CBS CORP
Form 10-Q
August 03, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 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 No.)
51 W. 52nd Street, New York, New York (Address of principal executive offices)	**10019** (Zip Code)

(212) 975-4321
Registrant's telephone number, including area code

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

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

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

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

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

Number of shares of common stock outstanding at July 31, 2010:

Class A Common Stock, par value $.001 per share	50,882,897
Class B Common Stock, par value $.001 per share	629,855,757

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

CBS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	**2009**	**2010**	**2009**
Revenues	$ 3,331.0	$ 3,006.3	$ 6,861.9	$ 6,166.2
Expenses:				
Operating	2,077.7	1,984.4	4,641.2	4,297.5
Selling, general and administrative	673.1	625.7	1,289.2	1,221.9
Restructuring charges	1.7	8.8	58.8	9.6
Depreciation and amortization	143.5	145.2	284.3	287.5
Total expenses	2,896.0	2,764.1	6,273.5	5,816.5
Operating income	435.0	242.2	588.4	349.7
Interest expense	(133.6)	(133.9)	(271.6)	(267.1)
Interest income	1.1	1.1	2.2	2.7
Loss on early extinguishment of debt	(40.3)	(30.5)	(37.9)	(29.8)
Other items, net	(13.6)	(3.5)	(26.7)	(15.4)
Earnings before income taxes and equity in loss of investee companies	248.6	75.4	254.4	40.1
Provision for income taxes	(91.7)	(56.9)	(112.7)	(65.7)
Equity in loss of investee companies, net of tax	(6.8)	(3.1)	(17.8)	(14.3)
Net earnings (loss)	$ 150.1	$ 15.4	$ 123.9	$ (39.9)
Basic and diluted net earnings (loss) per common share	$ ..22	$ ..02	$ ..18	$ (.06)
Weighted average number of common shares outstanding:				
Basic	679.1	673.4	677.7	672.5
Diluted	693.4	680.2	692.8	672.5

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

See notes to consolidated financial statements.

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CBS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except per share amounts)

	At June 30, 2010	At December 31, 2009
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 838.1	$ 716.7
Receivables, less allowances of $125.7 (2010) and $142.6 (2009)	2,895.6	2,900.2
Programming and other inventory (Note 4)	496.8	1,085.0
Deferred income tax assets, net	307.2	303.4
Prepaid income taxes	21.0	
Prepaid expenses and other current assets	678.7	630.4
Current assets of discontinued operations	4.1	1.2
Total current assets	5,241.5	5,636.9
Property and equipment:		
Land	328.9	329.3
Buildings	707.4	706.6
Capital leases	196.4	196.3
Advertising structures	1,991.7	2,039.8
Equipment and other	1,729.7	1,726.0
	4,954.1	4,998.0
Less accumulated depreciation and amortization	2,238.7	2,139.3
Net property and equipment	2,715.4	2,858.7
Programming and other inventory (Note 4)	1,296.2	1,464.2
Goodwill	8,660.1	8,667.5
Intangible assets (Note 3)	6,682.0	6,753.7
Other assets	1,330.7	1,489.9
Assets of discontinued operations	88.3	91.1
Total Assets	$ 26,014.2	$ 26,962.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 332.7	$ 436.4
Accrued compensation	261.3	320.7
Participants' share and royalties payable	1,046.4	955.0
Program rights	626.7	729.2
Deferred revenue	266.7	461.5
Income taxes payable		4.0
Current portion of long-term debt (Note 6)	26.1	443.6
Accrued expenses and other current liabilities	1,328.9	1,376.9
	18.9	19.2

Current liabilities of discontinued operations				
Total current liabilities		3,907.7		4,746.5
Long-term debt (Note 6)		6,515.9		6,553.3
Pension and postretirement benefit obligations		2,114.5		2,117.4
Deferred income tax liabilities, net		696.5		631.9
Other liabilities		3,345.7		3,636.6
Liabilities of discontinued operations		250.9		256.9
Commitments and contingencies (Note 10)				
Stockholders' Equity:				
Class A Common Stock, par value $.001 per share; 375.0 shares authorized; 51.0 (2010) and 51.8 (2009) shares issued		.1		.1
Class B Common Stock, par value $.001 per share; 5,000.0 shares authorized; 748.5 (2010) and 743.4 (2009) shares issued		.7		.7
Additional paid-in capital		43,448.7		43,479.2
Accumulated deficit		(30,247.8)		(30,371.7)
Accumulated other comprehensive loss (Note 1)		(329.5)		(395.5)
		12,872.2		12,712.8
Less treasury stock, at cost; 120.2 (2010) and 120.4 (2009) Class B Shares		3,689.2		3,693.4
Total Stockholders' Equity		9,183.0		9,019.4
Total Liabilities and Stockholders' Equity	$	26,014.2	$	26,962.0

See notes to consolidated financial statements.

