CBS CORP
Form DEF 14A
April 14, 2006

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

CBS Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 14, 2006

Dear Stockholder:

You are cordially invited to attend the 2006 Annual Meeting of Stockholders of CBS Corporation, which will be held at the Equitable Center, 787 Seventh Avenue (at 51st Street), New York, New York at 10:30 a.m., Eastern Daylight Time, on Thursday, May 25, 2006. Holders of CBS Corporation Class A Common Stock are being asked to vote on the matters listed in the attached Notice of 2006 Annual Meeting of Stockholders.

If you hold shares of Class A Common Stock, please complete, sign, date and return the enclosed proxy card promptly to ensure that your shares will be voted at the Annual Meeting. Alternatively, you may vote by telephone or the Internet by following the instructions on the enclosed proxy card, or if you attend the Annual Meeting, you may vote your shares in person.

National Amusements, Inc., which as of March 31, 2006 beneficially owned shares of Class A Common Stock representing approximately 73% of the voting power of CBS Corporation's common stock, has advised CBS Corporation that it intends to vote all of its shares of Class A Common Stock in favor of each of the matters listed in Items 1-5 in the attached notice and against the matter listed in Item 6 in the attached notice. Therefore, such approval or disapproval of those matters, as indicated, is assured.

If you plan to attend the Annual Meeting and are a registered holder of Class A Common Stock, you will need to mark the appropriate box on the enclosed proxy card, or so indicate when you vote by telephone or the Internet, and an admission ticket will be sent to you. If you are a registered holder of Class B Common Stock or you hold shares of Class A or Class B Common Stock in a brokerage account and you plan to attend the Annual Meeting, you will need to obtain an admission ticket in advance by sending a written request along with proof of ownership, such as your brokerage firm account statement, to Manager, Shareholder Relations, CBS Corporation, 51 West 52nd Street, New York, NY 10019.

If you would like to register to receive the materials relating to the Annual Meeting electronically next year instead of by mail, please go to www.icsdelivery.com/cbs and follow the instructions to enroll. We highly recommend that you consider electronic delivery of these documents as it helps to lower the Company's costs and reduce the amount of paper mailed to your home.

We appreciate your interest in and support of CBS Corporation and look forward to seeing you at the Annual Meeting.

SUMNER M. REDSTONE
Executive Chairman and Founder

LESLIE MOONVES
President and Chief Executive Officer

CBS CORPORATION

NOTICE OF 2006 ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

To CBS Corporation Stockholders:

The 2006 Annual Meeting of Stockholders of CBS Corporation (the "Company") will be held at the Equitable Center, 787 Seventh Avenue (at 51st Street), New York, New York at 10:30 a.m., Eastern Daylight Time, on Thursday, May 25, 2006. The principal business of the meeting will be the consideration of the following matters:

1. The election of 12 directors;
2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as the Company's independent auditor for fiscal year 2006;
3. A proposal to approve an amendment to the Company's 2004 Long-Term Management Incentive Plan;
4. A proposal to approve an amendment to the Company's 2000 Stock Option Plan for Outside Directors;
5. A proposal to approve an amendment to the Company's 2005 RSU Plan for Outside Directors;
6. A stockholder proposal set forth in the proxy statement; and
7. Such other business as may properly come before the Annual Meeting.

The close of business on March 31, 2006 has been fixed as the record date for determining the holders of shares of CBS Corporation Class A Common Stock entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. For a period of at least ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be open to the examination of any stockholder during ordinary business hours at the Company's corporate headquarters located at 51 West 52nd Street, New York, New York 10019.

By order of the Board of Directors,

ANGELINE C. STRAKA
Secretary

April 14, 2006

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CBS CORPORATION
2006 PROXY STATEMENT

VOTING AND SOLICITATION OF PROXIES

Solicitation of Proxies

A proxy is being solicited by the Board of Directors of CBS Corporation, a Delaware corporation ("CBS Corporation" or the "Company") for use at the Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 25, 2006 at 10:30 a.m., Eastern Daylight Time. The close of business on March 31, 2006 is the record date for determining the holders of the Company's Class A Common Stock, par value $0.001 per share, entitled to notice of and to vote at the Annual Meeting and any adjournment thereof. Holders of Class A Common Stock will receive a proxy card or voting instruction card to vote their shares. Holders of the Company's non-voting Class B Common Stock, par value $0.001 per share, will receive this proxy statement but are not entitled to vote at the Annual Meeting or any adjournment thereof.

As of March 31, 2006, the Company had 64,210,013 outstanding shares of Class A Common Stock, each of such shares being entitled to one vote, and 707,913,421 outstanding shares of Class B Common Stock (together with the Class A Common Stock, the "Common Stock"). The Company intends to commence its distribution of this proxy statement and related materials on or about April 18, 2006.

Submission of Proxies

The persons named in the proxy card (the "proxy holders") have been designated by the Company's Board of Directors to vote the shares represented by proxy at the Annual Meeting. The proxy holders are officers of the Company. They will vote the shares represented by each valid and timely received proxy in accordance with the holder's instructions, or if no instructions are specified, the shares represented by the proxy will be voted in accordance with the recommendations of the Board of Directors as described in this proxy statement. If any other matter properly comes before the Annual Meeting, the proxy holders will vote on that matter in their discretion.

Holders of Class A Common Stock may submit a proxy in the following ways:

- Complete, sign and date the proxy card or voting instruction card and return it in the envelope provided so that it is received prior to the Annual Meeting; or

- By telephone or the Internet by following the instructions on the proxy card or voting instruction card. Your telephone or Internet proxy must be received no later than 11:59 p.m., Eastern Daylight Time, on May 24, 2006.

