CBS CORP
Form 11-K
June 21, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549-1004

FORM 11-K

(Mark One)

/ X / Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2012 Commission file number 001-09553

OR

/ / Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

CBS 401(k) PLAN

(Full title of the plan)

CBS CORPORATION

(Name of issuer of the securities held pursuant to the plan)

51 West 52nd Street

New York, New York 10019

(Address of principal executive office)

CBS 401(k) PLAN

FINANCIAL STATEMENTS, SUPPLEMENTAL SCHEDULES AND EXHIBITS

DECEMBER 31, 2012 AND 2011

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the

CBS 401(k) Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the CBS 401(k) Plan (the Plan) at December 31, 2012 and December 31, 2011, and the changes in net assets available for benefits for the year ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Delinquent Participant Contributions and the Schedule of Assets (Held at End of Year) are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan s management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PRICEWATERHOUSECOOPERS LLP

New York, New York

June 21, 2013

CBS 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(In thousands)

	At December 31, 2012	2011
Assets		
Investments, at fair value	$ 3,955,948	$ 3,634,922
Receivables:		
Notes receivable from participants	32,235	28,836
Employee contributions	3,067	2,144
Employer contributions	3,701	3,335
Interest and dividends	4,975	5,683
Due from broker for securities sold	201	
Total assets	4,000,127	3,674,920
Liabilities		
Accrued expenses	1,225	1,149
Due to broker for securities purchased	293	7
Net assets reflecting investments at fair value	3,998,609	3,673,764
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(123,251)	(118,628)
Net assets available for benefits	$ 3,875,358	$ 3,555,136

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

CBS 401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(In thousands)

	Year Ended December 31, 2012
Additions to net assets attributed to:	
Investment income:	
Net appreciation in fair value of investments	$ 366,386
Interest	58,861
Dividends	11,344
Interest income on notes receivable from participants	1,336
Contributions:	
Employee	112,420
Employer	40,457
Rollover	11,678
Total additions	602,482
Deductions from net assets attributed to:	
Benefits paid to participants	(277,791)
Plan expenses	(4,469)
Total deductions	(282,260)
Net increase	320,222
Net assets available for benefits, beginning of year	3,555,136
Net assets available for benefits, end of year	$ 3,875,358

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

CBS 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

(Tabular dollars in thousands)

NOTE 1 PLAN DESCRIPTION

The following is a brief description of the CBS 401(k) Plan (the Plan) and is provided for general information only. Participants should refer to the Plan document for more complete information regarding the Plan.

The Plan, sponsored by CBS Corporation (the Company or CBS Corp.), is a defined contribution plan offered on a voluntary basis to eligible employees of the Company and its subsidiaries.

Eligible full-time newly hired employees may enroll in the Plan immediately or are automatically enrolled following the later of sixty days after hire or rehire and attainment of age 21, unless they elect not to participate. Part-time employees are automatically enrolled in the Plan on the first day of the month following the attainment of age 21 and completion of one thousand hours of service within a consecutive twelve-month period, unless they already voluntarily enrolled upon meeting the age and service requirements or have elected not to participate. The Plan is subject to the provisions of the Internal Revenue Code of 1986, as amended (the Code), and the Employee Retirement Income Security Act of 1974, as amended (ERISA), and is overseen by a retirement committee designated as the Administrator of the Plan as defined under ERISA (the Plan Administrator) by the Company s Board of Directors (the Board).

The Bank of New York Mellon (the Trustee) is the trustee and custodian and Mercer is the recordkeeper of the Plan. Certain Plan investments are shares of funds managed by the Trustee or companies affiliated with the Trustee, or shares of a company affiliated with CBS Corp., and therefore qualify as a party-in-interest transaction. The fair value of these investments was $263 million at December 31, 2012 and $234 million at December 31, 2011 and these investments appreciated by $5 million for the year ended December 31, 2012. In addition, certain Plan investments are shares of CBS Corp. common stock and therefore qualify as a party-in-interest transaction. The fair value of these investments was $515 million at December 31, 2012 and $373 million at December 31, 2011. For the year ended December 31, 2012, these investments appreciated by $149 million and earned dividends of $6 million. During the year ended December 31, 2012, the Plan purchased $8 million of CBS Corp. common stock and sold $13 million of CBS Corp. common stock.

Participant Accounts

Each Plan participant s account is credited with the participant s contributions, the employer matching contributions, if applicable, the participant s share of the investment income (loss) and any realized or unrealized gains or losses of the Plan s assets, net of certain Plan expenses.

Participants have the option of investing their contributions or existing account balances among various investment options. These investment options include common collective funds, registered investment companies (mutual funds), separately managed accounts, which primarily invest in common stocks, a fixed

CBS 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

income fund, consisting of guaranteed investment contracts and synthetic guaranteed investment contracts, and CBS Corp. Class B Common Stock.

