

CBS CORP
Form 10-Q
August 06, 2009

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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, 2009

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
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, 2009:

Class A Common Stock, par value \$.001 per share 57,706,477

Class B Common Stock, par value \$.001 per share 620,017,462

**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 June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenues	\$ 3,006.3	\$ 3,393.7	\$ 6,166.2	\$ 7,047.8
Expenses:				
Operating	1,984.4	1,962.3	4,297.5	4,348.6
Selling, general and administrative	625.7	668.4	1,221.9	1,249.3
Restructuring charges	8.8	2.6	9.6	47.5
Depreciation and amortization	145.2	123.4	287.5	241.2
Total expenses	2,764.1	2,756.7	5,816.5	5,886.6
Operating income	242.2	637.0	349.7	1,161.2
Interest expense	(133.9)	(134.3)	(267.1)	(273.0)
Interest income	1.1	15.2	2.7	32.8
Loss on early extinguishment of debt	(30.5)		(29.8)	
Other items, net	(3.5)	124.9	(15.4)	124.7
Earnings before income taxes and equity in loss of investee companies	75.4	642.8	40.1	1,045.7
Provision for income taxes	(56.9)	(232.9)	(65.7)	(384.2)
Equity in loss of investee companies, net of tax	(3.1)	(1.5)	(14.3)	(8.8)
Net earnings (loss)	\$ 15.4	\$ 408.4	\$ (39.9)	\$ 652.7
Basic net earnings (loss) per common share	\$.02	\$.61	\$ (.06)	\$.98
Diluted net earnings (loss) per common share	\$.02	\$.61	\$ (.06)	\$.97
Weighted average number of common shares outstanding:				
Basic	673.4	669.4	672.5	668.7
Diluted	680.2	674.3	672.5	674.0
Dividends per common share	\$.05	\$.27	\$.10	\$.52

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, 2009	At December 31, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 341.5	\$ 419.5
Receivables, less allowances of \$158.5 (2009) and \$143.9 (2008)	2,677.2	2,749.9
Programming and other inventory (Note 5)	648.5	1,027.3
Deferred income tax assets, net	320.8	318.7
Prepaid expenses and other current assets	710.4	669.3
Current assets of discontinued operations	12.7	8.1
Total current assets	4,711.1	5,192.8
Property and equipment:		
Land	336.4	337.1
Buildings	709.4	702.3
Capital leases	196.8	196.8
Advertising structures	1,980.4	1,885.5
Equipment and other	1,809.4	1,777.8
	5,032.4	4,899.5
Less accumulated depreciation and amortization	2,074.0	1,891.2
Net property and equipment	2,958.4	3,008.3
Programming and other inventory (Note 5)	1,459.5	1,578.1
Goodwill (Note 4)	8,659.4	8,647.8
Intangible assets (Note 4)	7,037.9	7,104.2
Other assets	1,107.6	1,260.9
Assets of discontinued operations	92.0	97.2
Total Assets	\$ 26,025.9	\$ 26,889.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 384.0	\$ 462.8
Accrued compensation	225.0	370.7
Participants' share and royalties payable	1,012.1	962.3
Program rights	691.5	840.1
Deferred revenue	335.2	392.0
Income taxes payable	15.8	42.9
Current portion of long-term debt (Note 7)	22.5	21.3
Accrued expenses and other current liabilities	1,429.7	1,691.5
Current liabilities of discontinued operations	21.1	17.3
Total current liabilities	4,136.9	4,800.9
Long-term debt (Note 7)	6,964.3	6,974.8
Pension and postretirement benefit obligations	2,297.7	2,273.7
Deferred income tax liabilities, net	376.7	345.1
Other liabilities	3,367.5	3,617.3
Liabilities of discontinued operations	272.7	280.2
Commitments and contingencies (Note 11)		
Stockholders' Equity:		

