

CBS CORP
Form 11-K
June 28, 2010

**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, 2009 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, 2009 AND 2008

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Supplemental Schedules:	
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All other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted as not applicable or not required.	
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Exhibit:	
23.1 Consent of Independent Registered Public Accounting Firm	

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, 2009 and December 31, 2008, and the changes in net assets available for benefits for the year ended December 31, 2009 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 28, 2010

CBS 401(k) PLAN**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS****(In thousands)**

	At December 31,	
	2009	2008
Assets		
Investments, at fair value:		
Investments	\$3,340,311	\$2,920,706
Participant loans	25,652	25,637
Receivables:		
Employee contributions	2,036	
Employer contributions	2,317	1,682
Interest and dividends	6,421	5,236
Due from broker for securities sold	121	600
Total assets	3,376,858	2,953,861
Liabilities		
Accrued expenses and other liabilities	1,640	1,093
Due to broker for securities purchased	407	402
Net assets available for benefits, at fair value	3,374,811	2,952,366
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(80,212)	(17,387)
Net assets available for benefits	\$3,294,599	\$2,934,979

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, 2009
Additions to net assets attributed to:	
Investment income:	
Net appreciation in fair value of investments	\$ 366,727
Interest	76,221
Dividends	7,926
Contributions:	
Employee	102,678
Employer	35,897
Rollover	4,546
Total additions	593,995
Deductions from net assets attributed to:	
Benefits paid to participants	(229,687)
Plan expenses	(4,688)
Total deductions	(234,375)
Net increase	359,620
Net assets available for benefits, beginning of year	2,934,979
Net assets available for benefits, end of year	\$ 3,294,599

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

CBS 401(k) PLAN

NOTES TO THE 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 employees are automatically enrolled in the Plan following the attainment of age 21, unless they elect not to participate. Part-time employees are automatically enrolled in the Plan following the attainment of age 21 and completion of one thousand hours of service within a consecutive twelve-month period, unless they elect 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 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 and therefore qualify as a party-in-interest transaction. The fair value of these investments was \$221.9 million at December 31, 2009 and \$147.6 million at December 31, 2008 and these investments appreciated by \$19.9 million for the year ended December 31, 2009. 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 \$171.0 million at December 31, 2009 and \$66.2 million at December 31, 2008 and these investments appreciated by \$81.0 million for the year ended December 31, 2009. During the year ended December 31, 2009, the Plan purchased \$36.4 million of CBS Corp. common stock and sold \$11.0 million of CBS Corp. common stock.

Participant Accounts

Each Plan participant's account is credited with the participant's contributions, the employer matching contributions, 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

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

common stocks and mutual funds, a fixed income fund, consisting of guaranteed investment contracts and synthetic guaranteed investment contracts, and CBS Corp. Class B Common Stock.

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 15% of annual compensation on a traditional after-tax basis or 50% on a before-tax, Roth 401(k) after-tax or combination 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 for all participants in the Plan. For 2009, the Board set the employer's matching contribution at 60% 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.

Eligible full-time newly hired employees are immediately eligible to participate in the Plan and deemed to have authorized the Company to make before-tax contributions in the Plan in an amount equal to 5% of the employee's eligible compensation upon his or her date of hire. Any such deemed authorization takes effect following the 60th day the employee becomes eligible to participate in the Plan. 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.

All participants who have attained age 50 before the close of the 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 contribution permitted under the Plan for a plan year. The limit for catch-up contributions is \$5,500 in 2009.

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

The Code limits the amount of annual participant contributions that can be made on a before-tax or Roth 401(k) basis to \$16,500 for 2009. Total compensation considered under the Plan, based on Code limits, may not exceed \$245,000 for 2009. The Code also limits annual aggregate participant and employer contributions to the lesser of \$49,000 or 100% of compensation in 2009. All contributions made to the Plan on an annual basis may be further limited due to certain non-discrimination tests prescribed by the Code.