Shares Held in 401(k) Plans. Voting instructions relating to shares of Class A Common Stock held in the Company's 401(k) plans must be received no later than 11:59 p.m., Eastern Daylight Time, on May 23, 2006 so that the trustee of the plans (who votes the shares on behalf of plan participants) has adequate time to tabulate the voting instructions. Shares held in 401(k) plans that are not voted or for which the trustee does not receive timely voting instructions will be voted by the trustee in the same proportion as the shares held in the respective plan that are timely voted.

Voting other than by Proxy. While the Company encourages holders of Class A Common Stock to vote by proxy, holders of Class A Common Stock (other than shares held in a 401(k) plan) also have the option of voting their shares in person at the Annual Meeting.

Revocation of Proxies

A proxy may be revoked before the voting deadline by sending written notice to Angeline C. Straka, Secretary, CBS Corporation, 51 West 52nd Street, New York, NY 10019, or by submission (including telephonic or Internet submission) of a proxy bearing a later date than the proxy being revoked to ADP Proxy Services, P.O. Box 9163, Farmingdale, NY 11735. Revocations made by telephone or the Internet must be received by 11:59 p.m., Eastern Daylight Time, on May 24, 2006. A holder may also revoke a proxy by voting in person at the Annual Meeting.

Shares Held in 401(k) Plans. Voting instructions relating to shares of Class A Common Stock held in the Company's 401(k) plans may be revoked prior to 11:59 p.m., Eastern Daylight Time, on May 23, 2006 by sending written notice to Angeline C. Straka, Secretary, CBS Corporation, 51 West 52nd Street, New York, NY 10019, or by submission (including telephonic or Internet submission) of voting instructions bearing a later date than the voting instructions being revoked to ADP Proxy Services, P.O. Box 9163, Farmingdale, NY 11735.

Quorum

Under the Company's Amended and Restated Bylaws, the holders of a majority of the aggregate voting power of the CBS Corporation Class A Common Stock outstanding on the record date, present in person or represented by proxy at the Annual Meeting, shall constitute a quorum. Abstentions and broker non-votes will be treated as present for purposes of determining the presence of a quorum.

Matters to Be Considered at the Annual Meeting

The Board of Directors recommends a vote FOR each of the following matters:

1. The election of each of the 12 nominated directors;
2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as the Company's independent auditor for fiscal year 2006;
3. A proposal to approve an amendment to the Company's 2004 Long-Term Management Incentive Plan;
4. A proposal to approve an amendment to the Company's 2000 Stock Option Plan for Outside Directors; and
5. A proposal to approve an amendment to the Company's 2005 RSU Plan for Outside Directors.

The Board of Directors recommends a vote AGAINST the following matter:

6. A stockholder proposal presented on page 67.

The affirmative vote of the holders of a majority of the aggregate voting power of Class A Common Stock present in person or represented by proxy at the Annual Meeting is required to approve each of the matters set forth above. A broker non-vote (as described below) will have no effect on such matters. An abstention with respect to any matter will have the effect of a vote against such matter.

Beneficial holders of Class A Common Stock hold their shares in "street name" through a broker or other nominee. Under the rules of the New York Stock Exchange ("NYSE"), the broker or nominee may not be permitted to exercise voting discretion with respect to some matters to be acted upon at stockholders' meetings. Therefore, if a beneficial holder does not give the broker or nominee specific voting instructions, the holder's shares may not be voted on those matters and a broker non-vote will occur.

As of March 31, 2006, National Amusements, Inc. ("National Amusements") beneficially owned through its wholly-owned subsidiary, NAIRI, Inc. ("NAIRI"), approximately 73% of the outstanding Class A Common Stock and approximately 11% of the outstanding Class A Common Stock and Class B Common Stock on a combined basis. Sumner M. Redstone, the controlling stockholder of National Amusements, is Executive Chairman and Founder of the Company. National Amusements has advised the Company that it intends to vote all of its shares of Class A Common Stock in favor of each of the matters listed as Items 1-5 above and against the matter listed as Item 6 above. Such action by National Amusements will be sufficient to constitute a quorum and to approve, or disapprove, as indicated, each of the matters.

Cost of Proxy Solicitation and Inspector of Election

The Company will pay the cost of the solicitation of proxies, including the preparation, printing and mailing of this proxy statement and the related materials. The Company will furnish copies of these materials to banks, brokers, fiduciaries and custodians that hold shares on behalf of beneficial owners so that they may forward the materials to the beneficial owners. The Company has retained IVS Associates, Inc. to tabulate the votes and serve as the independent inspector of election for the Annual Meeting.

Mailing Address

The Company's mailing address is 51 West 52nd Street, New York, NY 10019.

CORPORATE GOVERNANCE

CBS Corporation's corporate governance practices are established and monitored by its Board of Directors. The Board, with assistance from its Nominating and Governance Committee, regularly assesses CBS Corporation's governance practices in light of legal requirements and governance best practices. In several areas, CBS Corporation's practices go beyond the requirements of the NYSE corporate governance listing standards (the "NYSE listing standards"). For example, despite being a "controlled company" (which is a company of which more than 50% of the voting power is held by an individual or another company), CBS Corporation has a majority of independent directors on its Board and has an independent Compensation Committee and an independent Nominating and Governance Committee, none of which is required for controlled companies under the NYSE listing standards.

CBS Corporation's principal governance documents are as follows:

- Corporate Governance Guidelines
- Board Committee Charters:
  - Audit Committee Charter
  - Compensation Committee Charter
  - Nominating and Governance Committee Charter
- Business Conduct Statement
- Supplemental Code of Ethics for Senior Financial Officers

These documents are available in the "corporate governance" section of CBS Corporation's corporate website at www.cbscorporation.com, and copies of these documents may also be requested by writing to Investor Relations, CBS Corporation, 51 West 52nd Street, New York, NY 10019. The Company encourages its stockholders to read these documents, as we believe they illustrate CBS Corporation's commitment to good governance practices. Certain key provisions of these documents are summarized below.