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Class A Common Stock, par value \$.001 per share; 375.0 shares authorized; 57.7 (2009 and 2008) shares issued	.1	.1
Class B Common Stock, par value \$.001 per share; 5,000.0 shares authorized; 737.4 (2009) and 733.5 (2008) shares issued	.7	.7
Additional paid-in capital	43,480.6	43,495.0
Accumulated deficit	(30,638.1)	(30,598.2)
Accumulated other comprehensive loss (Note 1)	(539.8)	(606.9)
	12,303.5	12,290.7
Less treasury stock, at cost; 120.4 (2009 and 2008) Class B Shares	3,693.4	3,693.4
Total Stockholders' Equity	8,610.1	8,597.3
 Total Liabilities and Stockholders' Equity	 \$ 26,025.9	 \$ 26,889.3

See notes to consolidated financial statements.

CBS CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited; in millions)

	Six Months Ended June 30,	
	2009	2008
Operating Activities:		
Net earnings (loss)	\$ (39.9)	\$ 652.7
Adjustments to reconcile net earnings (loss) to net cash flow provided by operating activities:		
Depreciation and amortization	287.5	241.2
Stock-based compensation	66.8	72.2
Loss on early extinguishment of debt	29.8	
Equity in loss of investee companies, net of tax and distributions	15.8	14.6
Decrease to accounts receivable securitization program	(300.0)	
Change in assets and liabilities, net of effects of acquisitions	335.3	641.7
Net cash flow provided by operating activities	395.3	1,622.4
Investing Activities:		
Acquisitions, net of cash acquired	(9.3)	(1,886.2)
Capital expenditures	(139.3)	(220.2)
Investments in and advances to investee companies	(23.7)	(18.2)
Purchases of marketable securities	(35.6)	(20.8)
Proceeds from dispositions	22.5	360.4
Proceeds from sales of marketable securities		10.0
Other, net	(.4)	(13.7)
Net cash flow used for investing activities	(185.8)	(1,788.7)
Financing Activities:		
Repayments to banks, including commercial paper, net	(2.3)	(4.0)
Proceeds from issuance of senior notes	974.4	
Repayment of senior notes	(1,007.5)	
Payment of capital lease obligations	(7.7)	(9.4)
Dividends	(228.6)	(343.2)
Purchase of Company common stock	(16.5)	(44.7)
Proceeds from exercise of stock options		31.2
Excess tax benefit from stock-based compensation	.7	3.4
Net cash flow used for financing activities	(287.5)	(366.7)
Net decrease in cash and cash equivalents	(78.0)	(533.0)
Cash and cash equivalents at beginning of period	419.5	1,346.9
Cash and cash equivalents at end of period	\$ 341.5	\$ 813.9
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 265.2	\$ 243.4
Cash paid for income taxes	\$ 72.4	\$ 195.8

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Non-cash investing and financing activities:

Equipment acquired under capitalized leases	\$	\$	9.7
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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) 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: Television (CBS Television, comprised of the CBS Television Network, television stations, its television production and syndication operations and CBS College Sports Network; and Showtime Networks), Radio (CBS Radio), Outdoor (CBS Outdoor), Interactive (CBS Interactive, comprised of Internet brands including CNET, CBS.com, CBSSports.com, TV.com, BNET and Last.fm) and Publishing (Simon & Schuster).

During the second quarter of 2008, the Company completed the acquisition of CNET Networks, Inc. ("CNET"). CNET has been included in the Company's results since its acquisition. In connection with the acquisition, the Company combined its existing interactive businesses, which were previously reported in the Television segment, with those of CNET and realigned its management structure to create a separate Interactive segment. Prior period results have been reclassified to conform to this presentation.

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, 2008.

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.

The Company performed an evaluation of subsequent events through August 6, 2009, which is the date the financial statements have been filed with the SEC.

Use of Estimates The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of 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.

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 months ended June 30, 2009, stock options to purchase 43.0 million shares of CBS Corp. 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 CBS Corp. 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. For the three and six months ended June 30, 2008, stock options to purchase 36.6 million shares of CBS Corp. Class B Common Stock were outstanding but excluded from the calculation of diluted EPS because their inclusion would have been anti-dilutive.