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. Employer matching contributions of approximately \$1,239,000 and \$1,507,000 were forfeited in 2009 and 2008, respectively. The Company utilized forfeitures of approximately \$559,000 to pay administrative expenses during 2009. There were no forfeitures used to reduce matching contributions during 2009. As of December 31, 2009 and 2008, the Company had forfeitures of approximately \$2,651,000 and \$2,106,000, respectively, available to be used as noted above.

Loans

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 participants' then current investment elections.

The loans outstanding carry interest rates ranging from 4.25% to 11.50% as of December 31, 2009.

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

Distributions and Withdrawals

Earnings on both employee 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. In the event of termination of employment, participants may also elect partial 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. 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 calendar year.

A participant may obtain a financial hardship withdrawal of the vested portion of employer matching contributions and 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 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 2009, \$567,975 was paid to the Trustee, a party-in-interest, and its affiliates for services provided during the year.

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with accounting standards generally accepted in the United States of America. Certain previously reported amounts have been reclassified to conform to the current presentation.

In accordance with the 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 Statement of Net Assets Available for Benefits presents 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 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 and Income Recognition

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 representing the net asset value of the shares held by the Plan. 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 trading terms varying from one to three days. The common collective funds have no unfunded commitments at December 31, 2009. The fair value of fixed income 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. Participant loans are recorded at cost, which approximates fair value. Cash and cash equivalents are valued at cost plus accrued interest, which approximates market value. Interest income is accrued as earned and dividend income is recorded on the ex-dividend date.

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

Interest rate swaps are recorded at fair value and marked-to-market through the duration of the contract term with an offsetting increase to unrealized appreciation (depreciation). 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.

Security Transactions

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.

The Plan presents in the Statement of Changes in Net Assets Available for Benefits, the net appreciation or depreciation in the fair value of its investments, which consists of the realized gains and losses and the unrealized appreciation and depreciation on those investments which are presented at fair value.

Payment of Benefits

Benefit payments are recorded when paid.

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S.) 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 and 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

Accounting Standards Codification

In 2009, the FASB established the FASB Accounting Standards Codification as the source of authoritative U.S. generally accepted accounting principles recognized by the FASB.

Derivative Instruments

In 2009, the Plan adopted new FASB guidance which requires enhanced disclosures about derivative instruments and hedging activities. (See Note 6.)

Fair Value Measurements

Effective January 1, 2008, the Plan adopted new FASB guidance for its financial assets and liabilities which establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. During August 2009, the FASB issued further guidance on how to measure the fair value of a liability. This guidance did not have a material effect on the Plan's financial statements.

In 2009, the Plan adopted amended FASB guidance for the fair value measurement of investments that calculate NAV per share. This guidance permits, in certain circumstances, the measurement of the fair value of an investment on the basis of NAV per share of the investment. This guidance also requires disclosure by major category of investment about the attributes of investments and the investment strategies of the investees. This guidance did not have a material effect on the Plan's financial statements.

During 2009, the Plan adopted new FASB guidance which requires enhanced disclosures around major security types and changes in valuation techniques and related inputs, if any, during the period. (See Note 5.)

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

Subsequent Events

In 2009, the Plan adopted new FASB guidance for subsequent events. This guidance establishes general standards of accounting for and disclosure of events that occur after the date of the Statement of Net Assets Available for Benefits but before the financial statements are issued or available to be issued.

Recent Pronouncements

In January 2010, the FASB issued guidance which requires enhanced disclosures about transfers between levels of the three-level fair value hierarchy, requires separate disclosures of purchases, sales, issuances, and settlements in the rollforward of activity relating to Level 3 fair value measurements, and provides clarification of existing fair value disclosures. This guidance is effective for the Plan's annual reporting period ending December 31, 2010, except for the requirement to provide expanded disclosure in the rollforward of activity of Level 3 fair value measurements, which will be effective for the Plan's annual reporting period ending December 31, 2011. The Plan Administrator is currently evaluating the impact of this guidance on the Plan's financial statements.