Within the Plan, the CBS Corp. Common Stock Funds are part of an Employee Stock Ownership Plan (ESOP). As a result, the Plan offers an ESOP dividend election under which Plan participants can elect to reinvest any ESOP dividends paid on vested shares back into the ESOP account in CBS Corp. Class B Common Stock or to receive the dividends as a cash payout. If a participant does not make an election, the dividends are reinvested in the ESOP account.

Participants may also elect to open a self-directed brokerage account (SDA). Participants may not contribute directly to the SDA, but may transfer balances to the SDA from other investment funds except the fixed income fund. A participant may transfer up to 25% of his or her account balance (net of loans) to the SDA. The initial transfer to the SDA may not be less than $2,500 and there is no minimum for subsequent individual transfers.

Contributions

The Plan permits participants to contribute up to 50% of eligible annual compensation on a traditional before-tax, Roth 401(k) after-tax or combination basis or 15% on a traditional after-tax basis, subject to the Code limitations set forth below. Roth 401(k) contributions and the related earnings can be withdrawn tax-free if certain requirements are met. The level of employer matching contributions is entirely at the discretion of the Board and is determined annually for all participants in the Plan. For 2012, the Board set the employer s matching contribution at 70% of the first 5% of eligible compensation contributed on a before-tax or Roth 401(k) basis.

Employer matching contributions are initially invested entirely in CBS Corp. Class B Common Stock. Participants are permitted to immediately transfer their Company matching contributions out of CBS Corp. Class B Common Stock and into any other investment option.

Upon date of hire and, effective with the 60th day following the date upon which an employee becomes eligible to participate in the Plan, newly hired employees are deemed to have authorized the Company to make before-tax contributions to the Plan in an amount equal to 5% of the employee s eligible compensation. However, a deemed authorization does not take effect if, during the 60-day period the employee elects not to participate in the Plan or to participate at a different contribution rate.

The Code limits the amount of annual participant contributions that can be made on a before-tax or Roth 401(k) basis to $17,000 for 2012. Total compensation considered under the Plan, based on Code limits, may not exceed $250,000 for 2012. The Code also limits annual aggregate participant and employer contributions to the lesser of $50,000 or 100% of compensation in 2012. All contributions made to the Plan on an annual basis may be further limited due to certain non-discrimination requirements prescribed by the Code.

CBS 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

All participants who have attained age 50 before the close of the Plan year (calendar year) are eligible to make catch-up contributions. These contributions are not treated as matchable contributions. Catch-up contributions can be made if the eligible participants make the maximum $17,000 contribution permitted under the Plan for a plan year. The limit for catch-up contributions is $5,500 in 2012.

Vesting

Participants in the Plan are immediately vested in their own contributions and earnings thereon. Employer matching contributions vest at 20% per year of service, becoming fully vested after five years of service. If participants terminate employment prior to being vested in their employer matching contributions, the non-vested portion of their account is forfeited and may be used to reduce future employer matching contributions and to pay administrative expenses. Forfeitures are recorded at the time vested benefits are distributed. During 2012, the Company utilized forfeitures of approximately $5,333,000 to reduce matching contributions and approximately $485,000 to pay administrative expenses. As of December 31, 2012 and 2011, the Company had forfeitures of approximately $2,040,000 and $1,811,000, respectively, available to be used as noted above.

Notes Receivable from Participants

Eligible participants may request a loan for up to the lesser of 50% of the participant s vested account balance or $50,000, reduced by the highest outstanding balance of any Plan loan made to the participant during the twelve-month period ending on the day before the loan is made. The minimum loan available to a participant is $500. The interest rate on participant loans is one percentage point above the annual prime commercial rate (as published in The Wall Street Journal) on the first day of the calendar month in which the loan is approved. Principal and interest is payable through payroll deductions. Only one loan may be outstanding at any time. Participants may elect repayment periods from 12 to 60 months commencing as soon as administratively possible following the distribution of the loan proceeds to the participant. The Plan allows participants to elect a repayment term of up to 300 months for loans used for the acquisition of a principal residence. Repayments of loan principal and interest are allocated in accordance with the participant s current investment elections.

The loans outstanding carry interest rates ranging from 4.25% to 11.50% as of December 31, 2012.

Distributions and Withdrawals

Earnings on employee contributions (other than after-tax contributions) and employer contributions are not subject to income tax until they are distributed or withdrawn from the Plan.

Participants in the Plan, or their beneficiaries, may receive their vested account balances in a lump sum or in installments over a period of up to 20 years in the event of retirement, termination of employment, disability or death. For vested account balances invested in CBS Corp. Class B Common Stock, participants may

CBS 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

elect to receive distributions in cash or whole shares. In the event of termination of employment, participants may also elect a partial lump sum distribution of their account balance. In general, participants must receive a required minimum distribution upon attainment of age 70 1/2 unless they are still employed.