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CBS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited; in millions)

	Six Months Ended June 30,	
	2010	**2009**
Operating Activities:		
Net earnings (loss)	$ 123.9	$ (39.9)
Adjustments to reconcile net earnings (loss) to net cash flow provided by operating activities:		
Depreciation and amortization	284.3	287.5
Stock-based compensation	69.6	66.8
Loss on early extinguishment of debt	37.9	29.8
Equity in loss of investee companies, net of tax and distributions	17.9	15.8
Decrease to accounts receivable securitization program (Note 6)		(300.0)
Change in assets and liabilities, net of effects of acquisitions	717.4	335.3
Net cash flow provided by operating activities	1,251.0	395.3
Investing Activities:		
Acquisitions, net of cash acquired	(7.9)	(9.3)
Capital expenditures	(99.7)	(139.3)
Investments in and advances to investee companies	(41.2)	(23.7)
Purchases of marketable securities		(35.6)
Proceeds from dispositions	1.6	22.5
Other investing activities	(.1)	(.4)
Net cash flow used for investing activities	(147.3)	(185.8)
Financing Activities:		
Repayments to banks, including commercial paper, net		(2.3)
Proceeds from issuance of senior notes	496.9	974.4
Repayment of notes and debentures	(976.1)	(1,007.5)
Payment of capital lease obligations	(8.1)	(7.7)
Dividends	(73.7)	(228.6)
Purchase of Company common stock	(35.6)	(16.5)
Proceeds from exercise of stock options	2.7	
Excess tax benefit from stock-based compensation	12.0	.7
Decrease to accounts receivable securitization program (Note 6)	(400.0)	
Other financing activities	(.4)	
Net cash flow used for financing activities	(982.3)	(287.5)
Net increase (decrease) in cash and cash equivalents	121.4	(78.0)
Cash and cash equivalents at beginning of period	716.7	419.5
Cash and cash equivalents at end of period	$ 838.1	$ 341.5
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 263.5	$ 265.2
Cash paid for income taxes	$ 32.3	$ 72.4

See notes to consolidated financial statements.

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CBS CORPORATION AND SUBSIDIARIES

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

1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation The accompanying unaudited consolidated financial statements of the Company have been prepared pursuant to the rules of the Securities and Exchange Commission ("SEC"). These financial statements should be read in conjunction with the more detailed financial statements and notes thereto, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

In the opinion of management, the accompanying unaudited financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair statement of the financial position, results of operations and cash flows of the Company for the periods presented. Certain previously reported amounts have been reclassified to conform to the current presentation.

Use of Estimates The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States ("U.S.") requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Net Earnings (Loss) per Common Share Basic earnings (loss) per share ("EPS") is based upon net earnings (loss) divided by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the effect of the assumed exercise of stock options and vesting of restricted stock units ("RSUs"), market-based performance share units ("PSUs") and restricted shares only in the periods in which such effect would have been dilutive. For the three and six months ended June 30, 2010, respectively, stock options to purchase 32.8 million and 33.0 million shares of Class B Common Stock were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive. For the three months ended June 30, 2009, stock options to purchase 43.0 million shares of Class B Common Stock were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive. For the six months ended June 30, 2009, stock options to purchase 45.0 million shares of Class B Common Stock and 19.4 million RSUs, PSUs and restricted shares were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive since the Company reported a net loss.

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CBS CORPORATION AND SUBSIDIARIES

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Weighted average shares for basic EPS	679.1	673.4	677.7	672.5
Dilutive effect of shares issuable under stock-based compensation plans	14.3	6.8	15.1	
Weighted average shares for diluted EPS	693.4	680.2	692.8	672.5

Comprehensive Income (Loss) Total comprehensive income (loss) for the Company includes net earnings (loss) and other comprehensive income (loss) ("OCI") items listed in the table below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Net earnings (loss)	$ 150.1	$ 15.4	$ 123.9	$ (39.9)
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustments	(14.5)	122.9	(19.8)	44.5
Net actuarial loss and prior service costs	8.9	11.0	85.9	22.3
Change in fair value of cash flow hedges		(1.4)	(.1)	
Net unrealized gain (loss) on securities	(.1)	1.2		.3
Total comprehensive income	$ 144.4	$ 149.1	$ 189.9	$ 27.2

Other Liabilities Other liabilities consist primarily of the noncurrent portion of residual liabilities of previously disposed businesses, participants' share and royalties payable, program rights, deferred compensation and other employee benefit accruals.