Corporate Governance Guidelines

CBS Corporation's Corporate Governance Guidelines (the "Guidelines") set forth the Company's corporate governance principles and practices on a variety of topics, including the responsibilities, composition and functioning of the Board, director qualifications, and the roles of the Board Committees. The Guidelines are assessed annually and are updated as needed. The Guidelines provide, among other things, that:

- a majority of the members of the Board of Directors must be independent as determined under the NYSE listing standards and the standards set forth in the Guidelines;
- all of the members of the Audit, Compensation and Nominating and Governance Committees must be independent;
- separate executive sessions of the non-management directors and independent directors be held a minimum number of times each year;

the Board, acting on the recommendation of the Nominating and Governance Committee, shall determine whether a director candidate's service on more than three other public company boards of directors is consistent with service on the CBS Board;

director compensation be established in light of the policies set forth in the Guidelines and that directors are expected to meet stock ownership guidelines;

the non-management directors play an active role in succession planning, including the evaluation of the Executive Chairman and the Chief Executive Officer; and

the Board holds an annual self-evaluation to assess its effectiveness.

Board Committee Charters

Each Board Committee operates under a written charter that has been adopted by the Board. The Company has three standing Committees: the Audit Committee, the Compensation Committee and the Nominating and Governance Committee. The Committee charters set forth the purpose, objectives and responsibilities of each Committee and discuss matters such as Committee membership requirements, number of meetings and the setting of meeting agendas. The charters are assessed annually and are updated as needed. More information on the Committees, their respective roles and responsibilities and their charters can be found under "CBS Corporation's Board of Directors Board Committees."

Business Conduct Statement

The Company's Business Conduct Statement ("BCS") sets forth the Company's standards for ethical conduct that are expected of all directors and employees of the Company and its subsidiaries. The BCS was recently revised, and the revised BCS is available on the Company's website at www.cbscorporation.com. The revised BCS will be distributed to the Company's directors and employees worldwide as an update to previous distributions of the BCS. As part of the Company's compliance and ethics program, directors and employees are required to certify as to compliance with the BCS and must disclose any potential conflicts of interest on an on-going basis. The Company will also implement electronic training programs on the BCS. The BCS addresses, among other things, topics such as:

Compliance with laws, rules and regulations, including the Foreign Corrupt Practices Act;

Conflicts of interest, including the disclosure of potential conflicts to the Company;

Confidentiality, insider information and trading, and fair disclosure;

Financial accounting and improper payments;

CBS Corporation's commitment to being an equal opportunity employer and to providing a bias-free and harassment-free workplace environment;

Fair dealing and relations with competitors, customers and suppliers;

Health, safety and the environment; and

Political contributions and payments.

The BCS also provides numerous avenues for employees to report violations of the BCS or any matters of concern anonymously or with attribution to the appropriate officers of the Company and/or the Audit Committee. These avenues include telephone hotlines (in the United States and for international locations), email contacts and reporting through various internal websites at CBS Corporation and its subsidiaries. The BCS makes clear that retaliation against an employee for a report made in good faith will not be tolerated.

Waivers of the BCS for the Company's executive officers or directors will be disclosed on the Company's website at www.cbscorporation.com or by Form 8-K filed with the Securities and Exchange Commission ("SEC").

Supplemental Code of Ethics for Senior Financial Officers

The Supplemental Code of Ethics is applicable to the Company's Executive Chairman, President and Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The Supplemental Code of Ethics addresses matters specific to those senior financial positions in the Company, including responsibility for the disclosures made in CBS Corporation's filings with the SEC, reporting obligations with respect to certain matters and a general obligation to promote honest and ethical conduct within the Company. The senior financial officers are also required to comply with the BCS. Amendments to or waivers of the Supplemental Code of Ethics for these officers will be disclosed on the Company's website at www.cbscorporation.com or by Form 8-K filed with the SEC. Other than the waiver of conflict of interest in connection with the Company's agreement with National Amusements and NAIRI under which they participate in the Company's stock purchase program (see "Related Party Transactions" for more information), no waivers of the BCS or Supplemental Code of Ethics for Senior Financial Officers have been granted. The National Amusements/NAIRI waiver is posted on the Company's website.

CBS CORPORATION'S BOARD OF DIRECTORS

In June 2005, former Viacom Inc. ("Former Viacom") announced a plan to separate into two publicly-traded companies, which was completed on December 31, 2005 (the "Separation"). To effect the Separation, Former Viacom created a new publicly traded company which, upon the Separation, was named "Viacom Inc." ("New Viacom"). Also upon the Separation, Former Viacom changed its name to "CBS Corporation."

The Company's Board of Directors is currently comprised of 12 members: David R. Andelman, Joseph A. Califano, Jr., William S. Cohen, Philippe P. Dauman, Charles K. Gifford, Bruce S. Gordon, Leslie Moonves, Shari Redstone, Sumner M. Redstone, Ann N. Reese, Judith A. Sprieser and Robert D. Walter. Of the current members of the Board, Charles K. Gifford, Bruce S. Gordon, Leslie Moonves, Ann N. Reese and Judith A. Sprieser were elected effective upon the Separation to fill the vacancies in the Board created in connection with the Separation. All of the other current members of the Board were elected at the Company's 2005 Annual Meeting of Stockholders.

During 2005, the Board of Directors held 14 meetings and acted by unanimous written consent 4 times. Each incumbent director attended at least 75% of the meetings of the Board and Committees on which such director served. In addition to Board and Committee meetings, directors are expected to attend the Annual Meeting, and all but one of the directors standing for election in 2005 were present at the Company's 2005 Annual Meeting of Stockholders.