Participants in the Plan may withdraw part or all of their after-tax and rollover contributions and the vested portion of employer matching contributions. Upon attainment of age 59 1/2, participants may also withdraw all or part of their before-tax or Roth 401(k) contributions and earnings thereon. The Plan limits participants to two of the above withdrawal elections in each Plan year.

A participant may obtain a financial hardship withdrawal of the vested portion of employer matching contributions and employee before-tax or Roth 401(k) contributions provided that the requirements for hardship are met and only to the extent required to relieve such financial hardship. There is no restriction on the number of hardship withdrawals permitted.

When a participant terminates employment with the Company, the full value of employee contributions and earnings thereon plus the value of all vested employer matching contributions and earnings thereon are eligible for distribution and can be rolled over to a tax qualified retirement plan or an Individual Retirement Account (IRA) or remain in the Plan rather than being distributed. If the vested account balance is $1,000 or less and the participant does not make an election to rollover the vested account balance, it will be automatically paid in a single lump sum cash payment, and taxes will be withheld from the distribution.

Plan Expenses

The fees for investment of Plan assets are charged to the Plan s investment funds. Certain administrative expenses such as fees for accounting and employee communications may be paid by the Plan using forfeitures or may be paid by the Company. Recordkeeping and trustee fees are paid from participant accounts. For 2012, $366,354 was paid to the Trustee, a party-in-interest, and its affiliates for services provided during the year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

In accordance with Financial Accounting Standards Board (FASB) guidance, contract value was determined to be the relevant measurement attribute for the portion of net assets available for benefits 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. As a result, the Statements of Net Assets Available for Benefits present the investments at fair value with a separate adjustment from fair value to contract value for the portion of net assets attributable to each fully

CBS 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

benefit-responsive investment contract. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis with respect to the fully benefit-responsive investment contracts.

Investment Valuation

Short-term money market investments are carried at amortized cost which approximates fair value due to the short-term maturity of these investments. Investments in common stock are reported at fair value based on quoted market prices on national security exchanges. Investments in registered investment companies are reported at fair value based on quoted market prices in active markets. The fair value of investments in separately managed accounts is determined by the Trustee based upon the fair value of the underlying securities. The fair values of investments in common collective funds are determined using the Net Asset Value (NAV) provided by the administrator of the fund. The NAV is determined by each fund s trustee based upon the fair value of the underlying assets owned by the fund, less liabilities, divided by the number of outstanding units. The common collective funds have daily redemptions and one day trading terms. The common collective funds have no unfunded commitments at December 31, 2012. The fair value of fixed income, asset-backed and mortgage-backed securities is determined by independent pricing sources based on quoted market prices, when available, or using valuation models which incorporate certain other observable inputs including recent trading activity for comparable securities and broker quoted prices. Cash and cash equivalents are valued at cost plus accrued interest, which approximates market value.

Futures are marked-to-market and settled daily. The daily receipt or payment is recognized as unrealized appreciation (depreciation) until the contract is closed at which time the total fair value of the futures contract is recognized as a realized gain (loss).

The Plan invests in fully benefit-responsive traditional and synthetic guaranteed investment contracts through a fixed income fund. The contract value of guaranteed investment contracts and synthetic guaranteed investment contracts represents the aggregate amount of deposits thereto, plus interest at the contract rate, less withdrawals. The fair value of the fixed rate traditional guaranteed investment contracts is determined by discounting the related cash flows, based on the contract duration, using a yield curve interpolated from swap rates and adjusted for liquidity and credit quality. The fair value of synthetic guaranteed investment contracts is determined based on quoted market prices for the underlying assets. The fair value of the wrapper contracts for synthetic guaranteed investment contracts is determined using the replacement cost methodology that incorporates various inputs including the difference between the market rate for wrap fees and the actual wrap fees currently charged.

CBS 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

Security Transactions and Income Recognition

Purchases and sales of securities are recorded on the trade date. The average cost basis is used to determine gains or losses on security dispositions. Interest income is accrued as earned and dividend income is recorded on the ex-dividend date.

Net appreciation or depreciation in the fair value of investments, included in the Statement of Changes in Net Assets Available for Benefits, consists of the realized gains and losses and the unrealized appreciation and depreciation on those investments presented at fair value.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

Payment of Benefits

Benefit payments are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan to make estimates and assumptions, such as those regarding fair value of investments, 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 amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

Fair Value Measurements

In 2012, the Plan adopted FASB s guidance which improves the comparability of fair value measurements presented in financial statements prepared in accordance with GAAP and International Financial Reporting Standards (IFRS). This guidance clarifies the FASB s intent about the application of existing fair value measurement requirements and changes certain principles and requirements for measuring fair value or for disclosing information about fair value measurements. The adoption of this guidance did not have a material effect on the Plan s financial statements.

CBS 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

Recent Pronouncements

Improving Disclosure about Offsetting Assets and Liabilities

In January 2013, the FASB issued guidance that clarifies the scope of the guidance that was issued in December 2011 relating to transactions subject to disclosures about offsetting assets and liabilities. The guidance applies