NOTE 3 RISKS AND UNCERTAINTIES

The Plan provides for various investment options. Investment securities are exposed to various risks such as interest rate, market and credit. Market values of investments could decline for several reasons including changes in prevailing market and interest rates, increases in defaults, and credit rating downgrades. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of such securities, it is at least reasonably possible that changes in investment values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the related Statement of Changes in Net Assets Available for Benefits.

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

NOTE 4 INVESTMENTS

Individual investments representing 5% or more of the Plan's net assets available for benefits are identified below:

	At December 31,	
	2009	2008
BlackRock S&P 500 Index Fund (a)	\$ 469,994	\$ 390,229
CBS Corporation Class B Common Stock	\$ 170,607	\$ 67,213
Synthetic guaranteed investment contracts, at contract value:		
Monumental Life Insurance MDA00930TR	\$ 504,295	\$ 485,614
JPMorgan Chase Bank ACBS-01	\$ 418,786	\$ 398,691
Natixis Financial Products, Inc. No. 1222-01	\$ 326,867	\$ 312,035
State Street Bank and Trust Co. No. 108002	\$ 238,606	\$ 264,178
Natixis Financial Products, Inc. No. 1222-02	\$ 181,951	\$ 201,429

(a) Formerly known as Barclays Global Investors S&P 500 Index Fund.

During the year ended December 31, 2009 the Plan's investments (including gains and losses on investments sold and held during the year) appreciated as follows:

Common collective funds	\$ 199,464
Separately managed accounts	61,515
Common stock	86,018
Mutual funds	19,229
Other	501
Net appreciation in fair value of investments	\$ 366,727

Investment Contracts

The Plan invests in guaranteed investment contracts and synthetic guaranteed investment contracts. As described in Note 2, the guaranteed investment contracts are fully benefit-responsive and therefore, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to these contracts. In a guaranteed investment contract, a deposit in the fund is used by the issuer to purchase investments that are held in the issuer's general accounts. The issuer is contractually obligated to repay the principal and a specified rate of interest guaranteed to the fund. There are no reserves against contract value for credit risk of the contract issuer or otherwise. A synthetic guaranteed investment contract provides for guaranteed returns of principal over a specified period of time through benefit-responsive wrapper contracts, issued by a third party insurance company or bank, which are backed by underlying assets.

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

The interest crediting rate reflects the rate earned by participants for the underlying investments. The wrapper contracts amortize the realized and unrealized gains and losses on the underlying fixed income investments, typically over the duration of the investments, through adjustments to the future interest crediting rate. Interest crediting rates are typically reset on a monthly or quarterly basis and all wrapper contract issuers provide that adjustments to the interest crediting rate cannot result in a future interest crediting rate that is less than zero. Certain factors can influence the future interest crediting rates including, the level of market interest rates, the amount and timing of participant contributions and withdrawals, the returns generated by the fixed income investments that back the contract and the duration of the underlying investments backing the contract.

In certain circumstances, the amounts withdrawn from the investment contracts will be paid at fair value rather than contract value. These events include plan termination, a material adverse change to the provisions of the plan, an employer election to withdraw from the contract to switch to a different investment provider or if the terms of a successor plan do not meet the contract issuer's underwriting criteria for issuance of a clone contract. The Company does not expect any employer initiated events that may cause premature liquidation of a contract at market value.

The contract issuer is permitted to terminate the fully benefit-responsive investment contracts with the Plan and settle at an amount different from contract value in certain events, including loss of the Plan's qualified status, an un-cured material breach of responsibility, or material adverse changes to the provisions of the Plan.

