

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

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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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