syndication. First-run syndication is programming exhibited on television stations without prior exhibition on a network or cable service. The Company also distributes off-network syndicated programming, which is programming exhibited on television stations or cable networks following its exhibition on a network, basic cable network or premium subscription service.

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Programming that was produced or co-produced by the Company's production group and is broadcast on network television includes, among others, *CSI: Crime Scene Investigation* (CBS), *NCIS* (CBS), *The Good Wife* (CBS) and *90210* (The CW). Generally, a network will license a specified number of episodes for broadcast on the network in the U.S. during a license period. Remaining distribution rights, including foreign and/or off-network syndication rights, are typically retained by the Company or, in the case of co-productions, distribution rights are shared with the co-producer for U.S. or foreign markets. The network license fee for a series episode is normally lower than the costs of producing the episode; however, the Company's objective is to recoup its costs and earn a profit through international and domestic syndication of episodes. International sales are generally made within one year of U.S. network run. Generally, a series must have a network run of at least three or four years to be successfully sold in domestic syndication. In off-network syndication, the Company distributes series such as *CSI*; *CSI: Miami*, *CSI: NY*, *Numb3rs*, *Criminal Minds* and *NCIS* as well as a library of older television programs. The Company also produces and/or distributes first-run syndicated series such as *Jeopardy!*, *Entertainment Tonight*, *Inside Edition*, *The Insider*, *Dr. Phil*, *Rachael Ray* and *Judge Judy*. The Company also distributes syndicated programming internationally.

License fees for completed television programming in syndication and on cable are recorded as revenues in the period that the products are available for exhibition, which, among other reasons, may cause substantial fluctuation in the Entertainment segment's operating results. Unrecognized revenues attributable to such license agreements were approximately \$654.1 million and \$387.0 million at December 31, 2010 and December 31, 2009, respectively.

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

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

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

CBS Interactive. CBS Interactive operates one of the leading online content networks for information and entertainment. CBS Interactive was ranked among the top Internet properties in the world according

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

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

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

Entertainment Competition.

Television Network. The television broadcast environment is highly competitive. The principal methods of competition in broadcast television are the development and acquisition of popular programming and the development of audience interest through programming and promotion, in order to sell advertising at profitable rates. Broadcast networks like CBS compete for audience, advertising revenues and programming with other broadcast networks such as ABC, FOX, NBC, The CW and MyNetworkTV, independent television stations, cable program services as well as other media, including DVDs, print and the Internet. In addition, the CBS Television Network competes with the other broadcast networks to secure affiliations with independently owned television stations in markets across the country, which are necessary to ensure the effective distribution of network programming to a nationwide audience. According to Nielsen Media Research, for the broadcast television primetime daypart for the period September 20, 2010 to February 6, 2011, the CBS Television Network secured the #1 position for total viewers and for key adult viewers ages 25-54 and the #2 position for adult viewers ages 18-49.

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

CBS Films. Motion picture production and distribution is a highly competitive business. During the life cycle of the development and production of a motion picture project, CBS Films must compete for the

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

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

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

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

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

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

Showtime Networks derives revenue principally from the license of its program services to numerous cable, DBS, telco, and other distributors, with a substantial portion of such revenue coming from three of the largest such distributors. The costs of acquiring exhibition rights to programming and producing original series are the principal expenses of Showtime Networks. Showtime Networks enters into commitments to acquire rights, with an emphasis on acquiring exclusive rights for *Showtime* and *The Movie*

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

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

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

Cable Networks Competition.

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

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The terms and favorable renewal of agreements with distributors for the distribution of the Company's subscription program services are important to the Company. Consolidation among multichannel video programming distributors and other marketplace factors make it more difficult to reach favorable terms and could have an adverse effect on revenues. In addition, new entrants, such as Netflix, Inc., providing programming or other services for cable and/or other platforms, including the Internet, are or could be competitive with and adversely affect the Company's media businesses, including Showtime Networks' subscription program service business.