Table of Contents**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.

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Weighted average shares for basic EPS	673.4	669.4	672.5	668.7
Dilutive effect of shares issuable under stock-based compensation plans	6.8	4.9		5.3
Weighted average shares for diluted EPS	680.2	674.3	672.5	674.0

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net earnings (loss)	\$ 15.4	\$ 408.4	\$ (39.9)	\$ 652.7
Other comprehensive income, net of tax:				
Cumulative translation adjustments	121.5	13.5	44.5	82.7
Net actuarial loss and prior service costs	11.0	4.2	22.3	8.5
Net unrealized gain (loss) on securities	1.2	(7.3)	.3	(8.7)
Total comprehensive income	\$ 149.1	\$ 418.8	\$ 27.2	\$ 735.2

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, 2009 and 2008, the Company recorded dividends of \$69.3 million and \$355.5 million, respectively, as a reduction to additional paid-in capital as the Company had an accumulated deficit balance.

Adoption of New Accounting Standards In the second quarter of 2009, the Company adopted Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" ("SFAS 165"). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 also requires disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. The adoption of SFAS 165 did not have a material effect on the Company's consolidated financial statements.

In the second quarter of 2009, the Company adopted FASB Staff Position ("FSP") FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments", ("FSP FAS 107-1 and APB 28-1"). FSP FAS 107-1 and APB 28-1 amends SFAS No. 107, "Disclosures about Fair Value of Financial Instruments" and APB Opinion No. 28, "Interim Financial Reporting", to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies. (See Note 14.)

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CBS CORPORATION AND SUBSIDIARIES

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

In the first quarter of 2009, the Company adopted SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" an amendment of FASB Statement No. 133 ("SFAS 161"). SFAS 161 requires an entity to provide enhanced disclosures about derivative instruments and hedging activities. (See Note 14.)

Effective January 1, 2009, the Company adopted SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R"). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures identifiable assets acquired, liabilities assumed, any noncontrolling interest in the acquiree and goodwill. SFAS 141R also expands disclosure requirements for business combinations. On April 1, 2009, the FASB issued FSP FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies" ("FSP FAS 141(R)-1") which is effective on January 1, 2009. FSP FAS 141(R)-1 amends and clarifies SFAS 141R guidance regarding the initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination.

Effective January 1, 2008, the Company adopted SFAS No. 157, "Fair Value Measurements" ("SFAS 157") for its financial assets and liabilities. Effective January 1, 2009, the Company adopted FSP FAS 157-2, "Effective Date of FASB Statement No. 157" for nonfinancial assets and liabilities. SFAS 157 establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurement. The adoption of SFAS 157 did not have a material effect on the Company's consolidated financial statements. (See Note 13.)

Recent Pronouncements In June 2009, the FASB issued SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles" a replacement of FASB Statement No. 162 ("SFAS 168") effective for financial statements issued for interim and annual reporting periods ending after September 15, 2009. SFAS 168 establishes the FASB Accounting Standards Codification as the source of authoritative U.S. generally accepted accounting principles recognized by the FASB.

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS 167") effective for interim and annual reporting periods that begin after November 15, 2009. SFAS 167 amends FASB Interpretation 46(R) to provide guidance on identifying the primary beneficiary of a variable interest entity and to require an ongoing reassessment of whether an entity is the primary beneficiary. SFAS 167 also amends certain guidance for determining whether an entity is a variable interest entity.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets" an amendment of FASB Statement No. 140 ("SFAS 166") effective for interim and annual reporting periods that begin after November 15, 2009. SFAS 166 removes the concept of a qualifying special-purpose entity from SFAS No. 140 and clarifies that the objective of SFAS No. 140 is to determine whether a transferor has surrendered control over transferred financial assets. This statement 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 to an entity that is not consolidated with the transferor and/or when the transferor has continuing involvement with the transferred financial asset. The Company is currently evaluating the impact of the adoption of SFAS 166 on the consolidated financial statements.