Director Independence

The Company's Corporate Governance Guidelines provide that a majority of the Company's directors must be independent of the Company, as "independence" is defined in the NYSE listing standards and in the Guidelines. The NYSE listing standards set forth five "bright-line" tests that require a finding that a director is not independent if the director fails any of the tests. In addition, the NYSE listing standards provide that a director is not independent unless the Board affirmatively determines that the director has no "material relationship" with the Company. The Company's Guidelines set forth categorical standards to assist the Board in determining what constitutes a "material relationship" with the Company. Generally under these categorical standards, the following relationships are deemed not to be material:

- the types of relationships identified by the NYSE listing standard's bright-line tests, if they occurred more than five years ago (the Board will review any such relationship if it occurred more than three but less than five years ago);
- a relationship whereby the director has received, or an immediate family member of the director has received for service as an executive officer, less than $100,000 in direct compensation from the Company during any twelve-month period within the last three years; and
- a relationship where the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of the following:
  - a company that made payments to or received payments from CBS for property or services in an amount that, in any of the last three fiscal years, is less than 1% of such company's annual consolidated gross revenues;

a company which is either indebted to or a creditor of the Company in an amount that is less than 1% of such indebted company's total consolidated assets; and

a tax-exempt organization that received contributions from the Company in the prior fiscal year in an amount less than the greater of $500,000 or 1% of that organization's consolidated gross revenues.

For relationships that exceed the thresholds set forth above, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the directors who are independent. In addition, the Guidelines state that, generally, the types of relationships not addressed by the NYSE listing standards or described in the Guidelines will not cause an otherwise independent director to be considered not independent. However, the Board may determine that a director is not independent for any reason it deems appropriate.

In March 2006, the Board reviewed the independence of the directors nominated for election at the Annual Meeting to determine which director nominees meet these independence standards. As a result of this review and considering the recommendation of the Nominating and Governance Committee, the Board determined that eight of the twelve director nominees are independent. The independent director nominees are directors Califano, Cohen, Dauman, Gifford, Gordon, Reese, Sprieser and Walter.

Board Committees

The following chart sets forth the current membership of each Board Committee. The Board reviews and determines the membership of the Committees at least annually.

Committee	**Members**
Audit Committee	Charles K. Gifford, Chair
	Joseph A. Califano, Jr.
	Bruce S. Gordon
Compensation Committee	Judith A. Sprieser, Chair
	Ann N. Reese
	Robert D. Walter
Nominating and Governance Committee	Joseph A. Califano, Jr., Chair
	Charles K. Gifford
	Judith A. Sprieser

During 2005, the Audit Committee held 11 meetings, the Compensation Committee held 9 meetings and the Nominating and Governance Committee held 13 meetings. Information about the Committees, their respective roles and responsibilities and their charters is set forth below.

Audit Committee

The Audit Committee Charter provides that the Committee will be comprised of at least three members and that all of the members on the Committee must be independent directors. Also, the Committee must have at least one audit committee financial expert and all Audit Committee members must be financially literate. The Committee holds at least six regular meetings each year, and it regularly meets separately at these meetings with the independent auditor, the Company's General

Counsel, its Vice President of Internal Audit and other members of the Company's senior management. The Committee is responsible for the following, among other things:

- the appointment, retention, termination, compensation, and oversight of the Company's independent auditor, including reviewing with the independent auditor the scope of the audit plan and audit fees;
- reviewing the Company's financial statements and related disclosures, including with respect to internal control over financial reporting;
- oversight of the Company's internal audit function; and
- oversight of the Company's compliance with legal and regulatory requirements.

For additional information on the Committee's role and its oversight of the independent auditor during 2005, see "Report of the Audit Committee."

Audit Committee Financial Experts. The Board of Directors has determined that all of the members of the Audit Committee are "financially literate," as that term is interpreted by the Board in its business judgment. In addition, the Board has determined that of the members of the Audit Committee that are standing for election, directors Gifford and Gordon qualify as "audit committee financial experts," as that term is defined in the regulations promulgated under the Securities Act of 1933, as amended (the "Securities Act"), both of whom are independent directors.

Service on the Audit Committees of Other Public Companies. The Company does not restrict the number of other audit committees on which members of its Audit Committee may serve. Mr. Gifford, the Chair of the Committee, does not serve on any other public company audit committee. Each of Mr. Califano and Mr. Gordon currently serves on one other public company audit committee.

Compensation Committee

The Compensation Committee Charter provides that the Committee will be comprised of at least three members and that all of the members on the Committee must be independent directors and must be "outside directors" as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended. The Committee holds at least four regular meetings each year and is responsible for the following, among other things:

- establishing and regularly reviewing the Company's general compensation philosophy, strategy and principles;
- reviewing and approving the total compensation packages for the Executive Chairman, the Chief Executive Officer, the Company's other executive officers, the operating managers who report directly to the Chief Executive Officer, and other persons among the Company's most highly compensated executives (other than "talent" (as such term is commonly used in the media or entertainment industries)); and
- overseeing the administration of the Company's incentive compensation plans (including the bonus plan for executives subject to Section 162(m)) and its equity compensation plans.

For additional information on the Committee's role, see "Report of the Compensation Committee on Executive Compensation."

Nominating and Governance Committee

The Nominating and Governance Committee's Charter provides that the Committee will be comprised of at least three members and that all of the members on the Committee must be independent directors. The Committee holds at least three regular meetings each year and is responsible for the following, among other things:

- identifying and recommending to the Board nominees for election to the Board and reviewing the composition of the Board as part of this process;
- overseeing all aspects of the Company's corporate governance initiatives, including regular assessments of its principal governance documents;
- establishing criteria for the annual self-evaluations of the Board and its Committees;
- making recommendations to the Board on director compensation matters;
- monitoring developments in the law and practice of corporate governance; and
- developing and recommending items for Board meeting agendas.