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

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

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

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

Simon & Schuster publishes and distributes adult and children's consumer books in printed, audio and digital formats in the U.S. and internationally. Digital formats include audio downloads for the Apple iPod and MP3 players, electronic books for increasingly popular devices such as Amazon's Kindle, the Apple iPad and Barnes & Noble's NOOK, stand-alone applications for the Apple iPod and iPhone, and new hybrid text and video combinations. Simon & Schuster's major adult imprints include *Simon & Schuster*, *Pocket Books*, *Scribner*, *Atria Books*®, *Gallery Books*, *Touchstone*® and *Free Press*. Simon & Schuster's major children's imprints include *Simon Pulse*®, *Aladdin*® and *Simon & Schuster Books For Young Readers*. Simon & Schuster also develops special imprints and publishes titles based on the CBS Television Network's and Showtime Networks' products as well as that of third parties and distributes products for other publishers. Simon & Schuster distributes its products directly and through third parties. Simon & Schuster also delivers content and promotes its products on general Internet sites as well as those linked to individual titles; its created assets include online videos showcasing Simon & Schuster authors and new releases on YouTube, Facebook, MSN.com, SimonandSchuster.com and other sites. International publishing includes the international distribution of English-language titles through Simon & Schuster UK, Simon & Schuster Canada and Simon & Schuster Australia and other distributors, as well as the publication of local titles by Simon & Schuster UK and Simon & Schuster Australia.

In 2010, Simon & Schuster published 154 titles that were New York Times bestsellers, including 14 New York Times #1 bestsellers. Best-selling titles in 2010 include *BROKE* by Glenn Beck, *WOMEN FOOD AND GOD* by Geneen Roth, *SPOKEN FROM THE HEART* by Laura Bush and *FULL DARK, NO STARS* by Stephen King. Bestselling children's titles from Simon & Schuster include *CLOCKWORK ANGEL* by Cassandra Clare, *DORK DIARIES 2* by Rachel Renee Russell and *CRESCENDO* by Becca Fitzpatrick. *Simon & Schuster Digital*, through *SimonandSchuster.com*, publishes original content, builds reader communities and promotes and sells Simon & Schuster's books over the Internet.

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The consumer publishing marketplace is subject to increased periods of demand in the summer months and during the end-of-year holiday season. Major new title releases represent a significant portion of Simon & Schuster's sales throughout the year. Simon & Schuster's top 10 accounts drive a significant portion of its annual revenue. Consumer print books are generally sold on a fully returnable basis, resulting in the return of unsold books. In the domestic and international markets, the Company is subject to global trends and local economic conditions. In 2010, the sale of digital content represented 8.0% of Simon & Schuster's revenues. The Company expects that electronic books will represent an increasing portion of Simon & Schuster revenues in the coming years.

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

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

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

CBS Television Stations. The Company owns 29 broadcast television stations through its CBS Television Stations group, all of which operate under licenses granted by the Federal Communications Commission ("FCC") pursuant to the Communications Act of 1934, as amended (the "Communications Act"). The licenses are renewable every eight years. The Company's television stations are located in the 8 largest, and 15 of the top 20, television markets in the U.S. The Company owns multiple television stations within the same designated market area ("DMA") in 9 major markets. These multiple station markets are: Los Angeles (market #2), Philadelphia (market #4), Dallas-Fort Worth (market #5), San Francisco-Oakland-San Jose (market #6), Boston (market #7), Detroit (market #11), Miami-Ft. Lauderdale (market #16), Sacramento-Stockton-Modesto (market #20), and Pittsburgh (market #24). This group of television stations enables the Company to reach a wide audience within and across geographically diverse markets in the U.S. The stations produce news and broadcast public affairs, sports and other programming to serve their local markets and offer CBS, The CW or MyNetworkTV programming and syndicated programming. The CBS Television Stations group principally derives its revenues from the sale of advertising time on its television stations. Substantially all of the Company's television stations operate Web sites, many of which are combined with the Web sites of the Company's radio stations in co-located markets, which promote the stations' programming, and provide news, information and entertainment, as well as other services. These Web sites principally derive revenues from the sale of advertising.

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Television Stations

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

Station and Metropolitan Area Served(1)	Market Rank(2)	Type	Network Affiliation
WCBS-TV New York, NY	1	UHF	CBS
KCAL-TV Los Angeles, CA	2	VHF	Independent
KCBS-TV Los Angeles, CA	2	UHF	CBS
WBBM-TV Chicago, IL	3	VHF	CBS
KYW-TV Philadelphia, PA	4	UHF	CBS
WPSG-TV Philadelphia, PA	4	UHF	The CW
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	Independent
WUPA-TV Atlanta, GA	8	UHF	The CW
WKBD-TV Detroit, MI	11	UHF	The CW
WWJ-TV Detroit, MI	11	UHF	CBS
KSTW-TV Seattle-Tacoma, WA	13	VHF	The CW
WTOG-TV Tampa-St. Petersburg-Sarasota, FL	14	UHF	The CW