At December 31, 2009 and 2008, guaranteed investment contracts and synthetic guaranteed investment contracts at contract value of \$1,713,578,104 and \$1,812,794,136, respectively, had fair values in the aggregate of \$1,793,790,470 and \$1,830,181,137, respectively. The fair value of wrapper contracts was \$4,476,517 and \$3,034,164 at December 31, 2009 and 2008, respectively.

The average yields for investment contracts in the fixed income fund were as follows:

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	At December 31,	
	2009	2008
Based on actual earnings	3.0%	4.5%
Based on interest rate credited to participants	4.0%	4.3%

CBS 401(k) PLAN**NOTES TO THE FINANCIAL STATEMENTS (Continued)****(Tabular dollars in thousands)**

The following table presents the fair value of the assets, by type, that support the Plan's synthetic guaranteed investment contracts held in the fixed income fund at December 31, 2009 and 2008.

	At December 31,	
	2009	2008
Cash and cash equivalents	\$ 88	\$ 99,868
Money market funds	39,970	32,696
Common collective funds	534,899	432,011
Fixed income	1,153,629	1,232,995
Futures	1,081	
Options	(1,878)	
Swaps	587	(15,667)
Wrapper value	4,477	3,034
Net receivables (payables)	15,967	(70,607)
Synthetic guaranteed investment contracts	\$ 1,748,820	\$ 1,714,330

NOTE 5 - FAIR VALUE MEASUREMENTS

The following tables set forth the Plan's financial assets measured at fair value on a recurring basis at December 31, 2009 and 2008. These assets have been categorized according to the three-level fair value hierarchy established by the FASB, which prioritizes the inputs used in measuring fair value. Level 1 is based on quoted prices for the asset in active markets. Level 2 is based on inputs that are observable other than quoted market prices in Level 1, such as quoted prices for the asset in inactive markets or quoted prices for similar assets. Level 3 is based on unobservable inputs reflecting the Plan's own assumptions about the assumptions that market participants would use in pricing the asset. For the year ended December 31, 2009, the Plan adopted new FASB guidance which requires enhanced disclosures around major security types. As a result, the presentation for the table at December 31, 2008 does not reflect the adoption of this guidance. See Note 2 for the valuation methodology used to measure the fair value of these investments.

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

At December 31, 2009	Level 1	Level 2	Level 3	Total
Fixed income fund:				
Money market funds	\$	\$ 65,541	\$	\$ 65,541
Guaranteed investment contracts			44,970	44,970
Assets held under synthetic guaranteed investment contracts:				
Cash and cash equivalents, including net receivables	13,752	2,303		16,055
Money market funds		39,970		39,970
Common collective funds (a)		534,899		534,899
U.S. Treasury securities	277,436			277,436
Government related securities		248,858		248,858
Corporate bonds		390,201		390,201
Mortgage-backed and asset-backed securities		237,134		237,134
Futures (b)	1,081			1,081
Options (b)		(1,878)		(1,878)
Swaps (b)		587		587
Wrapper value			4,477	4,477
Common collective funds:				
S&P 500 index fund (c)		469,994		469,994
Target date retirement funds (d)		199,976		199,976
Emerging markets equity fund		104,703		104,703
General bond index fund		93,111		93,111
International equity fund		86,582		86,582
Separately managed accounts:				
Wellington Growth Portfolio (e)	105,666	999		106,665
Dodge & Cox Value Equity Fund (e)	85,784	3,496		89,280
Mellon Capital Mid Cap Stock Fund (f)	59,034	565		59,599
Common stock:				
CBS Corp. Common Stock	171,001			171,001
Other Common Stock	13,968			13,968
Registered investment companies (g)	76,089			76,089
Money market funds		9,213		9,213
Participant loans			25,652	25,652
Other	799			799
Total	\$ 804,610	\$ 2,486,254	\$ 75,099	\$ 3,365,963

(a) Primarily invested in mortgage-backed and U.S. government fixed income securities.

(b) See Note 6 for asset and liability positions of derivative financial instruments.

(c) Primarily invested in large capitalization equities.