The members of the Nominating and Governance Committee also chair the executive sessions of non-management and independent directors on a rotating basis.

2006 Director Nomination Process. In connection with the 2006 director nomination process, the Committee reviewed the current composition of the Board in light of the considerations set forth in its charter, the Company's Corporate Governance Guidelines and the recent discussions that resulted in the reconstituting of the Board at the time of the Separation. The Committee also considered input received from directors on Board member qualifications and Board composition. After taking these considerations into account, the Committee determined to recommend to the Board that all current members of the Board be invited to stand for election at the Annual Meeting.

In connection with the Separation, the Nominating and Governance Committee retained a search firm to assist its efforts to identify potential candidates for membership on the Board. This search firm discussed with the Committee the desired background and qualifications of the Company's director candidates and matters relating to the composition, size and functioning of the Board, and worked with the Committee to identify potential candidates meeting those requirements. No search firm played a role in the nomination process for any of the director nominees with respect to the 2006 Annual Meeting.

Stockholder Recommendations for Director. The Committee will consider candidates for director recommended by the stockholders of the Company. All recommendations by stockholders for potential director candidates, which shall include written materials with respect to the potential candidate, should be sent to Angeline C. Straka, Secretary, CBS Corporation, 51 West 52nd Street, New York, NY 10019. The Company's Guidelines and Nominating and Governance Committee Charter set forth certain criteria for director qualifications and Board composition that stockholders should consider when making a recommendation. These criteria include an expectation that directors have substantial accomplishments in their professional backgrounds, are able to make independent, analytical inquiries, and exhibit practical wisdom and mature judgment. CBS directors should also possess the highest personal and professional ethics, integrity and values and be committed to promoting the long-term interests of CBS Corporation's stockholders. Director candidates recommended by stockholders who meet the director qualifications, which are described more fully in the Company's Guidelines and

Nominating and Governance Committee Charter, will be considered by the Chair of the Committee, who will present the information on the candidate to the entire Committee. All director candidates recommended by stockholders will be considered by the Committee in the same manner as any other candidate.

Communications with Directors

Stockholders and other parties interested in contacting CBS Corporation's non-management directors may send an email to: nonmanagementdirectors@cbs.com or write to Non-Management Directors, CBS Corporation, 51 West 52nd Street, 35th Floor, New York, NY 10019. The non-management directors' contact information is also available on CBS Corporation's website at www.cbscorporation.com. Non-management directors have approved the process for handling communications received in this manner.

Stockholders should also use the email and mailing address for the non-management directors to send communications to the Board. The process for handling stockholder communications to the Board received in this manner has been approved by independent directors of the Board. Correspondence relating to accounting or auditing matters will be handled in accordance with procedures established by the Audit Committee for such matters.

DIRECTOR COMPENSATION

Directors of the Company who are not employees of the Company or any of its subsidiaries are "Outside Directors" as defined in the director plans described below. Outside Directors receive compensation for their service on the Board and are eligible to participate in these director plans. Messrs. Andelman, Califano, Cohen, Dauman, Gifford, Gordon and Walter, and Mses. Redstone, Reese and Sprieser are currently deemed Outside Directors. Messrs. Redstone and Moonves are not compensated for serving on the Board and are not eligible to participate in any director plans.

Cash Compensation

The Company pays the following cash compensation to Outside Directors:

- a $60,000 annual retainer, paid in equal installments quarterly in advance;
- a per meeting attendance fee of $2,000 for each Board meeting;
- a per meeting attendance fee of $2,000 to Committee members for each meeting of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee; and
- a $20,000 annual retainer for the chair of each of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee, payable in equal installments quarterly in advance.

In June 2005 the Board formed a Special Separation Committee, consisting of Messrs. Redstone, Dauman and Frederic V. Salerno, and Ms. Redstone, to provide oversight on the Separation transaction and review material agreements to be entered into in connection with the Separation. Upon completion of their duties in connection with the Separation, the members of the Special Separation Committee, except for Mr. Redstone, each received a one-time payment of $30,000. During 2005, the Board also maintained an Ad Hoc Committee, consisting of Messrs. Cohen (chair), Salerno and William A. Schwartz and a Strategic Planning Committee, consisting of Messrs. Dauman (chair), Charles E. Phillips, Jr. and Walter, and Ms. Redstone. Members of the Ad Hoc Committee and the Strategic Planning Committee were paid a per meeting attendance fee of $2,000, and the chair of each committee was paid a $20,000 annual retainer. In connection with the Separation, the Board dissolved the Ad Hoc Committee, the Special Separation Committee, and the Strategic Planning Committee.

Equity Compensation

The Company maintains the amended and restated CBS Corporation 2000 Stock Option Plan for Outside Directors (the "Director Option Plan") and the amended and restated CBS Corporation 2005 RSU Plan for Outside Directors (the "Director RSU Plan").

Stock Options

Outside Directors receive the following awards under the Director Option Plan:

- an initial grant of 12,734 (10,000 prior to adjustments made in connection with the Separation, which we refer to as the "Separation Adjustment") stock options to purchase shares of CBS Corporation Class B Common Stock on the date the director joins the

Board as, or otherwise becomes, an Outside Director, which options will vest one year from the date of grant; and

an annual grant of 5,093 (4,000 prior to the Separation Adjustment) stock options to purchase shares of CBS Corporation Class B Common Stock on January 31st of each year, which options will vest in three equal annual installments, on the first, second and third anniversaries of the date of grant.

The exercise price for the stock option grants made under the plan is the closing price of CBS Corporation Class B Common Stock on the NYSE on the date of grant, or if such day is not a business day, the next preceding business day.