Additional Paid-In Capital For the six months ended June 30, 2010 and 2009, the Company recorded dividends of $69.6 million and $69.3 million, respectively, as a reduction to additional paid-in capital as the Company had an accumulated deficit balance.

Adoption of New Accounting Standards

Variable Interest Entities

Effective January 1, 2010, the Company adopted revised Financial Accounting Standards Board ("FASB") guidance which changes the model for determining whether an entity should consolidate a Variable Interest Entity ("VIE"). This new model requires an assessment of whether an entity has a controlling financial interest in a VIE and is therefore the primary beneficiary and required to consolidate the VIE. This guidance also requires an ongoing assessment of whether an entity continues to be the primary beneficiary of a VIE. 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)

Transfers of Financial Assets

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

Recent Pronouncements

Revenue Arrangements with Multiple Deliverables

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

2) STOCK-BASED COMPENSATION

The following table summarizes the Company's stock-based compensation expense for the three and six months ended June 30, 2010 and 2009.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	**2009**	**2010**	**2009**
RSUs, PSUs and restricted shares	$ 29.2	$ 27.2	$ 56.0	$ 54.9
Stock options and equivalents	7.8	6.7	13.6	11.9
Stock-based compensation expense, before income taxes	37.0	33.9	69.6	66.8
Related tax benefit	(14.6)	(13.5)	(27.4)	(26.7)
Stock-based compensation expense, net of tax benefit	$ 22.4	$ 20.4	$ 42.2	$ 40.1

During the six months ended June 30, 2010, the Company granted 8.6 million RSUs with a weighted average per unit grant date fair value of $13.31. RSU grants during 2010 generally vest over a one-to-four-year service period. Certain RSU awards are also subject to satisfying performance conditions. The number of shares that will be issued upon vesting of RSU awards with performance conditions can range from 0% to 120% of the target award, based on the achievement of established

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CBS CORPORATION AND SUBSIDIARIES

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

operating performance goals. During the six months ended June 30, 2010, the Company also granted .2 million PSUs with an aggregate grant date fair value of $5.5 million. The number of shares that will be issued upon vesting of PSUs can range from 0% to 300% of the target award, based on the ranking of the total shareholder return for CBS Corp. Class B Common Stock within the S&P 500 Index over a designated three-year measurement period, or in certain circumstances, based on the achievement of established operating performance goals. During the six months ended June 30, 2010, the Company also granted 6.6 million stock options with a weighted average exercise price of $13.44. Stock option grants during 2010 generally vest over a four-year service period.

Total unrecognized compensation cost related to non-vested RSUs and PSUs at June 30, 2010 was $189.9 million, which is expected to be expensed over a weighted average period of 2.5 years. Total unrecognized compensation cost related to unvested stock option awards and stock option equivalents at June 30, 2010 was $75.0 million, which is expected to be expensed over a weighted average period of 2.8 years.

3) INTANGIBLE ASSETS

The Company's intangible assets were as follows:

At June 30, 2010	**Gross**	**Accumulated Amortization**	**Net**
Intangible assets subject to amortization:			
Leasehold agreements	$ 886.0	$ (531.6)	$ 354.4
Franchise agreements	494.0	(262.8)	231.2
Other intangible assets	403.6	(214.2)	189.4
Total intangible assets subject to amortization	1,783.6	(1,008.6)	775.0
FCC licenses	5,738.2		5,738.2
Trade names	168.8		168.8
Total intangible assets	$ 7,690.6	$ (1,008.6)	$ 6,682.0

At December 31, 2009	**Gross**	**Accumulated Amortization**	**Net**
Intangible assets subject to amortization:			
Leasehold agreements	$ 883.6	$ (504.1)	$ 379.5
Franchise agreements	512.5	(261.7)	250.8
Other intangible assets	415.6	(199.2)	216.4
Total intangible assets subject to amortization	1,811.7	(965.0)	846.7
FCC licenses	5,738.2		5,738.2
Trade names	168.8		168.8
Total intangible assets	$ 7,718.7	$ (965.0)	$ 6,753.7

Amortization expense was $33.1 million and $33.4 million for the three months ended June 30, 2010 and 2009, respectively, and $66.3 million for each of the six months ended June 30, 2010 and 2009. The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each of the years, 2010 through 2014, to be as follows:

	2010	2011	2012	2013	2014
Amortization expense	$ 129.2	$ 116.4	$ 94.9	$ 83.4	$ 75.4

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CBS CORPORATION AND SUBSIDIARIES

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

4) PROGRAMMING AND OTHER INVENTORY

	At June 30, 2010	At December 31, 2009
Program rights	$ 1,095.8	$ 1,737.5
Television programming:		
Released (including acquired libraries)	513.6	547.9
In process and other	38.1	134.8
Theatrical programming:		
Released	29.0	
In process and other	48.0	58.5
Publishing, primarily finished goods	67.5	69.6
Other	1.0	.9
Total programming and other inventory	1,793.0	2,549.2
Less current portion	496.8	1,085.0
Total noncurrent programming and other inventory	$ 1,296.2	$ 1,464.2

5) RELATED PARTIES

National Amusements, Inc. National Amusements, Inc. ("NAI") is the controlling stockholder of CBS Corp. Mr. Sumner M. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of NAI, is the Executive Chairman of the Board of Directors and founder of both CBS Corp. and Viacom Inc. In addition, Ms. Shari Redstone, Mr. Sumner M. Redstone's daughter, is the president and a director of NAI and the vice chair of the board of directors of both CBS Corp. and 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 June 30, 2010, NAI beneficially owned CBS Corp. Class A Common Stock representing approximately 79.7% of the voting power of all classes of CBS Corp.'s Common Stock, and owned approximately 6.0% of CBS Corp.'s Class A Common Stock and Class B Common Stock on a combined basis.

Viacom Inc. CBS Corp., as part of its normal course of business, enters into transactions with Viacom Inc. and its subsidiaries. CBS Corp., through its Entertainment segment, licenses its television products to Viacom Inc., primarily MTV Networks and BET Networks. In addition, CBS Corp. recognizes advertising revenues for media spending placed by various subsidiaries of Viacom Inc., primarily Paramount Pictures. Paramount Pictures also distributes certain of the Company's television products in the home entertainment market. CBS Corp.'s total revenues from these transactions were $70.5 million and $40.9 million for the three months ended June 30, 2010 and 2009, respectively, and $109.5 million and $112.3 million for the six months ended June 30, 2010 and 2009, respectively.

Showtime Networks pays license fees to Paramount Pictures for motion picture programming under an exclusive output agreement which covers feature films initially theatrically released in the U.S. through 2007. Showtime Networks has exhibition rights to each film licensed under this agreement during three pay television exhibition windows over the course of several years after each such film's initial theatrical release. This agreement has not been renewed for new feature films initially theatrically released in the U.S. after 2007. These license fees are initially recorded as programming inventory and amortized over the shorter of the life of the license agreement or projected useful life of the programming. In addition,

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CBS CORPORATION AND SUBSIDIARIES

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

CBS Corp. places advertisements with and leases production facilities from various subsidiaries of Viacom Inc. The total spending for all of these transactions was $5.6 million and $4.8 million for the three months ended June 30, 2010 and 2009, respectively, and $10.9 million and $8.8 million for the six months ended June 30, 2010 and 2009, respectively.

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

	At June 30, 2010	At December 31, 2009
Amounts due from Viacom Inc.		
Receivables	$ 129.4	$ 164.4
Other assets (Receivables, noncurrent)	215.0	268.3
Total amounts due from Viacom Inc.	$ 344.4	$ 432.7
Amounts due to Viacom Inc.		
Accounts payable	$ 2.7	$ 2.8
Program rights	5.5	18.4
Other liabilities (Program rights, noncurrent)	.4	3.8
Total amounts due to Viacom Inc.	$ 8.6	$ 25.0

Other Related Parties The Company owns 50% of The CW, a television broadcast network, which is accounted for by the Company as an equity investment. CBS Corp. earns revenues from The CW, primarily from the licensing of the Company's television programming. Total revenues from The CW were $16.1 million and $17.2 million for the three months ended June 30, 2010 and 2009, respectively, and $51.3 million and $34.1 million for the six months ended June 30, 2010 and 2009, 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.

6) BANK FINANCING AND DEBT

The following table sets forth the Company's debt.

