

CBS CORP
Form 10-Q
August 03, 2010

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

FORM 10-Q

**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

**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 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 the registrant was required to submit and post such files). Yes No

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.

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(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 Exchange Act). Yes No

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

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

(Unaudited; in millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		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

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Dividends per common share	\$..05	\$..05	\$..10	\$..10
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See notes to consolidated financial statements.

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

(Unaudited; in millions, except per share amounts)

	At June 30, 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

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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.

Table of Contents**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

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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 unong>

Deficit

Accum.

COMMON STOCK

During

Total

Stocks to

Exploration

Stockholders'

of Shares

Amount

Be Issued

Stage

Equity

Balance - August 8, 1996

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\$	-
\$	-
\$	-
Issuance of stock for compensation	710,000
	28,400
	-
	-
	28,400
Issuance of stock for cash	100,000
	4,000
	-
	-
	4,000
Issuance of stock for cash	200,000
	8,000
	-
	-
	8,000
Net Loss for Period	-
	-
	-
)	(6,448)
)	(6,448)

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Balance - August 31, 1996	1,010,000
	40,400
	-
)	(6,448)
	33,952
Issuance of stock for compensation	20,200
	20,200
	-
	-
	20,200
Net Loss for the Year	-
	-
	-
)	(32,493)
	(32,493)
)	
Balance - August 31, 1997	1,030,200
	60,600
	-
)	(38,941)
	21,659
Additional paid-in capital	-
	5,564
	-
	-

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	5,564
Net Loss for the Year	-
	-
	-
)	(12,792)
	(12,792)
)	
Balance - December 31, 1998	1,030,200
	66,164
	-
)	(51,733)
	14,431
Net Loss for the Year	-
	-
	-
)	(17,940)
	(17,940)
)	
Balance - December 31, 1999	1,030,000
	66,164
	-
)	(69,673)
	(3,509)
)	
Issuance of stock for compensation	1,200,000
	48,000

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	-
	-
	48,000
Net Loss for the Year	
	-
	-
	-
)	(48,000)
)	(48,000)
Balance - December 31, 2000	
	2,230,200
	114,164
	-
)	(117,673)
)	(3,509)
Net Loss for the Year	
	-
	-
	-
	-
	-
Balance - December 31, 2001	
	2,230,200
	114,164
	-
)	(117,673)
)	(3,509)
Net Loss for the Year	
	--

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	-
	-
	-
Balance - December 31, 2002	2,230,200
	114,164
	-
)	(117,673)
	(3,509)
)	
Net Loss for the Year	-
	-
	-
)	(8,700)
	(8,700)
)	
Balance - December 31, 2003	2,230,200
	114,164
	-
)	(126,373)
	(12,209)
)	
Net Loss for the Year	-
	-
	-
)	(13,865)

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)	(13,865)
Balance - December 31, 2004	
	2,230,200
	114,164
	-
)	(140,238)
)	(26,074)
Stock issued for cash	
	200,000
	30,000
	-
	-
	30,000
Stocks to be issued	
	-
	-
	85,200
	-
	85,200
Net Loss for the Year	
	-
	-
	-
)	(29,442)
)	(29,442)
Balance - December 31, 2005	
	2,430,200
	144,164
	85,200

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)	(169,680)
	59,684
Stock issued for services	752,003
	85,220
)	(85,200)
	-
	20
Issuance of stock for cash	33,334
	5,000
	-
	5,000
Net Loss for the Year	-
	-
	-
)	(32,944)
)	(32,944)
Balance - December 31, 2006	3,215,537
	234,384
	-
)	(202,624)
	31,760
Net Loss for the Period	-
	-
	-
	17

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)	(6,168
)	(6,168
Balance - March 31, 2007	
	3,215,537
	234,384
	85,200
)	(208,792
	25,592

The accompanying notes are an integral part of these financial statements.

BOULDER CAPITAL OPPORTUNITIES II, INC.
(An Exploration Stage Company)
Statements of Cash Flow
(Unaudited)

	Three-Month Ended March 31,		August 6, 1996 Inception to March 31, 2007
	2007	2006	
Cash Flows from Operating Activities:			
Net Loss	\$ (6,168)	\$ (32,944)	(208,792)
Amortization	-	-	28,400
Adjustment to reconcile net loss to net cash provided by operating activities	-	-	(2,500)
Stock issued for services	-	20	96,620
Net Cash Used in Operating Activities	(6,168)	(32,924)	(86,272)
Cash Flows from Investing Activities:			
Acquisition of Oil Leases	-	-	(20,000)
Acquisition of Organizational services	-	-	(28,400)
Net Cash used in Investing Activities	-	-	(48,400)
Cash Flows from Financing Activities:			
Stocks to be issued	-	-	85,200
Issuance of stock	-	5,000	52,564
Net Cash Provided by Financing Activities	-	5,000	137,764
Net Increase in Cash & Cash Equivalents	(6,168)	(27,924)	3,092
Beginning Cash & Cash Equivalents	\$ 9,260	\$ 37,184	\$ -
Ending Cash & Cash Equivalents	\$ 3,092	\$ 9,260	\$ 3,092
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION			
Cash paid for Interest	\$ -	\$ -	\$ -
Cash paid for Income Taxes	\$ -	\$ -	\$ -
NON-CASH TRANSACTIONS			
Common stock issued for compensation	\$ -	\$ -	96,620

The accompanying notes are an integral part of these financial statements.

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BOULDER CAPITAL OPPORTUNITIES II, INC.
(An Exploration Stage Company)
Notes to Financial Statements
March 31, 2007
(Unaudited)

Note 1 - Presentation of Interim Information:

In the opinion of the management of Boulder Capital Opportunities II, Inc. the accompanying unaudited financial statements include all normal adjustments considered necessary to present fairly the financial position as of March 31, 2007 and the results of operations for the three-months ended March 31, 2007 and 2006 and the period August 6, 1996 (inception) to March 31, 2007, and the related cash flows for the three-months ended March 31, 2007 and 2006 and the period August 6, 1996 (inception) to March 31, 2007. Interim results are not necessarily indicative of results for a full year.

The financial statements and notes are presented as permitted by Form 10-QSB and do not contain certain information included in the Company's audited financial statements and notes for the fiscal year ended December 31, 2006.

PART II--OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities.

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Security Holders.

None

Item 5. Other Information.

None

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

31.1 Certification of CEO and CFO pursuant to Sec. 302

32.1 Certification of CEO and CFO pursuant to Sec. 906

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter for which this report is filed.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, as amended, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 14, 2007

By:

BOULDER CAPITAL OPPORTUNITIES, II, INC.
/s/ Michael Delaney
Director, Principal Executive Officer,
and Principal Financial Officer