Restricted Share Units

Under the Director RSU Plan, Outside Directors receive an annual grant of restricted share units ("RSUs") on January 31st of each year equal to $55,000 in value based on the closing price of the CBS Corporation Class B Common Stock on the NYSE on the date of grant. The RSUs will vest one year from the date of grant. RSUs are payable to Outside Directors in shares of CBS Corporation Class B Common Stock upon vesting unless the Outside Director elects to defer settlement of the RSUs to a future date. Outside Directors are entitled to receive dividend equivalents on the RSUs in the event the Company pays a regular cash dividend on the Class B Common Stock. Dividend equivalents will accrue on the RSUs (including deferred RSUs) in accordance with the plan until the RSUs are settled, at which time the dividend equivalents are payable in shares of CBS Corporation Class B Common Stock, with fractional shares paid in cash.

Amendments

In June 2005, in connection with the appointment of Ms. Redstone as Vice Chair of the Former Viacom board of directors, the Former Viacom board of directors determined that it was appropriate to begin compensating Ms. Redstone for her services as a board member in a manner consistent with Outside Directors. In connection therewith, the Former Viacom board amended the definition of Outside Director in both the Director Option Plan and the Director RSU Plan to no longer exclude from participation an employee of National Amusements or an immediate family member of a member of the Board who is an employee of National Amusements or the Company. The Board also amended the Director Option Plan to provide that Ms. Redstone receive, subject to stockholder approval, an initial grant of 10,000 stock options to purchase shares of Former Viacom's Class B common stock at the time of her appointment as Vice Chair. Ms. Redstone did not previously receive this initial grant as she was not previously an Outside Director and was therefore not compensated for board service. The stock options had an exercise price of $34.21, which was the closing price of Former Viacom's Class B common stock on the NYSE on June 14, 2005. In the Separation, Ms. Redstone's options were converted into options to purchase 4,886 shares of CBS Corporation Class B Common Stock with an exercise price of $26.8643 per share and options to purchase an equal number of New Viacom Class B common stock with an exercise price of $43.1508 per share. The amendments to the Director Option Plan and Director RSU Plan that enable Ms. Redstone to receive awards thereunder, and the 2005 grant of stock options to Ms. Redstone, are subject to approval by holders of CBS Corporation Class A Common Stock at the Annual Meeting. See "Item 4 Approval of the Amended and Restated CBS Corporation 2000 Stock Option Plan for Outside Directors" and "Item 5 Approval of the Amended and Restated CBS Corporation 2005 RSU Plan for Outside Directors" for more information.

Deferred Compensation Plan

The Company maintains deferred compensation plans for Outside Directors (the "Director Deferred Compensation Plans"). Under the Director Deferred Compensation Plans, Outside Directors may elect to defer their Board and committee retainer and meeting fees for the upcoming calendar year. Deferred amounts are credited during a calendar quarter to an interest-bearing income account or a stock unit account in accordance with the director's prior election. Amounts credited to an income account bear interest at the prime rate in effect at the beginning of each calendar quarter. Amounts credited to a stock unit account are deemed invested in phantom units for an equal as possible number of shares of CBS Corporation Class A Common Stock and Class B Common Stock, calculated based on the closing market prices on the first day of the next calendar quarter. The table below sets forth the Class A Common Stock units and Class B Common Stock units credited during 2005 to stock unit accounts of the Company's current directors who participated during 2005. The amounts below reflect the Separation Adjustment.

Outside Director	Class A Common Stock Units	Class B Common Stock Units
David R. Andelman	655	661
Joseph A. Califano, Jr.	847	855
William S. Cohen	764	770
Shari Redstone	258	261
Robert D. Walter	896	906

Upon a director's leaving the Board, the amounts deferred under the Director Deferred Compensation Plans are paid in cash in a lump sum or in three or five annual installments, based on the director's prior election, with the lump sum or initial annual installment becoming payable on the later of six months after the director leaves the Board (90 days after the director leaves the Board in the case of amounts deferred before January 1, 2005) or on January 15th of the following year. The value of a stock unit account is determined by reference to the average of the closing market prices of CBS Corporation Class A Common Stock and Class B Common Stock on the NYSE on each trading date during the four-week period ending five business days prior to the payment date. Amounts paid in installments accrue interest until the final installment is paid.

Other

Expenses. Directors are reimbursed for expenses incurred in attending Board, committee and stockholder meetings (including travel and lodging) in accordance with the Company's normal travel policies.

Director Attendance at Certain Other Events. Because CBS Corporation believes it is in its best interest for directors to participate in certain Company events and meet with management, customers, talent and others important to the Company, the Board has established a policy on director attendance at events. Under the policy, directors are allocated tickets without charge to attend specific events that have been designated as having a business purpose. In addition, the Company reimburses travel expenses to such events in accordance with its normal travel policies. The cost of tickets and travel to any events other than the designated events will be at the director's expense. The Nominating and Governance Committee is responsible for monitoring the implementation of the policy.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth as of February 28, 2006, unless otherwise indicated, information concerning the beneficial ownership of the Company's Class A and Class B Common Stock by (i) each current director and director nominee, (ii) each named executive officer and (iii) the current directors and executive officers of the Company as a group. The information below does not reflect ownership of stock options or RSUs if such stock options or RSUs do not become exercisable or vest within 60 days from February 28, 2006. Each person has sole voting and investment power over the shares reported, except as noted. Also set forth below is information concerning the beneficial ownership by each person, or group of affiliated persons, who is known by the Company to beneficially own 5% or more of the Company's Class A Common Stock. As of February 28, 2006, there were 64,962,813 shares of CBS Corporation Class A Common Stock outstanding and 707,348,555 shares of CBS Corporation Class B Common Stock outstanding.