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- (d) Primarily invested in a mix of equities and bonds based on target retirement year.
- (e) Primarily invested in large capitalization equities. Assets categorized as Level 2 reflect investments in mutual funds.
- (f) Primarily invested in mid capitalization equities. Assets categorized as Level 2 reflect investments in mutual funds.
- (g) Primarily invested in small capitalization equities.

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

At December 31, 2008	Level 1	Level 2	Level 3	Total
Common collective funds	\$	\$ 740,077	\$	\$ 740,077
Separately managed accounts:				
Wellington Growth Portfolio (a)	78,601	681		79,282
Dodge & Cox Value Equity Fund (a)	66,343	2,630		68,973
Mellon Capital Mid Cap Stock Fund (b)	42,439	232		42,671
Common stock	74,282			74,282
Mutual funds	53,400	31,048		84,448
Guaranteed investment contracts			115,851	115,851
Synthetic guaranteed investment contracts	204,323	1,506,973	3,034	1,714,330
Participant loans			25,637	25,637
Other	792			792
Total	\$ 520,180	\$2,281,641	\$ 144,522	\$2,946,343

(a) Primarily invested in large capitalization equities. Assets categorized as Level 2 reflect investments in mutual funds.

(b) Primarily invested in mid capitalization equities. Assets categorized as Level 2 reflect investments in mutual funds.

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets at December 31, 2009.

	Guaranteed Investment Contracts	Wrapper Value	Participant Loans
At January 1, 2009	\$ 115,851	\$ 3,034	\$ 25,637
Actual return on investments:			
Related to investments held at end of year	1,454	1,443	
Related to investments sold during the year	3,103		
Purchases, sales, issuances and settlements, net	(75,438)		15
At December 31, 2009	\$ 44,970	\$ 4,477	\$ 25,652

CBS 401(k) PLAN**NOTES TO THE FINANCIAL STATEMENTS (Continued)****(Tabular dollars in thousands)****NOTE 6 - FINANCIAL INSTRUMENTS**

As part of their investment strategy, the managers of certain of the Plan's investment funds may use derivative financial instruments for various purposes including, managing exposure to sector risk or movements in interest rates, extending the duration of the life of the investment portfolio and as a substitute for cash securities. The derivative instruments typically used are interest rate swaps, futures and options. There is exposure to credit loss in the event of nonperformance by counterparties to derivative transactions. The Plan's investment managers continually monitor the Plan's positions with, and credit quality of, the financial institutions which are counterparties to its derivative instruments. Nonperformance by any of the counterparties is not anticipated.

The notional amount of outstanding swap contracts was \$51.4 million at December 31, 2009 and \$266.1 million at December 31, 2008. The notional amount of outstanding futures contracts was \$25.1 million at December 31, 2009 and \$717.0 million at December 31, 2008.

The fair value of derivative financial instruments recorded on the Statement of Net Assets Available for Benefits at December 31, 2009 was as follows:

	Fair Value	Statement of Net Assets Available for Benefits Account
Asset position:		
Interest rate futures	\$ 1,509	Investments
Interest rate options	\$ 531	Investments
Interest rate swaps	\$ 895	Investments
Liability position:		
Interest rate futures	\$ (428)	Investments
Interest rate options	\$ (2,409)	Investments
Interest rate swaps	\$ (308)	Investments

Gains (losses) recognized on derivative financial instruments were as follows:

	Twelve Months Ended December 31, 2009	Financial Statement Account
Interest rate futures	\$ (1,384)	Net appreciation in fair value of investments
Interest rate options	\$ 635	Net appreciation in fair value of investments
Interest rate swaps	\$ (4,414)	Net appreciation in fair value of investments

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

NOTE 7 - INCOME TAX STATUS

The Internal Revenue Service issued a favorable determination letter dated May 20, 2003, that the Plan continues to satisfy the requirements of Section 401(a) of the Code and that the trust thereunder is exempt from federal income taxes under the provisions of Section 501(a) of the Code. The Plan has been amended since receiving the determination letter, was restated effective January 1, 2008 and the restated Plan has subsequently been amended. The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable provisions of the Code. On February 2, 2009, the restated Plan was submitted to the Internal Revenue Service for routine periodic review and to obtain an updated determination letter.