Table of Contents**CBS CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
(Tabular dollars in millions, except per share amounts)**2) STOCK-BASED COMPENSATION**

The following table summarizes the Company's stock-based compensation expense for the three and six months ended June 30, 2009 and 2008.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
RSUs, PSUs and restricted shares	\$ 27.2	\$ 34.7	\$ 54.9	\$ 64.9
Stock options and equivalents	6.7	4.4	11.9	7.3
Stock-based compensation expense, before income taxes	33.9	39.1	66.8	72.2
Related tax benefit	(13.5)	(15.5)	(26.7)	(28.6)
Stock-based compensation expense, net of tax	\$ 20.4	\$ 23.6	\$ 40.1	\$ 43.6

During the six months ended June 30, 2009, the Company granted 11.7 million RSUs with a weighted average per unit grant date fair value of \$5.07. RSU grants during 2009 generally vest over a three- to four-year service period. Certain RSU awards are also subject to satisfying performance conditions. During the six months ended June 30, 2009, the Company also granted .4 million PSUs with an aggregate grant date fair value of \$4.3 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, 2009, the Company also granted 14.2 million stock options with a weighted average exercise price of \$5.20. Stock option grants during 2009 generally vest over a three- to four-year service period.

Total unrecognized compensation cost related to non-vested RSUs and PSUs at June 30, 2009 was \$174.0 million, which is expected to be expensed over a weighted average period of 2.2 years. Total unrecognized compensation cost related to unvested stock option awards and stock option equivalents at June 30, 2009 was \$58.7 million, which is expected to be expensed over a weighted average period of 2.9 years.

3) ACQUISITIONS AND DISPOSITIONS*Acquisitions*

During June 2008, the Company completed the acquisition of all of the outstanding shares of CNET common stock for \$11.50 per share, for a total of \$1.8 billion. The results of CNET have been included in the Interactive segment since its acquisition.

On April 23, 2008, the Company acquired International Outdoor Advertising Group ("IOA"), the leading out-of-home advertising company in South America, for \$110.8 million. IOA has been included as part of the Outdoor segment since the date of acquisition.

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(Tabular dollars in millions, except per share amounts)**Dispositions**

On March 6, 2009, the Company completed the sale of three of its owned radio stations in Denver to Wilks Broadcasting for \$19.5 million.

During June 2008, the Company sold its 37% investment in Sundance Channel for \$168.4 million resulting in a pre-tax gain of \$127.2 million included in "Other Items, net" in the Consolidated Statements of Operations for the three and six months ended June 30, 2008.

On January 10, 2008, the Company completed the sale of seven of its owned television stations in Austin, Salt Lake City, Providence and West Palm Beach to Cerberus Capital Management, L.P. for \$185.0 million.

Non-cash transaction

On April 1, 2009, the Company completed a transaction with Clear Channel Communications, Inc. for the swap of five of its mid-size market radio stations in Baltimore, Portland, Sacramento and Seattle, for two radio stations in Houston.

4) GOODWILL AND INTANGIBLE ASSETS

The changes in the book value of goodwill, by segment, for the six months ended June 30, 2009 were as follows:

	At December 31, 2008	Activity ^(a)	At June 30, 2009
Television	\$ 3,000.9	\$	\$ 3,000.9
Radio	1,929.2	(.8)	1,928.4
Outdoor	1,933.7	12.0	1,945.7
Interactive	1,368.1	.2	1,368.3
Publishing	415.9	.2	416.1
Total	\$ 8,647.8	\$ 11.6	\$ 8,659.4

(a) Primarily reflects foreign currency translation adjustments and purchase price adjustments for Outdoor acquisitions.