	Beneficial Ownership of Equity Securities			
Name	**Title of Security**	**Number of Shares**		**Percent of Class**
David R. Andelman	Class A Common	2,736	(1)	*
	Class B Common	32,038	(1)(2)	*
Louis J. Briskman	Class A Common	0		*
	Class B Common	804,190	(2)(3)(4)	*
Joseph A. Califano, Jr.	Class A Common	2,151	(1)	*
	Class B Common	22,929	(1)(2)(3)	*
William S. Cohen	Class A Common	1,862	(1)	*
	Class B Common	19,699	(1)(2)	*
Philippe P. Dauman	Class A Common	0		*
	Class B Common	15,199	(2)	*
Charles K. Gifford	Class A Common	0		*
	Class B Common	4,000		*
Bruce S. Gordon	Class A Common	0		*
	Class B Common	3,493	(2)	*
Susan C. Gordon	Class A Common	377	(4)	*
	Class B Common	458,720	(2)(4)	*
Leslie Moonves	Class A Common	0		*
	Class B Common	7,990,847	(2)(3)(4)	1.1%
Shari Redstone	Class A Common	911	(1)(5)	*
	Class B Common	2,412	(1)(3)(5)	*
Sumner M. Redstone	Class A Common	46,829,454	(6)	72.1%
	Class B Common	45,023,364	(2)(4)(6)	6.3%
Ann N. Reese	Class A Common	286	(1)	*
	Class B Common	4,286	(1)	*
Fredric G. Reynolds	Class A Common	0		*
	Class B Common	1,054,513	(2)(3)(4)	*

	Beneficial Ownership of Equity Securities		
Judith A. Sprieser	Class A Common	0	*
	Class B Common	5,000 (7)	*

Robert D. Walter	Class A Common	3,543	(1)	*
	Class B Common	135,760	(1)(2)(7)(8)	*
Current directors and executive officers as a group, other than the interests of Mr. Redstone (22 persons)	Class A Common	11,866		*
	Class B Common	12,634,007	(1)(3-5)(7-9)	1.8%
NAIRI, Inc./National Amusements, Inc. 200 Elm Street Dedham, MA 02026	Class A Common	46,829,414	(10)	72.1%
	Class B Common	39,809,527	(10)	5.6%
Mario J. Gabelli (11) Gabelli Asset Management Inc. One Corporate Center Rye, NY 10580-1435	Class A Common	4,844,623		7.5%

*
Represents less than 1% of the outstanding shares of the class.

(1)
Includes the following CBS Class A Common Stock units and Class B Common Stock units credited pursuant to the Company's deferred compensation plans for outside directors: Andelman, 2,736 Class A and 2,752 Class B; Califano, 2,151 Class A and 2,164 Class B; Cohen, 1,862 Class A and 1,873 Class B; Shari Redstone, 911 Class A and 912 Class B; Reese, 286 Class A and 286 Class B and Walter, 3,543 Class A and 3,564 Class B. Pursuant to the plans, the common stock units are payable in cash following termination of service as a director.

(2)
Includes the following shares of CBS Class B Common Stock which the indicated executive officer, director or director nominee had the right to acquire within 60 calendar days through the exercise of stock options: Andelman: 29,286; Briskman: 784,491 (includes options for 5,985 shares held in a family partnership and as to which he disclaims beneficial ownership); Califano: 17,826; Cohen: 17,826; Dauman: 12,699; Bruce Gordon: 3,493; Susan Gordon: 455,733; Moonves: 7,896,652 (includes options for 3,155 shares held by a family member as to which he disclaims beneficial ownership); Sumner Redstone: 4,981,855; Reynolds: 1,007,772; and Walter: 47,095.

(3)
The following shares of CBS Class B Common Stock which are included in the security ownership table for the indicated director or officer are owned by or for family members: Briskman, 2,784 shares held in a family partnership, as to which he disclaims beneficial ownership; Califano, 927 shares, as to which he disclaims beneficial ownership; Moonves, 395 shares, as to which he disclaims beneficial ownership; Ms. Redstone, 1,500 shares held in trusts for the benefit of Ms. Redstone's children for which she is a co-trustee; and Reynolds 982 shares, as to which he disclaims beneficial ownership.

(4)
Includes shares held through the CBS 401(k) plan.

(5)
Ms. Redstone is a stockholder of National Amusements and has a significant indirect beneficial interest in the Company shares owned by National Amusements.

(6)
Except for 40 shares of CBS Class A Common Stock owned directly by Mr. Redstone, all shares of CBS Class A Common Stock are owned beneficially by National Amusements. Except for 231,760 shares of CBS Class B Common Stock and 4,981,855 options to purchase

shares of CBS Class B Common Stock (also described in footnote 2 above) owned directly by Mr. Redstone, 122 shares of CBS Class B Common Stock held by Mr. Redstone through the CBS 401(k) plan, and 100 shares of CBS Class B Common Stock held by Mr. Redstone's spouse, all shares of CBS Class B Common Stock are owned beneficially by National Amusements. Mr. Redstone can be reached at the address set forth on the above table for National Amusements.

(7) Includes the following shares which the indicated director acquired after February 28, 2006: 5,000 shares of CBS Class B Common Stock purchased by Ms. Sprieser and 43,000 shares of CBS Class B Common Stock purchased by Mr. Walter.

(8) Includes the following securities equivalent to CBS Class B Common Stock credited to Mr. Walter pursuant to the former CBS Corporation's deferred compensation plan and advisory director's plan: 145 CBS Class B Common Stock equivalents and 4,174 CBS Class B Common Stock units. Pursuant to the plan, the CBS Class B Common Stock equivalents are payable in shares of CBS Class B Common Stock following termination of service as a director and the CBS Class B Common Stock units are payable in shares of CBS Class B Common Stock or cash, or a combination thereof following termination of service as a director.