NOTE 8 TERMINATION PRIORITIES

Although the Company anticipates that the Plan will continue indefinitely, it reserves the right, by action of its Board, to amend or terminate the Plan provided that such action does not retroactively reduce earned participant benefits.

In the event of Plan termination, participants become fully vested. Upon termination, the Plan provides that the net assets of the Plan would be distributed to participants based on their respective account balances.

NOTE 9 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

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	At December 31,	
	2009	2008
Net assets available for benefits per the financial statements	\$ 3,294,599	\$ 2,934,979
Amounts allocated to withdrawing participants	(452)	(309)
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	80,212	17,387
Net assets available for benefits per the Form 5500	\$ 3,374,359	\$ 2,952,057

CBS 401(k) PLAN

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(Tabular dollars in thousands)

The following is a reconciliation of the net increase in net assets available for benefits as reflected in the financial statements to the Form 5500:

	Year Ended December 31, 2009
Net increase in net assets available for benefits per the financial statements	\$ 359,620
Less: Amounts allocated to withdrawing participants at December 31, 2009	(452)
Add: Amounts allocated to withdrawing participants at December 31, 2008	309
Add: Adjustment from contract value to fair value for fully benefit-responsive investment contracts at December 31, 2009	80,212
Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts at December 31, 2008	(17,387)
Net increase in net assets available for benefits per the Form 5500	\$ 422,302

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, 2009, but were not paid as of that date.

CBS 401 (k) PLAN

SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

For the year ended December 31, 2009

(Dollars in thousands)

Participant Contributions Transferred Late to Plan Check Here If Late Participant Loan Repayments Are Included	Total That Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under Voluntary Fiduciary Correction Program (VFCP) and Prohibited Transaction Exemption 2002-51
	Contributions Not Corrected	Contributions Corrected Outside National Family Caregiver Program	Contributions Pending Correction in VFCP	
\$	5	-	-	\$
				5
				-

CBS 401 (k) PLAN

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2009

(Dollars in thousands)

<u>Identity of issuer, borrower, lessor or similar party</u>	Maturity and Interest Rates	Cost(3)	Current Value	Wrapper Value
<u>Self Directed Accounts</u>				
			\$ 24,116	\$ -
<u>Corporate Common Stock</u>				
* CBS Corporation Class A Common Stock			394	-
* CBS Corporation Class B Common Stock			170,607	-
Total Corporate Common Stock			171,001	-
<u>Mutual Funds</u>				
DFA U.S. Small Cap Fund			72,269	-
* Dreyfus Government Cash Management Fund			69,225	-
Total Mutual Funds			141,494	-
<u>Common Collective Funds</u>				
BlackRock S&P 500 Index Fund			469,994	-
Capital Guardian Emerging Markets Equity Fund			104,703	-
* BNY Mellon Aggregate Bond Index Fund			93,111	-
Capital Guardian International Equity Fund			86,582	-
BlackRock LifePath 2020 Fund			76,945	-
BlackRock LifePath 2040 Fund			50,161	-
BlackRock LifePath 2010 Fund			28,096	-
BlackRock LifePath 2035 Fund			10,224	-
BlackRock LifePath Retirement Fund			8,641	-
BlackRock LifePath 2030 Fund			8,460	-
BlackRock LifePath 2015 Fund			5,792	-
BlackRock LifePath 2025 Fund			5,141	-
BlackRock LifePath 2050 Fund			3,275	-
BlackRock LifePath 2045 Fund			3,241	-
Total Common Collective Funds			954,366	-