The Company's intangible assets were as follows:

At June 30, 2009	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:			
Leasehold agreements	\$ 877.4	\$ (478.2)	\$ 399.2
Franchise agreements	508.1	(247.6)	260.5
Other intangible assets	462.4	(220.4)	242.0
Total intangible assets subject to amortization	1,847.9	(946.2)	901.7
FCC licenses	5,967.4		5,967.4
Trade names	168.8		168.8
Total intangible assets	\$7,984.1	\$ (946.2)	\$7,037.9

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(Tabular dollars in millions, except per share amounts)

At December 31, 2008	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:			
Leasehold agreements	\$ 866.5	\$ (448.3)	\$ 418.2
Franchise agreements	504.3	(233.9)	270.4
Other intangible assets	461.8	(192.3)	269.5
Total intangible assets subject to amortization	1,832.6	(874.5)	958.1
FCC licenses	5,977.3		5,977.3
Trade names	168.8		168.8
Total intangible assets	\$ 7,978.7	\$ (874.5)	\$ 7,104.2

Amortization expense was \$33.4 million and \$25.8 million for the three months ended June 30, 2009 and 2008, respectively, and \$66.3 million and \$51.4 million for the six months ended June 30, 2009 and 2008, respectively. The Company expects its aggregate annual amortization expense for existing intangible assets subject to amortization for each of the years, 2009 through 2013, to be as follows:

	2009	2010	2011	2012	2013
Amortization expense	\$ 133.1	\$ 128.4	\$ 115.4	\$ 93.6	\$ 82.9

5) PROGRAMMING AND OTHER INVENTORY

	At June 30, 2009	At December 31, 2008
Program rights	\$ 1,264.8	\$ 1,915.7
Television programming:		
Released (including acquired libraries)	640.4	551.4
In process and other	70.8	53.6
Theatrical programming, in process and other	50.6	
Publishing, primarily finished goods	80.4	83.7
Other	1.0	1.0
Total programming and other inventory	2,108.0	2,605.4
Less current portion	648.5	1,027.3
Total noncurrent programming and other inventory	\$ 1,459.5	\$ 1,578.1

6) 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. At June 30, 2009, NAI beneficially owned CBS Corp. Class A Common Stock

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representing approximately 81% of the voting power of all classes of CBS Corp.'s Common Stock, and owned approximately 10% of CBS Corp.'s Class A Common Stock and Class B Common Stock on a combined basis.

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

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 Television segment, licenses its television products to Viacom Inc., primarily MTV Networks and BET. 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 \$40.9 million and \$99.3 million for the three months ended June 30, 2009 and 2008, respectively, and \$112.3 million and \$145.4 million for the six months ended June 30, 2009 and 2008, 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 United States 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 United States 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, CBS Corp. places advertisements with and leases production facilities from various subsidiaries of Viacom Inc. The total spending for all of these transactions was \$4.8 million and \$8.3 million for the three months ended June 30, 2009 and 2008, respectively, and \$8.8 million and \$12.1 million for the six months ended June 30, 2009 and 2008, 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, 2009	At December 31, 2008
Amounts due from Viacom Inc.		
Receivables	\$ 165.2	\$ 182.5
Other assets (Receivables, noncurrent)	180.3	249.8
Total amounts due from Viacom Inc.	\$ 345.5	\$ 432.3
Amounts due to Viacom Inc.		
Accounts payable	\$ 3.8	\$ 6.5
Program rights	33.6	48.2
Other liabilities (Program rights, noncurrent)	8.7	26.5
Total amounts due to Viacom Inc.	\$ 46.1	\$ 81.2

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., through the Television segment, licenses its television products to The CW resulting in total revenues of \$17.2 million and \$11.0 million for the three months ended June 30, 2009 and 2008, respectively and \$34.1 million and \$24.7 million for the six months ended June 30, 2009 and 2008, 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.

Table of Contents**CBS CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
(Tabular dollars in millions, except per share amounts)**7) BANK FINANCING AND DEBT**

The following table sets forth the Company's debt.