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Station and Metropolitan Area Served(1)	Market Rank(2)	Type	Network Affiliation
WCCO-TV Minneapolis-St. Paul, MN	15	UHF	CBS
<i>Satellites:</i>			
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	24	UHF	CBS
WPCW-TV Pittsburgh, PA	24	VHF	The CW
WJZ-TV Baltimore, MD	26	VHF	CBS
WBXI-CA(5) Indianapolis, IN	27	UHF	Tr3s

- (1) Metropolitan Area Served is Nielsen Media Research's DMA.
- (2) Market Rankings based on Nielsen Media Research Local Market Universe Estimate, September 2010.
- (3) KCCO-TV is operated as a satellite station of WCCO-TV.
- (4) KCCW-TV is operated as a satellite station of WCCO-TV.
- (5) WBXI-CA is a Class A low power television station. Class A low power television stations do not implicate the FCC's ownership rules.

CBS Radio. The Company's radio broadcasting business operates through CBS Radio, one of the largest operators of radio stations in the U.S. CBS Radio owns and operates 130 radio stations serving 28 U.S. markets as of February 21, 2011. Virtually all of the Company's owned and operated radio stations are located in the 50 largest U.S. radio markets and approximately 75% in the 25 largest U.S. radio markets. The Company's strategy generally is to operate radio stations in the largest markets and take advantage of the Company's ability to sell advertising across multiple markets and formats. The Company believes that it is favorably impacted by offering radio, television and outdoor advertising platforms in large markets. The "Radio Stations, Television Stations and Outdoor Advertising Displays" table below includes information with respect to the Company's radio stations in the top 25 U.S. radio markets.

CBS Radio's geographically dispersed stations serve diverse target demographics through a broad range of formats such as rock, classic hits/oldies, all-news, talk, Spanish language, adult contemporary, top 40/contemporary hit radio, urban, sports and country, and CBS Radio has established leading franchises in

news, sports and personality programming. This diversity provides advertisers with the convenience of selecting stations to reach a targeted demographic or of selecting groups of stations to reach broad groups of consumers within and across markets and also reduces the Company's dependence on any single station, local economy, format or advertiser. At the same time, CBS Radio maintains substantial diversity in each market where its stations operate so that its stations can appeal to several demographic groups. CBS Radio's general programming strategies include employing popular on-air talent, some of whose broadcasts may be syndicated by CBS Radio using the services of a third party syndicator, broadcasting programming syndicated to it by others, acquiring the rights to broadcast sports play-by-play and producing and acquiring news content for its radio stations. The overall mix of each radio station's programming lineup is designed to fit the station's specific format and serve its local community. The Company also has agreements with Westwood One, Inc. involving compensation to the Company, the provision of radio programming to CBS Radio and the distribution by Westwood One of CBS Radio News programming.

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

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

Local Broadcasting Competition.

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

CBS Radio. The Company's radio stations directly compete within their respective markets for audience, advertising revenues and programming with other radio stations, including those owned by other group owners such as Clear Channel Communications, Citadel Broadcasting, Cumulus Media Inc., Emmis Communications, Entercom Communications Corporation and Radio One. The Company's radio stations, including its Internet and streaming activities, also compete with other media, such as broadcast, cable and DBS television, other radio stations, newspapers, magazines, direct mail, the Internet, including Internet radio services such as Pandora, Live 365 and Rhapsody. The radio industry is also subject to competition from Sirius XM Radio Inc., which provides digital audio services to subscribers.

The Company's television and radio stations face increasing competition from newer technologies, including audio and visual programming delivered via the Internet, which create new ways for individuals to watch programming and listen to music and other content of their choosing while avoiding traditional

commercial advertisements. Also, an increasingly broad adoption by consumers of portable digital devices could affect the ability of the Company's television and radio stations to attract audiences and advertisers.

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

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

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Radio Stations, Television Stations and Outdoor Advertising Displays

The following table sets forth information with regard to the Company's radio stations, television stations and outdoor advertising displays as of February 21, 2011 in the top 25 U.S. radio markets:

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

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

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

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#26 Television

WWMX FM Hot Adult
Contemporary

Malls, Digital

In-Store Networks

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Market and Market Rank(1)	Radio			Television		Outdoor	
	Stations	AM/ FM	Format	Stations	Type	Network Affiliation	Display Type
Portland, OR							Billboards, Malls, Digital In-Store Networks
<i>#23 Radio</i>							
Charlotte, NC							