(9) Includes 12,338,951 shares of CBS Class B Common Stock which the executive officers, directors and director nominees had the right to acquire within 60 calendar days through the exercise of stock options.

(10) Mr. Redstone is the beneficial owner of the controlling interest in National Amusements and, accordingly, beneficially owns all such shares. NAIRI is a wholly owned subsidiary of National Amusements.

(11) This information is based on a Schedule 13D dated January 3, 2006 and filed with the SEC by Gamco Investors, Inc. et al. on January 13, 2006. The Schedule 13D reported that the Gabelli entities collectively owned 7.3% of the Company's Class A Common Stock as of January 3, 2006. The Schedule 13D reported that Gabelli entities have investment discretion and/or voting power with respect to substantially all of such shares.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") requires the Company's executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the SEC and the NYSE. Executive officers, directors and greater than 10% stockholders are required by the Exchange Act to furnish the Company with copies of all Section 16(a) forms they file. Based upon the Company's compliance program, a review of the forms furnished to the Company and written representations, the Company believes that during 2005 its executive officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements.

RELATED PARTY TRANSACTIONS

Agreements Related to the Separation

National Amusements, the Company's controlling stockholder, is also the controlling stockholder of New Viacom. In connection with the Separation, New Viacom and CBS Corporation entered into a separation agreement, a tax matters agreement and a transition services agreement. The separation agreement, dated December 19, 2005, effected the Separation and identified assets to be transferred, liabilities to be assumed and obligations of each company following the Separation and included indemnification obligations for such liabilities. In accordance with the terms of the separation agreement, New Viacom paid to the Company in 2005 an estimated special dividend of $5.4 billion. Pursuant to the provisions of the separation agreement, the estimated special dividend is subject to adjustment, and on March 14, 2006, the Company submitted to New Viacom an adjustment to increase the estimated special dividend in the amount of approximately $460 million. The separation agreement also set forth certain agreements between New Viacom and CBS Corporation with respect to the period following the Separation. The tax matters agreement, dated December 30, 2005, sets forth the responsibilities of CBS Corporation and New Viacom with respect to, among other things, liabilities for federal, state, local and foreign income taxes for periods before and including the Separation, the preparation and filing of income tax returns for such periods, disputes with taxing authorities regarding income taxes for such periods and indemnification for income taxes that would become due if the Separation transaction were taxable. Pursuant to the transition services agreement, dated December 30, 2005, each of New Viacom and CBS Corporation provide certain specified services to each other on an interim basis, including the following services: general information systems and technology services, benefits and human resource information systems, uplinking facilities, payroll services, domain name administration, web hosting services and other limited services consistent with past practices for terms ranging from six months to two years.

The businesses of New Viacom and CBS Corporation currently, and for the foreseeable future, will continue to work together pursuant to a variety of agreements. The Company believes that all such agreements have been negotiated on an arm's length basis between the applicable counterparties. Below is a brief description of certain of these agreements:

Programming, Retransmission and Affiliation Agreements. New Viacom or its subsidiaries provide or distribute products through arrangements with the Company or its subsidiaries, and vice versa. Such arrangements include the following:

- New Viacom and its subsidiaries on the one hand and the Company and its subsidiaries on the other hand are parties to numerous programming agreements and arrangements pursuant to which each receives programming from or sells programming to the other.

- CBS Broadcasting, a division of the Company, provides retransmission rights that MTV Networks, a division of New Viacom, uses in connection with MTV Networks and BET affiliation deals with certain multi-system operators and satellite distributors.

- Paramount Pictures, a division of New Viacom, continues to license feature films to Showtime Networks, a division of the Company, that are theatrically released through December 2007.

- Paramount Pictures will continue to distribute product of CBS Paramount Television, a division of the Company, in the home entertainment market worldwide for two years following the Separation.

Leases and Services Agreements. New Viacom or its subsidiaries provide the Company or its subsidiaries with various services and vice versa. Such arrangements include the following:

Paramount Pictures and the Company entered into a lease effective as of the Separation pursuant to which Paramount Pictures leases space and facilities on the Paramount Pictures studio lot to the Company.

New Viacom and its subsidiaries on the one hand and the Company and its subsidiaries on the other hand entered into various subleases pursuant to which each primary tenant provides office and other space to the other, including subleases from New Viacom to the Company for office space at 1515 Broadway, New York, New York and 1633 Broadway, New York, New York.

License Agreements. New Viacom or its subsidiaries licenses intellectual property rights to the Company or its subsidiaries, and vice versa. Such arrangements include the following:

Paramount Pictures and the Company, effective as of the Separation, allocated between them rights to a number of properties previously owned by Paramount Pictures which had been used in both the television and theatrical motion picture media. With respect to these cross-over properties, each company which controls the rights to the property licenses to the other exclusive development in the other company's medium (television with respect to the Company and theatrical motion pictures with respect to Paramount Pictures), subject to consent not to be unreasonably withheld. Each company has direct-to-video rights for the properties it controls.

Paramount Pictures and the Company entered into licenses effective as of the Separation pursuant to which Paramount Pictures licenses the use of the name Paramount and related trademarks to the Company for its use with respect to the television production and sales/distribution operations formerly owned by Paramount Pictures and transferred to the Company in connection with the Separation, until June 30, 2009. Beginning on July 1, 2006, the Company may only use the Paramount name and related trademarks in connection with the CBS name and related trademarks.

MTV Networks, Paramount Consumer Products and Paramount Parks, a division of the Company, entered into a license effective as of the Separation pursuant to which Paramount Parks continues to use Nickelodeon and related trademarks and certain entertainment properties owned by MTV Networks for four years and continues to use Paramount and related trademarks, and certain entertainment properties owned or controlled by Paramount Pictures for ten years.

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