	At June 30, 2009	At December 31, 2008
Notes payable to banks	\$ 1.9	\$ 4.3
Senior debt (4.625% - 8.875% due 2010 - 2056) ^(a)	6,905.2	6,904.3
Other notes		.2
Obligations under capital leases	113.2	120.8
Total debt	7,020.3	7,029.6
Less discontinued operations debt ^(b)	33.5	33.5
Total debt from continuing operations	6,986.8	6,996.1
Less current portion	22.5	21.3
Total long-term debt from continuing operations, net of current portion	\$ 6,964.3	\$ 6,974.8

(a) At June 30, 2009 and December 31, 2008, the senior debt balances included (i) a net unamortized premium of \$2.2 million and \$23.3 million, respectively, and (ii) an increase in the carrying value of the debt relating to previously settled fair value hedges of \$85.4 million and \$88.0 million, respectively. The June 30, 2009 balance also includes an increase in the carrying value of the debt relating to outstanding fair value hedges of \$2.8 million. The face value of the Company's senior debt was \$6.81 billion at June 30, 2009 and \$6.79 billion at December 31, 2008.

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

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.

On May 13, 2009, CBS Corp. issued \$350.0 million of 8.875% senior notes due 2019 and \$400.0 million of 8.200% senior notes due 2014. On June 2, 2009, CBS Corp. issued \$250.0 million of 8.875% senior notes due 2019. Interest on these senior notes will be paid semi-annually. The senior notes are fully and unconditionally guaranteed by CBS Operations Inc., a wholly owned subsidiary of CBS Corp.

During the six months ended June 30, 2009, the Company repurchased \$978.3 million of its 7.70% senior notes due 2010 resulting in a loss on early extinguishment of debt of \$29.8 million.

Credit Facility

At June 30, 2009, the Company had a \$3.0 billion revolving credit facility which expires in December 2010 (the "Credit Facility"). The Credit Facility requires the Company to maintain a minimum Consolidated Coverage Ratio, as defined in the Credit Facility, of 3x for the trailing four quarters. At June 30, 2009, the Company's Consolidated Coverage Ratio was approximately 4x. The primary purpose of the Credit Facility is to support commercial paper borrowings. At June 30, 2009, the Company had no borrowings outstanding under the Credit Facility and the remaining availability under the Credit Facility, net of outstanding letters of credit, was \$2.80 billion.

Table of Contents**CBS CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
(Tabular dollars in millions, except per share amounts)***Accounts Receivable Securitization Program***

The Company's revolving accounts receivable securitization program provides for the sale of receivables on a non-recourse basis to unrelated third parties on a one-year renewable basis, thereby reducing accounts receivable on the Company's Consolidated Balance Sheets. The Company entered into this arrangement because it provides an additional source of liquidity. Proceeds from this program were used to reduce outstanding borrowings. The terms of the revolving securitization arrangement require that the receivable pools subject to the program meet certain performance ratios. As of June 30, 2009, the Company was in compliance with the required ratios under the receivable securitization program. During the six months ended June 30, 2009, the Company reduced amounts outstanding under its accounts receivable securitization program by \$300.0 million to \$250.0 million at June 30, 2009 from \$550.0 million at December 31, 2008.

During the six months ended June 30, 2009 and 2008, proceeds from collections of securitized accounts receivables of \$609.9 million and \$1.43 billion, respectively, were reinvested in the revolving receivable securitization program. The net loss associated with securitizing the program's accounts receivables was \$.7 million and \$1.3 million for the three and six months ended June 30, 2009, respectively, and \$3.5 million and \$7.7 million for the three and six months ended June 30, 2008, respectively.

8) PENSION AND OTHER POSTRETIREMENT BENEFITS

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

Three Months Ended June 30,	Pension Benefits		Postretirement Benefits	
	2009	2008	2009	2008
Components of net periodic cost:				
Service cost	\$ 7.8	\$ 8.4	\$.2	\$.3
Interest cost	72.4	74.9	12.3	13.6
Expected return on plan assets	(54.8)	(69.5)		
Common stock	30,066,963			30,066,963
Common/collective trust(a)		27,666,686		27,666,686
Total assets at fair value	\$ 324,092,729	\$ 27,666,686	\$	\$ 351,759,415