	At June 30, 2010	At December 31, 2009
Senior debt (4.625% 8.875% due 2010 2056)[a]	$ 6,463.9	$ 6,909.5
Other notes	1.4	2.7
Obligations under capital leases	97.2	105.2
Total debt	6,562.5	7,017.4
Less discontinued operations debt[b]	20.5	20.5

Total debt from continuing operations		6,542.0		6,996.9
Less current portion		26.1		443.6
Total long-term debt from continuing operations, net of current portion	$	6,515.9	$	6,553.3

(a) At June 30, 2010 and December 31, 2009, the senior debt balances included (i) a net unamortized premium of $1.7 million and $2.2 million, respectively, and (ii) an increase in the carrying value of the debt relating to previously settled fair value hedges of $87.5 million and $92.4 million, respectively. The face value of the Company's senior debt was $6.37 billion at June 30, 2010 and $6.81 billion at December 31, 2009.

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

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CBS CORPORATION AND SUBSIDIARIES

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

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

For the six months ended June 30, 2010 and 2009, debt issuances, redemptions and repurchases were as follows:

Debt Issuances

April 2010, $500.0 million 5.75% senior notes due 2020
June 2009, $250.0 million 8.875% senior notes due 2019
May 2009, $350.0 million 8.875% senior notes due 2019
May 2009, $400.0 million 8.20% senior notes due 2014

Debt Redemptions

Second quarter of 2010

$414.6 million 7.70% senior notes due 2010

Debt Repurchases

Second quarter of 2010

$400.0 million 6.625% senior notes due 2011, through a tender offer
$42.6 million 8.625% debentures due 2012, through a tender offer
$57.4 million 5.625% senior notes due 2012, through a tender offer
$6.1 million 6.625% senior notes due 2011

First quarter of 2010

$19.5 million 5.50% senior debentures due 2033

Second quarter of 2009

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

First quarter of 2009

$152.8 million 7.70% senior notes due 2010

These transactions resulted in a pre-tax loss on early extinguishment of debt of $40.3 million and $37.9 million for the three and six months ended June 30, 2010, respectively, and $30.5 million and $29.8 million for the three and six months ended June 30, 2009, respectively.

At June 30, 2010, the Company classified $543.6 million of senior notes maturing in May 2011 as long-term debt on the Consolidated Balance Sheet, reflecting its intent and ability to refinance this debt on a long-term basis.

Credit Facility

At June 30, 2010, the Company had a $2.0 billion revolving credit facility which expires in December 2012 (the "Credit Facility"). The Credit Facility requires the Company to maintain a maximum Consolidated Leverage Ratio of 4.5x at the end of the second quarter of 2010, which will be reduced to 4.25x at the end of the third quarter of 2010 and 4.0x at the end of the fourth quarter of 2010, subject to further future reductions, and a minimum Consolidated Coverage Ratio of 3.0x for the trailing four

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quarters, each as further described in the Credit Facility. At June 30, 2010, the Company's Consolidated Leverage Ratio was approximately 2.9x and Consolidated Coverage Ratio was approximately 4.4x.

The primary purpose of the Credit Facility is to support commercial paper borrowings. At June 30, 2010, the Company had no commercial paper borrowings under its $2.0 billion commercial paper program. At June 30, 2010, the remaining availability under the Credit Facility, net of outstanding letters of credit, was $1.825 billion.

Accounts Receivable Securitization Program

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

On January 1, 2010, the Company adopted amended FASB guidance on the accounting for transfers of financial assets which required the Company's securitized accounts receivables to be recorded on the Consolidated Balance Sheet with a corresponding increase to debt. As a result, the decrease to the accounts receivable securitization program of $400.0 million during 2010 is reflected as cash flows used for financing activities and the decrease of $300.0 million for the six months ended June 30, 2009 is reflected as cash flows used for operating activities under previous FASB guidance.

During the period before the termination of the program in 2010 and for the six months ended June 30, 2009, proceeds from collections of securitized accounts receivables of $263.1 million and $609.9 million, respectively, were reinvested in the revolving receivable securitization program. The net loss associated with securitizing the program's accounts receivables was $.5 million for 2010 and $1.3 million for the six months ended June 30, 2009.

7) PENSION AND OTHER POSTRETIREMENT BENEFITS

The components of net periodic cost for the Company's pension and postretirement benefit plans were as follows:

	Pension Benefits		Postretirement Benefits	
Three Months Ended June 30,	**2010**	**2009**	**2010**	**2009**
Components of net periodic cost:				
Service cost	$ 7.8	$ 7.8	$ .2	$ .2
Interest cost	66.8	72.4	10.8	12.3
Expected return on plan assets	(56.7)	(54.8)		
Amortization of actuarial loss (gain)	17.9	21.2	(2.6)	(2.8)
Amortization of prior service cost (credit)	.1	.2	(.2)	(.1)
Net periodic cost	$ 35.9	$ 46.8	$ 8.2	$ 9.6

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Pension Benefits