(a) This category is a common/collective trust fund that is designed to deliver safety and stability by preserving principal and accumulating earnings. This fund is primarily invested in guaranteed investment contracts and synthetic investment contracts. Participant-directed redemptions have no restrictions; however, the Plan is required to provide a one-year redemption notice to liquidate its entire share in the fund. The fair value of this fund has been estimated based on the fair value of the underlying investment contracts in the fund as reported by the issuer of the fund. The fair value differs from the contract value. As previously discussed in Note 2, contract value is the relevant measurement attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

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Supplemental Schedule

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Simon Property Group and Adopting Entities Matching Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year)

EIN 35-1903854 Plan #002

December 31, 2015

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment	Cost	Current Value
Interest-bearing cash			
Fidelity Institutional Cash Portfolio Money Market Fund*	230,269 units	\$ 230,269	\$ 230,269
Common stock			
Simon Property Group, Inc. Corporate Common Stock*	166,830 shares	**	32,439,662
Washington Prime Group, Inc. Corporate Common Stock*	62,770 shares	**	666,978
Common/collective trusts			
Fidelity Managed Income Portfolio II Fund*	26,411,041 shares	**	26,411,041
Mutual funds			
Vanguard Interim-Term Bond Index	915,618 shares	**	10,309,856
Morgan Stanley Institutional Global Strategy	1,033,541 shares	**	15,244,725
Dreyfus Appreciation	462,713 shares	**	18,490,015
Fidelity Spartan U.S. Equity Index Portfolio Fund*	504,736 shares	24,829,202	36,243,504
Fidelity Low Priced Stock Fund*	683,833 shares	28,583,667	32,628,164
Pioneer Independence	151,604 shares	1,584,188	2,584,845
Franklin Small Mid Cap Growth A	317,089 shares	**	10,241,971
PIMCO Total Return Fund	789,980 shares	8,392,489	7,955,103
Templeton Institutional Foreign Equity	1,106,877 shares	22,004,491	21,085,999
Cohen & Steers Realty	72,168 shares	**	5,089,254
Allianz NFJ Small Cap Value	420,881 shares	**	9,229,915
Vanguard Intermediate Term Bond Index Signal Shares	748,125 shares	8,453,922	8,423,886
Vanguard Growth Index Signal Shares	207,433 shares	**	11,361,099
Fidelity Freedom Income*	78,204 shares	**	888,393
Fidelity Freedom 2010*	95,400 shares	**	1,177,240
Fidelity Freedom 2020*	608,749 shares	**	8,230,287
Fidelity Freedom 2030*	578,258 shares	**	8,286,430
Fidelity Freedom 2040*	506,687 shares	**	7,493,898
Fidelity Freedom 2005*	77,367 shares	**	957,803
Fidelity Freedom 2015*	258,717 shares	**	3,311,573
Fidelity Freedom 2025*	640,484 shares	**	9,030,823
Fidelity Freedom 2035*	504,543 shares	**	7,447,058

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Fidelity Freedom 2045*	289,502 shares	**	4,403,319
Fidelity Freedom 2050*	223,607 shares	**	3,427,894
Fidelity Freedom 2055*	146,191 shares	**	1,659,271
Fidelity Freedom 2060*	4,629 shares	**	45,689
Amcent Infl ADJBD IS	130,194 shares	**	1,464,683
Blackrock Equity DIV I	2,061,641 shares	38,628,591	43,294,466
Pioneer Disciplined Growth A	328,138 shares	**	5,594,761
Total mutual funds			295,601,924

Participant loans*	Interest rates range		
	from 4% to 10.75%		4,594,395
		\$	359,944,269

* Indicates party in interest to the Plan.

**Denotes all of the fund is participant directed, cost information is no longer required.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**SIMON PROPERTY GROUP
AND ADOPTING ENTITIES
MATCHING SAVINGS PLAN**

Date: June 22, 2016

/s/ Steve Broadwater
Steve Broadwater
Senior Vice President and Chief Accounting Officer

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Exhibit Index

Exhibit number	Description
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm