CBS CORP
Form DEF 14A
April 06, 2018
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**CBS Corporation**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

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April 6, 2018

Dear Stockholder:

You are cordially invited to attend the 2018 Annual Meeting of Stockholders (the Annual Meeting ) of CBS Corporation (the Company ), which will be held at The Museum of Modern Art, The Ronald S. and Jo Carole Lauder entrance, 11 West 53rd Street (between Fifth and Sixth Avenues), New York, New York 10019, at 10:00 a.m., Eastern Daylight Time, on Friday, May 18, 2018. Holders of CBS Corporation Class A Common Stock are being asked to vote on the matters listed in the attached Notice of 2018 Annual Meeting of Stockholders.

If you hold shares of the Company s Class A Common Stock, please cast your vote promptly to ensure that your shares will be voted at the Annual Meeting. You may vote by telephone or through the Internet by following the instructions on the Notice of Internet Availability of Proxy Materials or in the 2018 Proxy Statement. You may also submit your vote by returning a proxy card or voting instruction card, if you received a printed copy of proxy materials by request. If you attend the Annual Meeting, you may vote your shares in person.

National Amusements, Inc., which as of March 23, 2018 beneficially owned shares of the Company s Class A Common Stock representing approximately 79.7% of the voting power of CBS Corporation s common stock, has advised CBS Corporation that it intends to vote all of its shares of the Company s Class A Common Stock in accordance with the recommendations of the Board of Directors on Items 1 through 3 in the attached Notice. Therefore, the approval of those matters in accordance with the Board s recommendations is assured.

If you wish to attend the Annual Meeting in person, you must be a holder of Company common stock as of the record date (March 23, 2018) and request an admission ticket in advance. Each such holder eligible to attend the Annual Meeting may bring one guest. If you are a record holder of the Company s Class A Common Stock, you can request a ticket when you vote by telephone or through the Internet, or by marking the appropriate box on the proxy card (if you requested a printed copy of proxy materials). If you are a record holder of the Company s Class B Common Stock or you hold shares of the Company s Class A or Class B Common Stock in a brokerage account, you can request a ticket by sending a written request along with proof of ownership, such as your brokerage firm account statement as of the record date (March 23, 2018), to Director, Shareholder Relations, CBS Corporation, 51 West 52nd Street, New York, New York 10019.

Upon arrival at the Annual Meeting, you will be asked to present an admission ticket, and all meeting attendees will be asked to present a current government-issued picture identification (such as a driver s license or passport) to enter the meeting. The Company may implement security procedures as it deems appropriate to ensure the safety of meeting attendees.

If you have elected to receive paper copies of the Company s proxy statements, annual reports and other materials relating to the Annual Meeting and want to elect to receive these documents electronically next year instead of by mail, please go to http://enroll.icsdelivery.com/cbs and follow the instructions to enroll. We highly recommend that you consider electronic delivery of these documents as it helps to lower the Company s costs and reduce the amount of paper mailed to your home.

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

**LESLIE MOONVES**
*Chairman of the Board,*
*President and Chief Executive Officer*

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# CBS CORPORATION

## NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS

## AND PROXY STATEMENT

To CBS Corporation Stockholders:

The 2018 Annual Meeting of Stockholders (the Annual Meeting ) of CBS Corporation (the Company ) will be held at The Museum of Modern Art, The Ronald S. and Jo Carole Lauder entrance, 11 West 53rd Street (between Fifth and Sixth Avenues), New York, New York 10019, at 10:00 a.m., Eastern Daylight Time, on Friday, May 18, 2018. The principal business of the meeting will be the consideration of the following matters:

1. The election of 14 directors;
2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as the Company s independent registered public accounting firm for fiscal year 2018;
3. The approval of an amendment and restatement of the CBS Corporation 2009 Long-Term Incentive Plan; and
4. Such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The close of business on March 23, 2018 has been fixed as the record date for determining the holders of shares of CBS Corporation Class A Common Stock entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. For a period of at least 10 days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be open to the examination of any stockholder during ordinary business hours at the Company s corporate headquarters located at 51 West 52nd Street, New York, New York 10019.

By order of the Board of Directors,

JONATHAN H. ANSCHELL

*Secretary*

April 6, 2018

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# CBS CORPORATION

# 2018 PROXY STATEMENT

## VOTING AND SOLICITATION OF PROXIES

### Solicitation of Proxies

A proxy is being solicited by the Board of Directors of CBS Corporation, a Delaware corporation ( CBS Corporation or the Company ), for use at the 2018 Annual Meeting of Stockholders (the Annual Meeting ) to be held on Friday, May 18, 2018 at 10:00 a.m., Eastern Daylight Time. The close of business on March 23, 2018 is the record date for determining the record holders of the Company s Class A Common Stock, par value $0.001 per share, entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. Holders of the Company s non-voting Class B Common Stock, par value $0.001 per share, are not entitled to vote at the Annual Meeting or any adjournment or postponement thereof.

As of March 23, 2018, the Company had outstanding 37,507,617 shares of its Class A Common Stock, each of such shares being entitled to one vote, and 343,114,649 non-voting shares of its Class B Common Stock (together with the Company s Class A Common Stock, the Common Stock ).

### Internet Availability of Proxy Materials

In accordance with Securities and Exchange Commission ( SEC ) rules, instead of mailing to stockholders a printed copy of the Company s proxy statement, annual report and other materials relating to the Annual Meeting ( proxy materials ), the Company intends to mail to stockholders a Notice of Internet Availability of Proxy Materials (the Notice of Internet Availability ), which advises that the proxy materials are available on the Internet. The Company intends to commence its distribution of the Notice of Internet Availability on or about April 6, 2018. Stockholders receiving a Notice of Internet Availability by mail will not receive a printed copy of proxy materials, unless they so request. Instead, the Notice of Internet Availability will instruct stockholders as to how they may access and review proxy materials on the Internet. Stockholders who receive a Notice of Internet Availability by mail who would like to receive a printed copy of the Company s proxy materials, including a proxy card or voting instruction card, should follow the instructions for requesting these materials included in the Notice of Internet Availability. Stockholders who currently receive printed copies of proxy materials who would like to receive future copies of these documents electronically instead of by mail should follow the instructions for requesting electronic delivery set forth in the Other Matters section in this proxy statement.

### Submission of Proxies

Each of the persons named in the proxy card and on the Company s voting website at www.proxyvote.com (the proxy holders ), individually and with the power to appoint his substitute, has been designated by the Company s Board of Directors to vote the shares represented by proxy at the Annual Meeting. The proxy holders are officers of the Company. They will vote the shares represented by each valid and timely received proxy in accordance with the stockholder s instructions, or if no instructions are specified, the shares represented by the proxy will be voted in accordance with the recommendations of the Board of Directors as described in this proxy statement. If any other matter properly comes before the Annual Meeting, the proxy holders will vote on that matter in their discretion.

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

By Internet: Holders of record may access www.proxyvote.com, with the Notice of Internet Availability in hand (or, if a printed copy of proxy materials was received by request, the proxy card in hand), and follow the instructions. The Internet proxy must be received no later than 11:59 p.m., Eastern Daylight Time, on May 17, 2018.

By Telephone: Holders of record living in the United States or Canada may use any touch-tone telephone to call 1-800-690-6903, with the Notice of Internet Availability in hand (or, if a printed copy of proxy materials was received by request, the proxy card in hand), and follow the recorded instructions. The telephone proxy must be received no later than 11:59 p.m., Eastern Daylight Time, on May 17, 2018.

By Mail: Holders of record who received a printed copy of proxy materials by request may complete, sign and date the proxy card and return it in the envelope provided, so that it is received prior to the Annual Meeting.

Beneficial holders (defined below) will receive voting materials, including instructions on how to vote, directly from the holder of record.

***Shares Held in the Company s 401(k) Plan.*** Voting instructions relating to shares of the Company s Class A Common Stock held in the Company s 401(k) plan must be received no later than 11:59 p.m., Eastern Daylight Time, on May 16, 2018, so that the trustee of the plan (who votes the shares on behalf of plan participants) has adequate time to tabulate the voting instructions. Shares held in the 401(k) plan that are not voted or for which the trustee does not receive timely voting instructions will be voted by the trustee in the same proportion as the shares held in the plan that are timely voted.

***Voting Other than by Proxy.*** While the Company encourages holders of its Class A Common Stock to vote by proxy, holders of the Company s Class A Common Stock (other than shares held in the 401(k) plan) also have the option of voting their shares in person at the Annual Meeting. Some holders of the Company s Class A Common Stock hold their shares in street name through a broker or other nominee and are therefore known as beneficial holders. If shares of Class A Common Stock are held for a beneficial holder in a brokerage, bank or other institutional account, then the beneficial holder must obtain a proxy from that entity and bring it to the Annual Meeting in order to vote the shares at the Annual Meeting.

**Revocation of Proxies**

A proxy may be revoked before the voting deadline by sending written notice to Jonathan H. Anschell, Secretary, CBS Corporation, 51 West 52nd Street, New York, NY 10019, or by timely submission (including telephonic or Internet submission) of a proxy bearing a later date than the proxy being revoked to Proxy Services, P.O. Box 9111, Farmingdale, NY 11735-9543. Revocations made by telephone or through the Internet must be received by 11:59 p.m., Eastern Daylight Time, on May 17, 2018. A holder may also revoke a proxy by voting in person at the Annual Meeting.

***Shares Held in the Company s 401(k) Plan.*** Voting instructions relating to shares of the Company s Class A Common Stock held in the Company s 401(k) plan may be revoked prior to 11:59 p.m., Eastern Daylight Time, on May 16, 2018, by sending written notice to Jonathan H. Anschell, Secretary, CBS Corporation, 51 West 52nd Street, New York, NY 10019, or by timely submission (including telephonic or Internet submission) of voting instructions bearing a later date than the voting instructions being revoked to Proxy Services, P.O. Box 9111, Farmingdale, NY 11735-9543.

**Quorum**

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

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### Matters to be Considered at the Annual Meeting

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

1. The election of each of the 14 nominated directors;

2. The ratification of the appointment of PricewaterhouseCoopers LLP to serve as the Company s independent registered public accounting firm ( independent auditor ) for fiscal year 2018; and

3. The approval of an amendment and restatement of the CBS Corporation 2009 Long-Term Incentive Plan.

The affirmative vote of the holders of a majority of the aggregate voting power of the Company s Class A Common Stock present in person or represented by proxy at the Annual Meeting ( majority vote ) is required to elect each of the 14 nominated directors and to approve Items 2 and 3 set forth above. An abstention with respect to any matter will have the effect of a vote against such matter.

Under the rules of the New York Stock Exchange ( NYSE ), a broker or other nominee holding shares of the Company s Class A Common Stock on behalf of a beneficial holder may not be permitted to exercise voting discretion with respect to some matters to be acted upon at stockholders meetings. Therefore, if a beneficial holder does not give the broker or nominee specific voting instructions, the holder s shares may not be voted on those matters and a broker non-vote will occur. Under the rules of the NYSE, brokers or nominees may vote on the matter listed as Item 2 above, but not on the matters listed as Items 1 and 3 above, if they do not receive instructions from the beneficial holder of the shares held in street name. A broker non-vote will have no effect on the voting results for Items 1 and 3 above.

As of March 23, 2018, National Amusements, Inc. ( National Amusements ) beneficially owned, directly and indirectly through a wholly owned subsidiary, approximately 79.7% of the Company s outstanding Class A Common Stock and approximately 10.3% of the Company s outstanding Class A Common Stock and Class B Common Stock on a combined basis. Sumner M. Redstone, the controlling stockholder of National Amusements, is Chairman Emeritus of the Company. National Amusements has advised the Company that it intends to vote all of its shares of the Company s Class A Common Stock in favor of each of Items 1 through 3 above. Such action by National Amusements will be sufficient to constitute a quorum and to approve each of Items 1 through 3 above.

### Cost of Proxy Solicitation and Inspector of Election

The Company will pay the cost of the solicitation of proxies, including the preparation, printing and mailing of the Notice of Internet Availability and, as applicable, this proxy statement and the related materials. The Company will furnish copies of the Notice of Internet Availability and, if requested, this proxy statement and related materials to banks, brokers, fiduciaries and custodians that hold shares on behalf of beneficial holders so that they may forward the materials to the beneficial holders. American Election Services, LLC will serve as the independent inspector of election for the Annual Meeting.

### Mailing Address

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

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## CORPORATE GOVERNANCE

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

CBS Corporation s principal governance documents are as follows:

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

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

**Corporate Governance Guidelines**

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

A majority of the members of the Board must be independent as determined under the NYSE listing standards and the standards set forth in the Guidelines;

All of the members of the Audit, Compensation, and Nominating and Governance Committees must be independent;

Separate executive sessions of the non-management directors and independent directors must be held a minimum number of times each year;

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

Director compensation will be established in light of the policies set forth in the Guidelines;

Within three years of joining the Board, directors are expected to own shares of Common Stock having a market value of at least five times the cash annual retainer fee paid to them, in accordance with the Guidelines;

The Board will hold an annual self-evaluation to assess its effectiveness; and

The Compensation Committee and the Nominating and Governance Committee will together review periodically succession planning and report to the non-management directors on these reviews.

**Board Committee Charters**

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

**Business Conduct Statement**

The Company s Business Conduct Statement ( BCS ) sets forth the Company s standards for ethical conduct that are expected of all directors and employees of the Company. The BCS is available on the Company s website at www.cbscorporation.com and on the Company s intranet sites and also has been distributed to the Company s employees and directors. As part of the Company s compliance and ethics program, directors and full-time employees are required to certify as to their compliance with the BCS and, on an ongoing basis, must disclose any potential conflicts of interest. The Company has also implemented an online BCS training program. The BCS addresses, among other things, topics such as:

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

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

Confidentiality, insider information and trading, and fair disclosure;

Financial accounting and improper payments;

The Company s commitment to providing equal employment opportunities and a bias-free and harassment-free workplace environment;

Fair dealing and relations with competitors, customers and suppliers;

Health, safety and the environment; and

Political contributions and payments.

The BCS provides numerous avenues for employees to report violations of the BCS or matters of concern, whether anonymously or with attribution, to the appropriate officers of the Company and/or the Audit Committee. These avenues include a telephone hotline, email contacts or direct communication with the Company s compliance officers. The BCS also provides that the Company will protect anyone who makes a good faith report of a violation of the BCS and that retaliation against an employee who makes a good faith report will not be tolerated.

Waivers of the BCS for the Company s executive officers or directors will be disclosed on the Company s website at www.cbscorporation.com or by Form 8-K filed with the SEC.

**Supplemental Code of Ethics for Senior Financial Officers**

The Supplemental Code of Ethics is applicable to the Company s Chief Executive Officer, Chief Operating Officer (who also performs the duties of the Chief Financial Officer) and Chief Accounting Officer. The Supplemental Code of Ethics, which is available on the Company s website at www.cbscorporation.com,

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addresses matters specific to those senior financial positions in the Company, including responsibility for the disclosures made in CBS Corporation s filings with the SEC, reporting obligations with respect to certain matters and a general obligation to promote honest and ethical conduct within the Company. The senior financial officers are also required to comply with the BCS. Amendments to or waivers of the Supplemental Code of Ethics for these officers will be disclosed on the Company s website at www.cbscorporation.com or by Form 8-K filed with the SEC.

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## CBS CORPORATION S BOARD OF DIRECTORS

The Company s Board of Directors is currently comprised of 14 members: David R. Andelman, Joseph A. Califano, Jr., William S. Cohen, Gary L. Countryman, Charles K. Gifford, Leonard Goldberg, Bruce S. Gordon, Linda M. Griego, Robert N. Klieger, Arnold Kopelson, Leslie Moonves, Martha L. Minow, Doug Morris, and Shari Redstone. All of the current members of the Board were elected at the Company s 2017 Annual Meeting of Stockholders, except for Mr. Klieger, who was elected in July 2017.

During 2017, the Board held 8 meetings and also acted by unanimous written consent. Each incumbent director attended at least 75% of the meetings of the Board and Board Committees on which such director served during 2017. In addition to Board and Committee meetings, directors are expected to attend the Annual Meeting, and all of the directors who stood for election in 2017 attended the Company s 2017 Annual Meeting of Stockholders.

In accordance with the Guidelines and the NYSE listing standards, the non-management directors meet separately, without directors who are Company employees, at least two times each year, and at such other times as they deem appropriate. The independent directors also meet separately, without those directors who are not independent as determined by the Board, at least two times each year, and at such other times as they deem appropriate. The members of the Nominating and Governance Committee preside at meetings of the non-management directors and independent directors on a rotating basis. During 2017, the non-management directors met 6 times, and the independent directors met 6 times.

### Director Independence

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

- The types of relationships identified by the NYSE listing standards bright-line tests, if they occurred more than five years ago (the Board will review any such relationship if it occurred more than three but less than five years ago);

- A relationship whereby the director has received, or an immediate family member of the director has received for service as an executive officer, less than $120,000 in direct compensation from the Company during any 12-month period within the last three years; and

- A relationship where the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of the following:

a company that made payments to, or received payments from, the Company for property or services in an amount that, in each of the last three fiscal years, is less than 1% of such company s annual consolidated gross revenues;

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

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

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

The full text of the Guidelines is available on the Company s website at www.cbscorporation.com.

In March of 2018, the Nominating and Governance Committee reviewed the independence of the Company s current 14 directors, which included 13 of the 14 nominees standing for election at the Annual Meeting, and the new nominee for director (Mr. Richard D. Parsons) to determine its recommendation regarding which of them meet the independence standards outlined above. The Board, based on its review and the recommendation of the Nominating and Governance Committee, determined that 9 of the current 14 directors are, and the new nominee for director also is, independent. The current directors who are independent are Messrs. Califano, Cohen, Countryman, Gifford, Gordon, Kopelson and Morris and Mses. Griego and Minow. Mr. Kopelson is not standing for re-election at the Annual Meeting.

During its review, in determining that the director nominees named above are independent, the Board considered the transactions disclosed under Related Person Transactions, all of which the Board determined were immaterial to, and would not impair, each such director s independence. The Board also considered that the Company and its subsidiaries in the ordinary course of business have, during the past three years, sold products and services to, and/or purchased products and services from, persons and companies and other entities, of which certain directors were executive officers or principals during 2017, and determined that all of these transactions met the threshold for relationships deemed to be immaterial under the Guidelines.

**Board Leadership Structure**

The Company s President and Chief Executive Officer also serves as Chairman of the Board. The Board continues to believe that this leadership structure is appropriate and in the best interests of the stockholders, given Mr. Moonves successes in his role as the Company s President and Chief Executive Officer, including distinguishing the Company as a producer of world-class content across all mediums and identifying and developing key new revenue streams for future growth, and the Board s support for Mr. Moonves vision for the strategic direction of the Company. The Board also believes his dual role is appropriate, in that Mr. Moonves provides strong consistent leadership, particularly in light of the breadth of his institutional knowledge of all aspects of the Company s businesses from his service with the Company for the past 23 years and as a member of the Board for over 12 years and his status as one of the most influential leaders in the entertainment industry. Ms. Redstone serves as the non-executive Vice Chair of the Board, whose responsibilities include the duties set forth in the Company s Bylaws. The Board believes that her role appropriately reflects both her breadth of experience in the entertainment industry and her ownership position in and role at National Amusements. The Board has not appointed a lead independent director. In support of the independent oversight of management, the non-management directors and, separately, the independent directors routinely meet and hold discussions without management present. A majority of the directors on the Board are independent, and the Audit, Compensation and Nominating and Governance Committees are composed entirely of independent directors.

**Board Risk Oversight**

The Company s Board of Directors has overall responsibility for the oversight of the Company s risk management process. The Board carries out its oversight responsibility directly and through the delegation to its Committees of responsibilities related to the oversight of certain risks, as follows:

The Audit Committee, as part of its internal audit and independent auditor oversight, is responsible for reviewing the Company s risk assessment and risk management practices and discusses risks as they relate to its review of the Company s financial statements, the evaluation of the effectiveness of

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internal control over financial reporting, compliance with legal and regulatory requirements, and the performance of the internal audit function, among other responsibilities set forth in the Committee s charter.

The Compensation Committee monitors risks associated with the design and administration of the Company s compensation programs, including its performance-based compensation programs, to promote an environment which does not encourage unnecessary and excessive risk-taking by the Company s employees. The Committee also reviews risks related to management resources, including the depth of the Company s senior management. In view of this oversight and based on management s assessment, the Company does not believe that its employee compensation policies and practices create risks that are reasonably likely to have a material adverse effect on the Company.

The Nominating and Governance Committee oversees risk as it relates to monitoring developments in law and practice with respect to the Company s corporate governance processes and in reviewing related person transactions. The Committee also is responsible for the periodic review of the following risk management processes at the Company: disaster recovery, crisis management and theft of intellectual property.

Each of these Committees reports regularly to the Board on these risk-related matters, among other items within its purview. On an annual basis, the Board conducts strategy sessions, which include presentations from economic, political and industry experts, among others, on matters affecting the Company, to assist the Board and management in preparing and implementing strategic initiatives, including risk management. In addition, the Board and Committees receive regular reports from management that include matters affecting the Company s risk profile, including, among others, operations reports from the Chief Executive Officer and from division heads, all of which include strategic and operational risks; reports from the Chief Operating Officer and Chief Accounting Officer on credit and liquidity risks and on the integrity of internal controls over financial reporting; reports from the Chief Legal Officer on legal risks and material litigation; and reports on internal audit activities from the Senior Vice President, Internal Audit. The Audit Committee also receives periodic reports from the Company s Chief Compliance Officer on the Company s compliance program; Chief Information Security Officer on the Company s information security program and the management of cybersecurity risk; and Senior Vice President, Internal Audit on the Company s internal audit plan for the upcoming fiscal year, the scope of which is to determine the adequacy and function of the Company s risk management, control and governance processes. Outside of formal meetings, Board members have regular access to executives, including the Chief Executive Officer, the Chief Operating Officer, the Chief Accounting Officer, the Chief Legal Officer and the Chief Administrative Officer and Chief Human Resources Officer. The Committee and management reports, strategy sessions and real-time management access collectively provide the Board with integrated insight on the Company s management of its risks.

**Board Committees**

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

| Committee | Members |
|---|---|
| Audit Committee | Gary L. Countryman, Chair<br><br>Charles K. Gifford<br>Linda M. Griego |

| | |
|---|---|
| Compensation Committee | Bruce S. Gordon, Chair<br>William S. Cohen<br>Linda M. Griego<br>Doug Morris |
| Nominating and Governance Committee | Charles K. Gifford, Chair<br>Joseph A. Califano, Jr.<br>Gary L. Countryman<br>Bruce S. Gordon<br>Martha L. Minow |

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During 2017, the Audit Committee held 5 meetings, the Compensation Committee held 16 meetings and the Nominating and Governance Committee held 15 meetings. Information about these Committees, including their respective roles and responsibilities and charters, is set forth below.

***Audit Committee***

The Audit Committee Charter provides that the Audit Committee will be comprised of at least three members and that all of the members on the Committee must be independent directors. Also, the Committee must have at least one audit committee financial expert (as described below), and all Committee members must be financially literate. The Committee holds at least five regular meetings each year, and it regularly meets separately at these meetings with the independent auditor, the Company s Chief Legal Officer, its Senior Vice President, Internal Audit and other members of the Company s senior management. The Committee is responsible for the following, among other things:

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

For additional information on the Committee s role and its oversight of the independent auditor during 2017, see Report of the Audit Committee.

*Audit Committee Financial Experts.* The Board has determined that all of the members of the Audit Committee are financially literate, as that term is interpreted by the Board in its business judgment. In addition, the Board has determined that two members of the Audit Committee, including Mr. Countryman, the Chair of the Audit Committee, each qualify as an audit committee financial expert, as that term is defined in the regulations promulgated under the Securities Act of 1933, as amended (the Securities Act ).

***Compensation Committee***

The Compensation Committee Charter provides that the Compensation Committee will be comprised of at least three members, except that the Committee is deemed to be properly constituted with at least two members in the event of a vacancy until the Board fills the vacancy. The Charter also provides that all of the members on the Committee must be independent directors and that the Committee shall also satisfy the relevant requirements established pursuant to regulations promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ). The Committee holds at least four regular meetings each year and is responsible for the following, among other things:

Adopting and periodically reviewing the Company s compensation philosophy, strategy and principles regarding the design and administration of the Company s compensation programs;

Reviewing and approving the total compensation packages for the Company s executive officers and other senior executives identified by the Committee after consultation with the Company s Chairman of the Board, President and Chief Executive Officer and Senior Executive Vice President, Chief Administrative Officer and Chief Human Resources Officer (excluding  Talent,  as such term is currently used in the media or entertainment industries) (collectively, the  senior executives ); and

Overseeing the administration of the Company s incentive compensation plans and its equity-based compensation plans.

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*Consideration and Determination of Executive Compensation.* The Compensation Committee reviews all components of the senior executives compensation, including base salary, annual and long-term incentives and severance arrangements. In approving compensation for the senior executives, the Committee considers the input and recommendations of the Chief Executive Officer, the Chief Operating Officer with respect to those senior executives who report directly to him, and the Chief Legal Officer with respect to those senior executives who report directly to him. With respect to the Chairman of the Board, President and Chief Executive Officer, the Committee reviews and approves goals and objectives relevant to his compensation and, together with the Nominating and Governance Committee, annually evaluates his performance in light of those goals and objectives. The results of this evaluation are then reported to the non-management directors. The Compensation Committee sets his compensation, taking this evaluation into account, and reports to the Board on this process.

The Company s processes and procedures for the consideration of executive compensation and the role of the Company s executive officers in determining or recommending the amount or form of executive compensation are more fully described in the Compensation Discussion and Analysis section below. Director compensation is approved by the Board, based on recommendations from the Nominating and Governance Committee, as more fully described in the Nominating and Governance Committee section below.

The Compensation Committee has the power to delegate its authority and duties to subcommittees or individuals as it deems appropriate and in accordance with applicable laws and regulations. The Committee has delegated to the Chairman of the Board, President and Chief Executive Officer limited authority (with respect to executives who are not senior executives) to grant long-term incentive awards under the Company s long-term incentive plan to such executives in connection with their hiring, promotion or contract renewal and to modify the terms of outstanding equity grants in certain post-termination scenarios, as discussed in the Compensation Discussion and Analysis section below.

The Committee is empowered to retain compensation consultants having special competence to assist the Committee in evaluating executive officer and employee compensation. The Committee has the sole authority to retain and terminate such consultants and to review and approve such consultants fees and other retention terms. The Committee retains an independent compensation consulting firm, currently Exequity LLP, to advise the Committee in its review of senior executive compensation. The Compensation Committee adopted a policy in 2008 providing that the independent compensation consulting firm will not be considered as a provider of services to the Company, other than for services provided to the Compensation Committee. Accordingly, other than these services provided to the Committee, Exequity does not perform any administrative or consulting services for the Company. In furtherance of the Committee s review of senior executive compensation, the independent consultant examines the compensation practices at companies with which the Company competes for senior executive talent, including those companies engaged in similar business activities and other publicly traded U.S. companies, and provides other analysis, as more fully described in the Compensation Discussion and Analysis section below. The Committee has assessed the independence of Exequity and determined that Exequity s work for the Committee does not raise any conflict of interest.

***Nominating and Governance Committee***

The Nominating and Governance Committee s Charter provides that the Nominating and Governance Committee will be comprised of at least three members, except that the Committee is deemed to be properly constituted with at least two members in the event of a vacancy until the Board fills the vacancy. The Charter also provides that all of the members on the Committee must be independent directors. The Committee holds at least three regular meetings each year and is responsible for the following, among other things:

Identifying and recommending to the Board nominees for election to the Board and reviewing the composition of the Board as part of this process;

Overseeing all aspects of the Company s corporate governance initiatives, including regular assessments of its principal governance documents;

- Establishing criteria for the annual self-evaluations of the Board and its Committees;
- Making recommendations to the Board on director compensation matters;
- Monitoring developments in the law and practice of corporate governance;
- Developing and recommending items for Board meeting agendas;
- Reviewing transactions between the Company and related persons; and
- Reviewing the following risk management processes at the Company: disaster recovery, crisis management and theft of intellectual property.

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

*Consideration and Determination of Director Compensation.* The Committee annually reviews and recommends for the Board s consideration the form and amount of compensation for Outside Directors. Outside Directors are directors of the Company who are not employees of the Company or any of its subsidiaries. Only Outside Directors are eligible to receive compensation for serving on the Board, as more fully described in the Director Compensation section below. In connection with its 2018 review and recommendation, the Committee received advice from the independent compensation consulting firm retained by the Compensation Committee regarding market practice for director compensation.

In accordance with the Guidelines and its Charter, the Committee is guided by three principles in its review of Outside Director compensation and benefits: Outside Directors should be fairly compensated for the services they provide to the Company, taking into account, among other things, the size and complexity of the Company s business and compensation and benefits paid to directors of comparable companies; Outside Directors interests should be aligned with the interests of stockholders; and Outside Directors compensation should be easy for stockholders to understand.

The recommendations of the Committee with respect to director compensation are subject to approval by the Board.

*2018 Director Nomination Process; Board Diversity.* In connection with the 2018 director nomination process, the Committee reviewed the current composition of the Board in light of the considerations set forth in its Charter and the Company s Guidelines. The Committee consulted with a search firm in the fall of 2017 to assist its efforts in considering board composition and identifying potential candidates for membership on the Board. In addition, the Committee considered input received from other directors on Board member qualifications, Board composition and any special circumstances that the Committee considers important in its determination. After taking these considerations into account, the Committee determined to recommend to the Board that each of the nominees set forth below in Item 1-Election of Directors be nominated to stand for election at the 2018 Annual Meeting.

As part of its review, the Committee considers diversity, among other factors. The Committee considers diversity to be a broadly defined concept which takes into account professional experience, gender and ethnicity, among other characteristics. As a result of considering diversity as part of its nomination process, multiple industries are represented on the Board, including the entertainment and media, communications, banking, legal, insurance, education, and management consulting industries, among others. Additionally, distinguished contributors to governmental and not-for-profit organizations also serve on the Board. Multiple professions are represented among the directors, including current and past experience as principal executive officers, attorneys, high-level government and higher education officials, entrepreneurs and television, film and record producers, among others. The Committee assesses the effectiveness of its consideration of diversity as part of its annual nomination process, when it reviews the composition of the Board as a whole.

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

**Stockholder Outreach**

The Company s management, including through its investor relations program, conducts stockholder outreach throughout the year to inform the Company s management and Board about the issues that matter most to stockholders. The stockholder outreach efforts include management meetings with individual and group investors in person or by telephone and management presentations at investor and industry conferences, including question-and-answer sessions, on a regular basis. The investor relations group also responds to retail investor email and telephone inquiries, providing access to Company representatives and a forum for providing feedback. During 2017, the Company s investor relations team, certain named executive officers and/or other members of management and operating executives met with 26 of the Company s 30 largest investors, representing 67% of the Company s outstanding shares of Class A and Class B Common Stock, and with stockholders representing 60% of the Company s outstanding shares of Class A and Class B Common Stock.

**Communications with Directors**

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

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

**Compensation Committee Interlocks and Insider Participation**

None of the members of the Compensation Committee during fiscal year 2017 was, or has ever been, an officer or employee of the Company, and, during fiscal year 2017, no executive officer of the Company served on the board and/or compensation committee of any company that employed as an executive officer any member of the Company s Board and/or Compensation Committee.

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## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth as of February 28, 2018, unless otherwise indicated, information concerning the beneficial ownership of the Company s Class A and Class B Common Stock by (i) each current director and director nominee, (ii) each named executive officer and (iii) the current directors and executive officers of the Company as a group. Each person has sole voting and investment power over the shares reported, except as noted. Also set forth below is information concerning the beneficial ownership by each person, or group of affiliated persons, who is known by the Company to beneficially own 5% or more of the Company s Class A Common Stock. As of February 28, 2018, there were 37,544,334 shares of the Company s Class A Common Stock outstanding and 345,334,188 shares of the Company s Class B Common Stock outstanding.

| | Beneficial Ownership of Equity Securities | | | |
|---|---|---|---|---|
| **Name** | **Title of Security** | **Number of Shares** | | **Percent of Class** |
| Anthony G. Ambrosio | Class A Common | 0 | | * |
| | Class B Common | 501,572 | (1)(2)(3) | * |
| David R. Andelman | Class A Common | 28,133 | (4) | * |
| | Class B Common | 114,200 | (1)(4) | * |
| Joseph A. Califano, Jr. | Class A Common | 3,227 | (4) | * |
| | Class B Common | 86,529 | (1)(3)(4) | * |
| William S. Cohen | Class A Common | 32,563 | (4) | * |
| | Class B Common | 99,634 | (1)(4) | * |
| Gary L. Countryman | Class A Common | 6,652 | (4) | * |
| | Class B Common | 80,970 | (1)(4) | * |
| Charles K. Gifford | Class A Common | 0 | | * |
| | Class B Common | 85,799 | (1)(3)(4) | * |
| Leonard Goldberg | Class A Common | 0 | | * |
| | Class B Common | 62,792 | (3) | * |
| Bruce S. Gordon | Class A Common | 0 | | * |
| | Class B Common | 62,086 | (4) | * |
| Linda M. Griego | Class A Common | 0 | | * |
| | Class B Common | 47,371 | (3)(4) | * |
| Joseph R. Ianniello | Class A Common | 0 | | * |
| | Class B Common | 1,262,288 | (1)(2)(3) | * |
| Robert N. Klieger | Class A Common | 422 | (4) | * |
| | Class B Common | 1,980 | (4) | * |
| Arnold Kopelson | Class A Common | 3,642 | (4) | * |
| | Class B Common | 85,011 | (1)(4) | * |
| Martha L. Minow | Class A Common | 685 | (4) | * |
| | Class B Common | 2,880 | (4) | * |

| | | | | |
|---|---|---|---|---|
| Leslie Moonves | Class A Common | 0 | | * |
| | Class B Common | 3,378,734 | (1)(2)(3) | 1.0% |
| Doug Morris | Class A Common | 24,565 | (4) | * |
| | Class B Common | 81,925 | (4) | * |
| Richard D. Parsons | Class A Common | 0 | (5) | * |
| | Class B Common | 0 | (5) | * |

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| Name | Title of Security | Beneficial Ownership of Equity Securities Number of Shares | | Percent of Class |
|---|---|---|---|---|
| Shari Redstone | Class A Common | 14,457 | (4)(6) | * |
| | Class B Common | 114,112 | (3)(4)(6) | * |
| Gil Schwartz | Class A Common | 0 | | * |
| | Class B Common | 246,704 | (1)(2) | * |
| Lawrence P. Tu | Class A Common | 0 | | * |
| | Class B Common | 211,811 | (1)(2) | * |
| Current directors and executive officers as a group (21 persons) | Class A Common | 114,346 | (4) | * |
| | Class B Common | 6,761,878 | (1)(2)(3)(4)(6)(7) | 1.9% |
| National Amusements<br>846 University Avenue<br>Norwood, MA 02062 | Class A Common | 29,882,599 | (8) | 79.6% |
| | Class B Common | 9,243,800 | (8) | 2.7% |
| Mario J. Gabelli *et al.*(9)<br>GAMCO Investors, Inc.<br>One Corporate Center<br>Rye, NY 10580-1435 | Class A Common | 3,398,568 | | 9.1% |
| GRUSS Capital Management, L.P. *et al.*(10)<br>GRUSS Capital Management, L.P.<br>510 Madison Avenue, 16th Floor<br>New York, NY 10022 | Class A Common | 2,480,000 | | 6.6% |

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

(1) Includes the following shares of the Company s Class B Common Stock (a) which the indicated named executive officer or director had the right to acquire on or within 60 days from February 28, 2018, through the exercise of stock options: Ambrosio, 295,536; Andelman, 15,279; Califano, 15,279; Cohen, 1,698; Countryman, 15,279; Gifford, 15,279; Ianniello, 859,686; Kopelson, 15,279; Moonves, 1,681,273; Schwartz, 186,050; and Tu, 192,020; and (b) underlying restricted share units ( RSUs ) which will vest within 60 days from February 28, 2018 held by the indicated executive officer: Tu, 226.

(2) Includes shares held through the CBS 401(k) Plan.

(3) Includes the following number of shares of the Company s Class B Common Stock (a) owned by family members but as to which, except in the case of Ms. Griego, the indicated person disclaims beneficial ownership: Califano, 927; Gifford, 1,500; Griego, 6,000; Ianniello, 2,400; and Moonves, 4,729; (b) held by trusts, as to which the indicated director has shared voting and investment power: Goldberg, 5,000; Moonves, 116,548; and Shari Redstone, 1,500; (c) held in family trusts, as to which the indicated person has sole voting and investment power: Ambrosio, 143,488; and Moonves: 731,121; and (d) held in family trusts, as to which the indicated person s

family member has voting and investment power: Ambrosio, 30,849.

(4) Includes (a) the following Company Class A Common Stock phantom units and Class B Common Stock phantom units credited pursuant to the Company s deferred compensation plans for Outside Directors: Andelman, 28,133 Class A and 28,408 Class B; Califano, 3,227 Class A and 3,254 Class B; Cohen, 32,563 Class A and 32,879 Class B; Countryman, 6,652 Class A and 6,663 Class B; Klieger, 422 Class A and 427 Class B; Kopelson, 3,642 Class A and 3,647 Class B; Minow, 685 Class A and 693 Class B; Morris, 24,565 Class A and 24,821 Class B; and Shari Redstone, 14,457 Class A and 14,634 Class B; and (b) the following shares of the Company s Class B Common Stock underlying vested RSUs for which settlement has been deferred: Andelman, 65,057; Califano, 65,057; Cohen, 65,057; Countryman, 57,104; Gifford, 62,437; Gordon, 59,504; Griego, 34,689; Klieger, 1,553; Kopelson, 3,910; Morris, 57,104; and Shari Redstone, 44,025. Pursuant to the governing plans, the phantom common stock units are payable in cash and the RSUs are payable in shares of the Company s Class B Common Stock following termination of service as a director.

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(5) Information for Mr. Parsons is as of April 2, 2018.

(6) Ms. Redstone is a stockholder of National Amusements and has a minority indirect beneficial interest in the Company shares owned by National Amusements and a wholly owned subsidiary.

(7) Includes 3,386,546 shares of the Company s Class B Common Stock which the current directors and executive officers as a group had the right to acquire on or within 60 days from February 28, 2018, through the exercise of stock options or through the vesting of RSUs.

(8) These shares are owned by National Amusements and a wholly owned subsidiary. Beneficial ownership may also be attributed to Sumner M. Redstone, Chairman Emeritus of the Company, as Mr. Redstone is the chairman of the board and the beneficial owner of a controlling interest in National Amusements. National Amusements is controlled by Mr. Redstone through the Sumner M. Redstone National Amusements Trust (the SMR Trust ), which owns 80% of the voting interest of National Amusements, and such voting interest of National Amusements held by the SMR Trust is voted solely by Mr. Redstone until his incapacity or death. The SMR Trust provides that in the event of Mr. Redstone s death or incapacity, voting control of the National Amusements voting interest held by the SMR Trust will pass to seven trustees, who will include directors Shari Redstone and David R. Andelman. No member of the Company s management is a trustee of the SMR Trust. Based on information received from National Amusements, National Amusements has pledged to its lenders shares of the Company s Class A Common Stock and Class B Common Stock owned directly or indirectly by National Amusements. The aggregate number of shares pledged by National Amusements represents approximately 4.4% of the total outstanding shares of the Company s Class A Common Stock and the Company s Class B Common Stock, on a combined basis. The amount of the Company s Class A Common Stock which National Amusements directly or indirectly owns and which has not been pledged by National Amusements to its lenders represents approximately 59.6% of the Company s total Class A Common Stock outstanding. Mr. Redstone also directly owns 40 shares of the Company s Class A Common Stock and 202,493 shares of the Company s Class B Common Stock that are not shown in the table. Including such shares, Mr. Redstone beneficially owns a total of 29,882,639 shares of the Company s Class A Common Stock, or 79.6% of the class, and 9,446,293 shares of the Company s Class B Common Stock, or 2.7% of the class.

(9) The number of shares identified is based on a Schedule 13D/A dated November 17, 2017 and filed with the SEC by Gamco Investors, Inc. *et al*. on November 20, 2017. The Schedule 13D/A reported that the Gabelli entities have investment discretion and/or voting power with respect to substantially all of such shares.

(10) The number of shares identified is based on a Schedule 13G/A dated December 31, 2017 and filed with the SEC by GRUSS Capital Management, L.P. *et al*. on January 30, 2018. The Schedule 13G/A reported that the GRUSS entities have investment discretion and/or voting power with respect to substantially all of such shares.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), requires the Company s executive officers and directors, and persons who own more than 10% of a registered class of the Company s equity securities, to file reports of ownership and changes in ownership with the SEC and the NYSE and to furnish the Company with copies of all Section 16(a) forms they file. Based upon the Company s compliance program, a review of the forms furnished to the Company and written representations, the Company believes that during 2017 its executive officers, directors and greater than 10% beneficial owners complied with all applicable Section 16(a) filing requirements.

# RELATED PERSON TRANSACTIONS

## Review, Approval or Ratification of Transactions with Related Persons

The Board of Directors adopted a written policy whereby the Nominating and Governance Committee reviews and approves, ratifies or takes other actions it deems appropriate with respect to a related person transaction that, under the rules of the SEC, is required to be disclosed in the Company s proxy statement. In its review, the Committee considers the related person s interest in the transaction; the material terms of the transaction, including the dollar amount involved; the importance of the transaction to the related person and the Company; whether the transaction would impair the judgment of the related person; and any other information the Committee deems appropriate.

Any member of the Committee who is a related person with respect to a transaction under review may not participate in the review or vote respecting the transaction; however, that person may be counted in determining the presence of a quorum at a meeting of the Committee that considers the transaction.

Under the policy, the Company s legal staff is primarily responsible for determining whether a related person has a direct or indirect material interest in a transaction with the Company that is required to be disclosed. The determination will be made after a review of information obtained from the related person and information available from the Company s records. The staff is responsible for establishing and maintaining policies and procedures to obtain relevant information to allow it to make the determination.

## Agreements Related to Viacom Inc.

National Amusements, the Company s controlling stockholder, is also the controlling stockholder of Viacom Inc. ( Viacom ). Mr. Sumner M. Redstone, the controlling stockholder, chairman of the board of directors and chief executive officer of National Amusements, serves as Chairman Emeritus for both the Company and Viacom.

During 2017, the Company, as part of its normal course of business, entered into transactions with Viacom and its subsidiaries. The Company licenses its television content, leases production facilities and sells advertising spots to various subsidiaries of Viacom. Viacom also distributes certain of the Company s television programs in the home entertainment market. The Company s total revenues from these transactions were $145 million for the year ended December 31, 2017. In addition, the Company leases production facilities, licenses feature films and purchases advertisement spots from various subsidiaries of Viacom. The total amounts from these transactions were $21 million for the year ended December 31, 2017. As of December 31, 2017, Viacom owed the Company approximately $104 million, and the Company owed Viacom approximately $2.8 million in connection with the Company s various normal course of business transactions with Viacom.

The Company believes that the terms of all such transactions were no more or less favorable to the Company and its businesses than they would have obtained from unrelated parties. The Company expects for the foreseeable future to continue to have transactions with Viacom.

## Other Transactions

The National Center on Addiction and Substance Abuse ( CASA ) sponsors an annual Family Day event, the purpose of which is to encourage families to eat dinner together. During 2017, Mr. Califano served as Founder and Chairman Emeritus of CASA. In 2017, certain divisions of the Company and its subsidiaries supported the Family Day event by airing public service announcements (PSAs). It is anticipated that divisions of the Company and its subsidiaries will from time to time continue to promote Family Day. In addition, in 2017, the Company made contributions totaling

$50,000 to CASA.

Pursuant to an agreement between a subsidiary of the Company and Panda Productions, a television and film production company owned 50% by Mr. Goldberg, he serves as an Executive Producer of CBS Network s

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television series, *Blue Bloods*. In connection with this agreement, during 2017, the Company paid to Panda Productions fees per episode for Mr. Goldberg s executive producer services, which are consistent with fees paid to other executive producers at Mr. Goldberg s level. The Company has previously paid, and may also in the future pay, additional contingent compensation to Panda Productions based upon its negotiated participation in net revenues received by the Company in connection with the *Blue Bloods* series, consistent with industry practice. The Company believes that the terms of the agreement with Panda Productions are no more or less favorable to the Company than it could have obtained from unrelated parties.

Julie Chen, the wife of Mr. Moonves, is a host of the CBS Network show *The Talk* and the host of the CBS Network show *Big Brother*. Ms. Chen s compensation is comparable to on-air talent in similar positions at the CBS Network, and the Company believes it is comparable to on-air talent in such positions generally.

Pursuant to the terms of an agreement between Simon & Schuster, a subsidiary of the Company, and Gil Schwartz, the Company s Senior Executive Vice President and Chief Communications Officer, Mr. Schwartz is entitled to receive an advance, a portion of which was paid in 2017, on royalties otherwise payable to him in connection with his grant to Simon & Schuster of the exclusive rights to publish a new book authored by him, payable over time subject to certain milestones. The formula for determining royalties payable under Mr. Schwartz agreement is consistent with such formulas for determining royalties payable to other authors at his level. The Company believes that the terms of the agreement with Mr. Schwartz are no more or less favorable to the Company than it could have obtained from unrelated parties.

Leonardo Mei (son-in-law of Anthony G. Ambrosio, the Company s Senior Executive Vice President, Chief Administrative Officer and Chief Human Resources Officer) is an employee in the Facilities Engineering and Design department of the Company. Mr. Mei received compensation in 2017 in an amount consistent with the compensation paid to other employees at his level.

In November 1995, the Company entered into an agreement with Gabelli Asset Management Company ( GAMCO ) pursuant to which GAMCO manages certain assets for qualified U.S. pension plans sponsored by the Company. For 2017, the Company paid GAMCO approximately $199,407 for such investment management services. The Company believes that the terms of the agreement with GAMCO are no more or less favorable to the Company than it could have obtained from unrelated parties. Entities that are affiliated with GAMCO collectively own 3,398,568 shares of the Company s Class A Common Stock, according to a Schedule 13D/A filed with the SEC on November 20, 2017 by such entities (the latest filing available), which shares, as of February 28, 2018, represented approximately 9.1% of the outstanding shares of the class.

During 2017, Mr. Redstone was employed by the Company and received approximately $463,000, both for his continuing role with the Company as Chairman Emeritus and in recognition of his significant historical contributions to the Company. The total amount paid reflects implementation of a significant reduction in his compensation arrangement, which was approved by the Compensation Committee, to an annual rate of pay of $50,000, effective June 2017.

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## ITEM 1 ELECTION OF DIRECTORS

The election of 14 directors is proposed by the Board of Directors, each director to hold office, in accordance with the Company s Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, until the next annual meeting or until his or her successor is duly elected and qualified. The Company s Board proposes for election: David R. Andelman, Joseph A. Califano, Jr., William S. Cohen, Gary L. Countryman, Charles K. Gifford, Leonard Goldberg, Bruce S. Gordon, Linda M. Griego, Robert N. Klieger, Martha L. Minow, Leslie Moonves, Doug Morris, Richard D. Parsons and Shari Redstone. Mr. Kopelson will complete his current term as a director but is not standing for re-election at the Annual Meeting. All of the nominees, except for Mr. Parsons, are current members of the Company s Board who were elected at the Company s 2017 Annual Meeting of Stockholders, except for Mr. Klieger, who was elected as a director on July 27, 2017. Mr. Parsons is not a current director of the Company, but is a nominee for election as a director at the Annual Meeting.

In accordance with the Board s recommendation, the proxy holders will vote the shares of the Company s Class A Common Stock covered by the respective proxies for the election of each of the 14 director nominees set forth below, unless the stockholder gives instructions to the contrary. If, for any reason, any of the director nominees become unavailable for election, the proxy holders may exercise discretion to vote for substitute nominees proposed by the Board. Each of the director nominees has indicated that he or she will be able to serve if elected and has agreed to do so.

Information about each director nominee is set forth below:

**David R. Andelman** Director since 2000

Mr. Andelman (age 78) is a senior partner associated with the law firm of Lourie & Cutler, P.C. in Boston, Massachusetts since 1964. Mr. Andelman also serves as a director and treasurer of Lourie & Cutler. He is also a director of National Amusements. He has held no other public company directorships during the past five years.

Mr. Andelman is an accomplished attorney, practicing law for over 53 years with a focus in tax, estate and business planning. His legal acumen positions him as an invaluable advisor in the Company s deliberations. Mr. Andelman also provides institutional knowledge of the Company and continuity on the Company s Board, having served on the Board for 18 years.

**Joseph A. Califano, Jr.** Director since 2003

Mr. Califano (age 86) is Founder and Chairman Emeritus of the Board of The National Center on Addiction and Substance Abuse ( CASA ). Prior to becoming Founder and Chairman Emeritus, effective February 1, 2012, Mr. Califano served as Founder and Chairman of CASA, commencing in 1992, and also served as its President from 1992 through May 1, 2009. Mr. Califano has served as Adjunct Professor of Public Health at Columbia University s Medical School and School of Public Health since 1992 and is a member of the Institute of Medicine of the National Academy of Sciences. He was senior partner of the Washington, D.C. office of the law firm Dewey Ballantine from 1983 to 1992. Mr. Califano served as the United States Secretary of Health, Education, and Welfare from 1977 to 1979, and he served as President Lyndon B. Johnson s Assistant for Domestic Affairs from 1965 to 1969. He is the author of 14 books. During the past five years, he was also a director of Willis Group Holdings PLC (2004-2013).

As the Founder and Chairman Emeritus and former senior executive of a nonprofit organization at a major university, Mr. Califano brings to the Board a distinctive ability to advise on public policy issues that may affect the Company and its reputation. In addition, his prior service at the highest levels of the federal government for more than 15 years and as an accomplished attorney in private practice in Washington, D.C. and New York provides the Board with insight on matters related to the federal government s regulation of the Company s businesses. From this experience plus his past and present directorship experience, which includes experience on audit, financial and executive committees, Mr. Califano provides meaningful leadership in these areas and with respect to the implementation of sound corporate governance practices.

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**William S. Cohen** Director since 2003

Mr. Cohen (age 77) has been Chairman and Chief Executive Officer of The Cohen Group, a business consulting firm, since January 2001. Prior to founding The Cohen Group, Mr. Cohen served as the United States Secretary of Defense from January 1997 to 2001. He also served as a United States Senator from 1979 to 1997, and as a member of the United States House of Representatives from 1973 to 1979. He has held no other public company directorships during the past five years.

Mr. Cohen currently serves as the principal executive officer of a privately held global consulting group that provides global business consulting services and advice on tactical and strategic opportunities in multiple global markets. This experience, coupled with his prior 28 years of service at the highest levels of the federal government, makes Mr. Cohen an invaluable, skilled advisor to the Board on global economic and political conditions and on the development of international strategies.

**Gary L. Countryman** Director since 2007

Mr. Countryman (age 78) has been Chairman Emeritus of the Liberty Mutual Group since 2000. He served as Chairman of Liberty Mutual Group from 1986 to 2000 and as Chief Executive Officer from 1986 to 1998. He has held no other public company directorships during the past five years.

Mr. Countryman s 40-year career in the insurance industry provides the Board with financial expertise and an understanding of the management of risk from an insurance perspective. His leadership in transforming Liberty Mutual from a domestic to an international financial services group and overseeing a complex, highly regulated group of insurance companies is relevant to the Board s oversight of the Company s global businesses and complex regulations. Mr. Countryman is an experienced director, whose breadth of experience includes experience on executive personnel, executive, investment and nominating committees.

**Charles K. Gifford** Director since 2006

Mr. Gifford (age 75) has been Chairman Emeritus of Bank of America Corporation since February 2005. He was Chairman and Chief Executive Officer of BankBoston prior to its 1999 merger with Fleet Financial Group and became President and Chief Operating Officer of the combined companies. Mr. Gifford became Chief Executive Officer of FleetBoston Financial in 2001 and Chairman in 2002. Mr. Gifford is also a director of Eversource Energy. During the past five years, he was also a director of Bank of America Corporation (2004-2016).

Mr. Gifford, through an accomplished career overseeing large complex financial institutions in the banking industry, brings important business and financial expertise to the Board in its deliberations on complex transactions and other financial matters. In addition, his breadth of director experience, which includes his service on executive, executive personnel, credit, governance and nominating, compensation and audit committees, as well as his previous service as the lead trustee of NSTAR, provides valuable contributions to the Board in implementing good corporate governance.

**Leonard Goldberg** Director since 2007

Mr. Goldberg (age 84) has been President of Mandy Films, Inc. and Panda Productions, Inc., both independent television and film production companies, since 1984. He is currently Executive Producer of the hit CBS television series, *Blue Bloods*. He was President of Twentieth Century Fox from 1987 to 1989. In addition, from 1972 to 1984, he partnered with producer Aaron Spelling to launch various television series and made-for-television movies. Prior to that, Mr. Goldberg served as Vice President of Production at Screen Gems (now Columbia Pictures Television) from 1969 to 1972. During the years 1961 to 1969, he served in various positions with the ABC Network, advancing to Head of Programming. He has held no other public company directorships during the past five years.

With over 50 years of executive and creative experience in the television and film industries, Mr. Goldberg brings a deep understanding of the Company s core television and film businesses. He is well-positioned to advise directly on the strategic direction of the Company s Entertainment segment, including with respect to providing insight into the management of the Company s executive and creative talent.

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**Bruce S. Gordon** Director since 2006

Mr. Gordon (age 72) served as President and Chief Executive Officer of the National Association for the Advancement of Colored People ( NAACP ) from August 2005 to March 2007. In December 2003, Mr. Gordon retired from Verizon Communications where he had served as President, Retail Markets Group since June 2000. Prior to that, Mr. Gordon served as Group President, Enterprise Business with Bell Atlantic Corporation (Verizon s predecessor) since December 1998. He served as Group President, Consumer and Small Business Services of Bell Atlantic from 1993 to August 1997, and as Group President, Retail, from August 1997 to December 1998. Mr. Gordon is also a director of Northrop Grumman Corporation. During the past five years, he was also a director of The ADT Corporation (2012-2016).

Having completed a 35-year career as a top executive in the telecommunications industry in 2003, Mr. Gordon became the first business executive to head the NAACP from 2005 to 2007. In addition to bringing significant leadership experience to the Board from his previous executive officer positions, the combination of proven business acumen and experience in public service makes Mr. Gordon a valuable advisor on business practices, including those with social policy implications. For example, he has been an instrumental advisor in the Company s re-affirmation of its diversity commitment programs. Also, Mr. Gordon s service on other boards, including service on nominating and governance, compensation and policy committees and as a non-Executive Chairman of a public company, gives him a deep understanding of public company governance.

**Linda M. Griego** Director since 2007

Ms. Griego (age 70) has served, since 1986, as President and Chief Executive Officer of Griego Enterprises, Inc., a business management company. For more than 20 years, she oversaw the operations of Engine Co. No. 28, a prominent restaurant in downtown Los Angeles that she founded in 1988. From 1990 to 2000, Ms. Griego held a number of government-related appointments, including Deputy Mayor of the city of Los Angeles, President and Chief Executive Officer of the Los Angeles Community Development Bank, and President and Chief Executive Officer of Rebuild LA, the agency created to jump-start inner-city economic development following the 1992 Los Angeles riots. Over the past two decades, she has also served on a number of government commissions and boards of directors of nonprofit organizations, including current service on the boards of the David and Lucile Packard Foundation, the MLK Health and Wellness, CDC, and the Community Development Technologies Center. Ms. Griego has served as a director of publicly traded and private corporations, including presently serving as director of AECOM Technology Corporation and the American Funds (7 funds). She has held no other public company directorships during the past five years.

With the breadth of her leadership experience as a businesswoman, in the public sector through her multiple government appointments and extensive community-based participation in Los Angeles, an area where the Company has a significant presence, and on multiple not-for-profit boards, Ms. Griego provides the Board with financial and business acumen, as well as public policy expertise as it relates to business practices. Ms. Griego is also an experienced director, including through service on other audit, compensation and organization, and nominating and governance committees, with demonstrated expertise in the application of sound corporate governance principles.

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**Robert N. Klieger** Director since 2017

Robert N. Klieger (age 46) is a partner in the Los Angeles law firm Hueston Hennigan LLP. Mr. Klieger s practice focuses on complex civil litigation and counseling in the areas of entertainment and intellectual property. Mr. Klieger represents motion picture studios, broadcast and cable television networks, production companies, video game publishers and high net worth individuals in the media and entertainment space, as well as clients in other industries including apparel, aviation and venture capital. Prior to joining Hueston Hennigan, Mr. Klieger was a partner at Irell & Manella LLP and a founding partner at Kendall Brill & Klieger LLP. Before beginning his career in private practice, Mr. Klieger served as a law clerk to the Honorable Cynthia Holcomb Hall of the United States Court of Appeals for the Ninth Circuit, and the Honorable William Matthew Byrne, Jr. of the United States District Court for the Central District of California. He has held no other public company directorships during the past five years.

Mr. Klieger is recognized as one of the most prominent attorneys in the entertainment industry, with a practice focused on complex civil litigation and counseling in the areas of media, entertainment and intellectual property and clients that include leading enterprises in television, film and digital media. With his exceptional legal acumen and distinguished reputation for his trial practice and counsel, Mr. Klieger brings to the Board legal and strategic expertise in matters germane to the Company s businesses and complex business transactions.

**Martha L. Minow** Director since 2017

Ms. Minow (age 63) is the Carter Professor of General Jurisprudence at Harvard Law School and a Harvard University Distinguished Service Professor. Currently she is also a fellow at the Radcliffe Institute for Advance Study at Harvard University. Ms. Minow has taught at Harvard Law School since 1981 and served as Dean of the Harvard Law School from 2009 through June 2017. A fellow of the American Academy of Arts & Sciences since 1992, Ms. Minow has also been a senior fellow of Harvard s Society of Fellows, a Fellow of the American Bar Foundation, and a Fellow of the American Philosophical Society. She has served extensively on government commissions and boards of directors of nonprofit organizations, including current service as Vice-Chair of the Legal Services Corporation, a trustee of the MacArthur Foundation and an advisory council member of the MIT Media Lab, among others. She is also the author of numerous books and scholarly articles in journals of law, history and philosophy. She has held no other public company directorships during the past five years.

Ms. Minow s 37-year career at Harvard Law School, including her tenure as Dean of Harvard Law School, reflects exceptional achievements in academia. As the former chief executive of the Harvard Law School, Ms. Minow brings extensive leadership and administrative and management experience to the Board. Her distinguished legal expertise on public policy issues will provide the Board with meaningful insight on matters relating to social and governance policies and corporate reputation. She is also an experienced director, through her many years of service on government commissions and numerous boards of directors of nonprofit organizations.

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**Leslie Moonves** Director since 2006

Mr. Moonves (age 68) has been Chairman of the Board of Directors since February 3, 2016, and President and Chief Executive Officer of the Company since January 2006. Previously, Mr. Moonves served as Co-President and Co-Chief Operating Officer of former Viacom Inc. from June 2004 through December 2005. Prior to that, he served as Chairman and Chief Executive Officer of CBS Broadcasting since 2003 and as its President and Chief Executive Officer since 1998. Mr. Moonves joined former CBS Corporation in 1995 as President, CBS Entertainment. Prior to that, Mr. Moonves was President of Warner Bros. Television since July 1993. Mr. Moonves is also a director of Entercom Communications Corp. ( Entercom ) until May 15, 2018, in connection with the Company s split-off of CBS Radio Inc. and its subsequent merger with Entercom. During the past five years, he was also a director of CBS Outdoor Americas Inc. (currently known as Outfront Media Inc.) (2013-2014).

As the Company s Chairman of the Board, President and Chief Executive Officer, Mr. Moonves provides a critical link to management s perspective in Board discussions regarding the businesses and strategic direction of the Company. With his experience in all aspects of the Company s global businesses, having served in executive positions with the Company for the past 23 years, coupled with his service on the Board for over 12 years, he provides the Board with unique institutional knowledge of the Company. Mr. Moonves is widely recognized as one of the most influential leaders in the entertainment industry. He is also an experienced director, with his current and prior service on the boards of multiple industry associations and on other public company boards.

**Doug Morris** Director since 2007

Mr. Morris (age 79) has been the Chairman of Sony Music Entertainment ( Sony ) since April 2017 and prior to that was its Chief Executive Officer beginning July 2011. Previously, he served as Chairman of Universal Music Group ( UMG ) from November 1995 through early March 2011, as its Chairman and Chief Executive Officer from November 1995 to July 2010, and as its Chairman and Co-Chief Executive Officer for the remainder of 2010. In July 1995, he formed a joint venture with Universal Music Group for a full-service record label. Prior to that, Mr. Morris served as President and Chief Operating Officer of Warner Music U.S. commencing in 1994 and was soon after appointed Chairman. He served as President of Atlantic Records and Co-Chief Executive Officer of the Atlantic Recording Group from 1980 to 1994. Mr. Morris began his career as a songwriter, producer, and the founder of his own record label, which was acquired by Atlantic Records in 1978. He has held no other public company directorships during the past five years.

Mr. Morris brings to the Board significant leadership experience from his executive positions at industry-leading international music companies, including his position at Sony and his prior positions at UMG. As both Sony and UMG are involved in the development, manufacturing, marketing, sales and distribution of recorded music through a network of subsidiaries, joint ventures and licensees in multiple countries around the world, Mr. Morris brings his direct experience overseeing a business structure focused on content creation and distribution to advise on the strategic direction of the Company s businesses with a global footprint.

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**Richard D. Parsons** Director Nominee

Mr. Parsons (age 70) is a co-founder and partner of Imagination Capital LLC, a venture capital firm launched in November 2017, and has been a Senior Advisor for Providence Equity Partners LLC, a global private equity and investment firm, since 2009. Mr. Parsons previously served as the interim Chief Executive Officer of the Los Angeles Clippers from May to September 2014. From 1996 to 2012, Mr. Parsons was a director of Citigroup Inc. and served as its Chairman from 2009 to 2012. Prior to that, he was Chairman of Time Warner Inc. from 2003 to 2008 and Chief Executive Officer of Time Warner Inc. from 2002 to 2007. He also formerly served as Chairman and Chief Executive Officer of Dime Bancorp. Among his numerous community and nonprofit activities, Mr. Parsons is Chairman of the Apollo Theater Foundation, the Rockefeller Foundation and the Jazz Foundation of America and is a member of the board of directors of Teach for America and the Commission on Presidential Debates. Mr. Parsons is also a director of The Estée Lauder Companies Inc., Lazard Ltd. and The Madison Square Garden Company. He has held no other public company directorships during the past five years.

Mr. Parsons brings to the Board significant leadership expertise from his roles at global financial and media companies, including extensive experience in various executive officer positions and as legal counsel. With his current involvement in private equity and venture capital firms, he is also well-positioned to advise on the investor landscape. In addition, his breadth of director experience, which includes his service on nominating and governance, compensation, and audit committees, as well as his service as Lead Director of Lazard Ltd., gives him a deep understanding of public company governance.

**Shari Redstone** Director since 1994

Ms. Redstone (age 63) is a media executive with a wide-ranging background in numerous aspects of the entertainment industry and related ventures. She is Non-Executive Vice Chair of the Company s Board of Directors. She is also Non-Executive Vice Chair of the Board of Directors of Viacom, a position to which she was elected January 1, 2006.

Ms. Redstone is Co-founder and Managing Partner of Advancit Capital, an investment firm launched in 2011 which focuses on early stage companies at the intersection of media, entertainment and technology. Advancit is an investor in over 50 companies. Since 2000, she has been President of National Amusements, one of the top 10 movie exhibitors in the United States. In addition, Ms. Redstone is Co-Chairman of MovieTickets.com and is a member of the Board of Directors and Executive Committee for the National Theatre Owners Association.

Ms. Redstone earned a BS from Tufts University, a JD and a Masters in Tax Law from Boston University. She practiced corporate law, estate planning and criminal law in the Boston area before joining National Amusements.

With a deep commitment to the community, Ms. Redstone is actively involved in a variety of charitable, civic and educational organizations. She is currently a member of the Board of Directors at Combined Jewish Philanthropies and the John F. Kennedy Library Foundation. Ms. Redstone sits on the Board of Trustees at Dana-Farber Cancer Institute. She served on the Board of Directors of The National Center on Addiction and Substance Abuse Columbia University from 2003-2012. Most recently, Ms. Redstone joined the Legal Services Corporation s Leaders Council, which seeks to raise awareness of the crisis in civil legal aid and secure equal access to justice. She is also on the Local Advisory Board and Executive Committee for BUILD, a non-profit organization which uses entrepreneurship to propel low income youth through high school and into college.

Ms. Redstone brings to the Board, and to her position as its Vice Chair, extensive industry and executive expertise, as well as legal acumen from her prior experience as a practicing attorney. That broad experience and entertainment industry knowledge directly assist the Board in overseeing the management of the Company. Ms. Redstone also brings to the Board s deliberations a direct knowledge of global growth strategies for the Company s businesses. She is an experienced director through her service on the boards of multiple industry associations, other public companies and charitable organizations. Ms. Redstone also provides institutional knowledge of the Company and continuity of the Company s Board, having served as a Board member for 24 years.

**RECOMMENDATION OF THE BOARD OF DIRECTORS**

The Board of Directors recommends a vote FOR the election of each of the director nominees named above.

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## DIRECTOR COMPENSATION

### Outside Director Compensation During 2017

The following table sets forth information concerning the compensation of the Company s Outside Directors for 2017.

| Name | Fees Earned or Paid in Cash ($) (1) | Stock Awards ($) (2) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (3) | All Other Compensation ($) (4) | Total ($) |
|---|---|---|---|---|---|
| Andelman, David R. | 100,000 | 200,026 | 98 | 7,500 | 307,624 |
| Califano, Jr., Joseph A. | 147,000 | 200,026 | 16,380 | 7,500 | 370,906 |
| Cohen, William S. | 132,000 | 200,026 | 149 | 100 | 332,275 |
| Countryman, Gary L. | 162,000 | 200,026 | 1,780 | 7,500 | 371,306 |
| Gifford, Charles K. | 184,000 | 200,026 | 8,123 | 7,500 | 399,649 |
| Goldberg, Leonard | 100,000 | 200,026 | | 7,500 | 307,526 |
| Gordon, Bruce S. | 144,587 | 200,026 | | 7,500 | 352,113 |
| Griego, Linda M. | 122,000 | 200,026 | | 7,500 | 329,526 |
| Klieger, Robert N. (5) | 42,935 | 100,033 | 0 | 7,500 | 150,468 |
| Kopelson, Arnold | 100,000 | 200,026 | 12 | 0 | 300,038 |
| Minow, Martha L. (6) | 69,814 | 133,361 | 13 | 7,500 | 210,688 |
| Morris, Doug | 132,000 | 200,026 | 117 | 0 | 332,143 |
| Redstone, Shari | 100,000 | 200,026 | 45 | 7,500 | 307,571 |

(1) Reflects cash amounts earned by Outside Directors in 2017 for the annual board retainer and committee chair retainers and meeting fees for standing and ad hoc board committee meetings. These amounts include cash deferred by Messrs. Andelman, Califano, Cohen, Klieger and Morris and Mses. Minow and Redstone under the CBS Corporation Deferred Compensation Plan for Outside Directors.

(2) These amounts reflect the grant date fair value determined in accordance with FASB ASC Topic 718 of the annual grant of restricted share units (RSUs) to each Outside Director under the CBS Corporation 2015 Equity Plan for Outside Directors. For a discussion of the assumptions made in calculating the grant date fair value amounts for 2017, see Note 13 Stock-Based Compensation to the audited 2017 consolidated financial statements on pages II-75-II-78 in the Company s Form 10-K for the fiscal year ended December 31, 2017. The aggregate number of unvested RSUs outstanding as of the fiscal year ended December 31, 2017 for each Outside Director was 3,066 (except for Klieger (1,543) and Minow (2,166), who each received prorated RSUs due to joining the Board following the date of the annual RSU grant; see footnotes 5 and 6, respectively). The aggregate number of option awards outstanding (from prior year grants, all of which are fully vested) as of the fiscal year ended December 31, 2017 for each Outside Director was as follows: Andelman, 20,372; Cohen, 1,698; Califano,

Countryman, Gifford and Kopelson, 15,279; Goldberg, Gordon, Griego, Klieger, Minow, Morris and Redstone, 0.

(3) Interest accrues on cash in deferred accounts under the CBS Corporation Deferred Compensation Plan for Outside Directors at the prime rate in effect at Citibank, N.A. at the beginning of each calendar quarter. For 2017, the prime rate represented an interest rate that was more than 120% of the long-term applicable federal rate published by the Internal Revenue Service and therefore is deemed to be preferential for purposes of this table. Accordingly, amounts in the table reflect the amount of interest accrued for each

Outside Director in 2017 that exceeded the amount of interest that would have been accrued at 120% of the long-term applicable federal rate published by the Internal Revenue Service. Messrs. Goldberg and Gordon and Ms. Griego do not have any deferred cash amounts.

(4) Amounts reflect the aggregate value of all matching contributions made by the Company on behalf of the director for 2017 under the CBS Corporation Matching Gifts Program for Directors. Under the program, the Company matches donations made by a director to eligible tax-exempt organizations at the rate of one dollar for each dollar donated up to $7,500 for each fiscal year.

(5) Mr. Klieger was elected to the Board on July 27, 2017.

(6) Ms. Minow was elected to the Board at the Company s 2017 Annual Meeting of Stockholders on May 19, 2017.

**Description of Director Compensation**

Directors of the Company who are not employees of the Company or any of its subsidiaries are Outside Directors as defined in the director plans described below. Outside Directors receive compensation for their service on the Board and are eligible to participate in these director plans. Messrs. Andelman, Califano, Cohen, Countryman, Gifford, Goldberg, Gordon, Klieger, Kopelson and Morris and Mses. Griego, Minow and Redstone are currently deemed Outside Directors. Mr. Moonves is not compensated for serving on the Board and is not eligible to participate in any director plans, other than the Matching Gifts Program for Directors.

***Cash Compensation***

The Company pays the following cash compensation to Outside Directors:

- An annual Board retainer of $100,000, payable in equal installments quarterly in advance; and

- The Chairs of the Audit, Compensation and Nominating and Governance Committees each receive an annual retainer of $20,000, payable in equal installments quarterly in advance, and the members of those Committees each receive a per meeting attendance fee of $2,000; the Chairs and members of any ad hoc committees of the Board that may exist from time to time shall be paid as determined by the Board.

***Deferred Compensation Plan***

The Company maintains deferred compensation plans for Outside Directors (the Director Deferred Compensation Plans ). Under the Director Deferred Compensation Plans, Outside Directors may elect to defer their Board and committee chair retainers and committee meeting fees. Deferred amounts are credited during a calendar quarter to an interest-bearing income account or a stock unit account in accordance with the director s prior election. Amounts credited to an income account bear interest at the prime rate in effect at the beginning of each calendar quarter. Amounts credited to a stock unit account are deemed invested in phantom units for shares of the Company s Class A Common Stock and Class B Common Stock on the first day of the calendar quarter following the quarter in which the amounts are credited, with the number of shares calculated based on the closing market prices on that first day. Until the amounts credited to the stock unit account are converted into phantom units, these credited amounts bear interest at the prime rate in effect at the beginning of the relevant calendar quarter.

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

*Equity Compensation*

The Company maintains the 2015 Equity Plan for Outside Directors (the Director Equity Plan ).

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

- an annual grant of RSUs on each February 15th, equal to $200,000 in value based on the closing price of the Company s Class B Common Stock on the New York Stock Exchange ( NYSE ) on the date of grant (or, if the date of grant is not a day on which the NYSE is open for trading, on the last trading day preceding the date of grant), which RSUs vest one year from the date of grant; and

- prorated RSU grants for Outside Directors who join the Board following the date of the annual RSU grant, but during the calendar year of the grant. Such grants will be made five business days following the date such Outside Director joins the Board, and will be determined by multiplying the number of months remaining in such calendar year from the date the Outside Director joins the Board (counting the month of joining as a full month), by the value of the annual RSU grant for that calendar year divided by 12, divided by the closing price of the Company s Class B Common Stock on the NYSE on the date of grant (or, if the date of grant is not a day on which the NYSE is open for trading, on the last trading day preceding the date of grant). Prorated RSU grants vest on the first anniversary of the date of grant of the annual RSU grant that was awarded during the calendar year in which the Outside Director received such prorated RSU grant.

RSUs are payable to Outside Directors in shares of the Company s Class B Common Stock upon vesting unless the Outside Director elects to defer the settlement to a future date. Outside Directors are entitled to receive dividend equivalents on the RSUs in the event the Company pays a regular cash dividend on its Class B Common Stock. Dividend equivalents will accrue on the RSUs (including RSUs for which settlement has been deferred) until the RSUs are settled.

*Matching Gifts Program for Directors*

All directors are eligible to participate in the Company s Matching Gifts Program for Directors. Under the program, the Company matches donations made by a director to eligible tax-exempt organizations at the rate of one dollar for each dollar donated up to $7,500 for each fiscal year. The purpose of the program is to recognize the interest of the Company and its directors in supporting eligible organizations.

*Other*

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

*Director Attendance at Certain Other Events:* CBS Corporation believes it is in its best interest for directors to participate in certain Company events and other events to meet with management, customers, talent and others important to the Company s business. The Board has established a policy on director attendance at these events. Under the policy, tickets to events that are designated as having a business purpose are allocated to directors. In addition, the Company reimburses directors for travel and related expenses in accordance with the Company s normal travel policies.

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## ITEM 2 RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed PricewaterhouseCoopers LLP ( PwC ) as the Company s independent registered public accounting firm for the year ending December 31, 2018, subject to stockholder ratification. The Audit Committee has reviewed PwC s independence from the Company as described in the Report of the Audit Committee. In appointing PwC as the Company s independent registered public accounting firm for the year ending December 31, 2018, and in recommending that the Company s stockholders ratify the appointment, the Audit Committee has considered whether the non-audit services provided by PwC were compatible with maintaining PwC s independence from the Company and has determined that such services do not impair PwC s independence.

Representatives of PwC are expected to be present at the Annual Meeting and will be given an opportunity to make a statement if they desire to do so. They will also be available to respond to questions at the Annual Meeting.

## RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board of Directors recommends a vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP to serve as the Company s independent registered public accounting firm for fiscal year 2018.

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## REPORT OF THE AUDIT COMMITTEE

*The following Report of the Audit Committee does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent the Company specifically incorporates such information by reference.*

The Audit Committee Charter states that the purpose of the Audit Committee is to oversee the accounting and financial reporting processes of the Company and the audit of the consolidated financial statements of the Company. The Audit Committee also assists the Board of Directors oversight of:

- The quality and integrity of the Company s consolidated financial statements and related disclosures;
- Evaluation of the effectiveness of the Company s internal control over financial reporting and risk management;
- The Company s compliance with legal and regulatory requirements;
- The independent auditor s qualifications and independence; and
- The performance of the Company s internal audit function and independent auditor.

Under the Audit Committee Charter, the Audit Committee s authorities and duties include, among other things:

- Direct responsibility for the appointment, retention, termination, compensation and oversight of the work of the independent auditor, which reports directly to the Audit Committee, and the sole authority to pre-approve all services provided by the independent auditor;
- Reviewing and discussing the Company s annual audited financial statements, quarterly financial statements and earnings releases with the Company s management and its independent auditor;
- Reviewing the organization, responsibilities, audit plan and results of the internal audit function;
- Reviewing with management, the internal auditor and the independent auditor the effectiveness of the Company s internal control over financial reporting and disclosure controls and procedures;
- Reviewing with management material legal matters and the effectiveness of the Company s procedures to ensure compliance with legal and regulatory requirements; and

Overseeing the Company s compliance program and obtaining periodic reports from the Chief Compliance Officer.

The Audit Committee also discusses certain matters with the independent auditor on a regular basis, including the Company s critical accounting policies, certain communications between the independent auditor and management, and the qualifications of the independent auditor.

The full text of the Audit Committee Charter is available on CBS Corporation s website at www.cbscorporation.com. The Audit Committee assesses the adequacy of its Charter at least every other year, or more frequently as the Committee may determine.

The Company s management is responsible for the preparation of the Company s consolidated financial statements, the financial reporting processes and maintaining effective internal control over financial reporting. The independent auditor is responsible for performing an audit of the consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board ( PCAOB ) and expressing an opinion on the conformity of the audited consolidated financial statements to U.S. generally accepted accounting principles. The independent auditor also expresses an opinion on the effectiveness of the Company s internal control over financial reporting. The Audit Committee monitors and oversees these processes.

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As part of its oversight role, the Audit Committee has reviewed and discussed with management and the Company s independent auditor, PricewaterhouseCoopers LLP ( PwC ), the Company s audited consolidated financial statements for the year ended December 31, 2017, the Company s disclosures under Management s Discussion and Analysis of Results of Operations and Financial Condition in the Company s 2017 Annual Report on Form 10-K and matters relating to the effectiveness of the Company s internal control over financial reporting as of December 31, 2017.

The Audit Committee has also discussed with PwC all required communications, including the matters required to be discussed pursuant to PCAOB Auditing Standard No. 1301 (Communications with Audit Committees). In addition, the Audit Committee has received the written disclosures and the letter from PwC required by applicable requirements of the PCAOB regarding the independent accountant s communications with the Audit Committee concerning independence and has discussed with PwC the firm s independence from the Company.

Based on the Audit Committee s review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2017.

***Members of the Audit Committee***

Gary L. Countryman, Chair

Charles K. Gifford

Linda M. Griego

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## FEES FOR SERVICES PROVIDED BY THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The following table sets forth fees for professional services rendered by PwC to the Company and its subsidiaries for each of the years ended December 31, 2017 and 2016.

| | 2017 | 2016 |
|---|---|---|
| Audit Fees(1) | $ 10,837,000 | $ 11,291,000 |
| Audit-Related Fees(2) | 348,000 | 892,000 |
| Tax Fees(3) | 5,621,000 | 5,650,000 |
| All Other Fees(4) | 16,000 | 15,000 |
| Total | $ 16,822,000 | $ 17,848,000 |

(1) Audit fees for 2017 and 2016 include $1,400,000 and $2,950,000, respectively, attributable to audit services provided in connection with the divestiture of CBS Radio Inc. ( Radio ), including with respect to Radio s debt transactions, comfort letters and SEC filings.

(2) Audit-related fees principally related to domestic and foreign employee benefit plan audits, attestation services required by contract, the adoption of new accounting standards, and, also for 2016, the preparation of carve-out financial statements and a sales and scheduling system pre-implementation assessment.

(3) Tax fees principally related to transfer pricing studies, tax compliance and tax consulting.

(4) All other fees principally related to license fees for the use of PwC reference materials and publications and access to various online tools.

**Audit Committee Pre-Approval of Services Provided by PwC**

All audit and non-audit services provided to the Company by PwC for 2017 were pre-approved by either the full Audit Committee or the Chair of the Audit Committee. Under the Audit Committee s pre-approval policies and procedures in effect during 2017, the Chair of the Audit Committee was authorized to pre-approve the engagement of PwC to provide certain specified audit and non-audit services, and the engagement of any accounting firm to provide certain specified audit services, up to a maximum amount of $200,000 per engagement, with the total amount of such authorizations outstanding that have not been reported to the Audit Committee not to exceed an aggregate of $1,000,000. The Audit Committee receives regular reports on the engagements approved by the Chair pursuant to this delegation. For 2018, the Audit Committee adopted the same pre-approval policies and procedures that were in effect for 2017, which permit the Chair to pre-approve the specified audit and non-audit services up to a maximum amount of $200,000 per engagement, with the total amount of such authorizations outstanding that have not been reported to the Audit Committee not to exceed an aggregate of $1,000,000.

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# COMPENSATION DISCUSSION AND ANALYSIS

## Fiscal Year 2017 Executive Summary

During 2017, CBS management achieved a record level of revenue. Under the leadership of Mr. Moonves, the Company s Chairman of the Board, President and Chief Executive Officer, Mr. Ianniello, the Company s Chief Operating Officer and strategic partner to Mr. Moonves, and the senior management team, the Company drove this record level by growing international content licensing revenues and expanding its international presence, capitalizing on subscriber growth in its over-the-top offerings and reducing its reliance on advertising revenues through strategic acquisitions and dispositions, including the divestiture of CBS Radio®. As a result, the Company entered the 2018 fiscal year better positioned for long-term success as a producer of premium content.

***Company Performance Continued Execution on Long-Term Strategic Objectives***

CBS Corporation continued to execute on its long-term strategic objectives during 2017, which included returning value to shareholders, growing its revenues from non-advertising sources through arrangements with new and existing distribution partners, expanding the Company s presence globally and capitalizing on the demand for the Company s top-tier content. As described below, the Company better positioned itself for long-term success through its 2017 achievements.

*The Company returned value to stockholders and strengthened its financial position:*

- The Company achieved record revenues, which increased 4% over the prior year.
- The Company continued to focus on its commitment to return value to shareholders, including by:
  - Growing adjusted net earnings per diluted share ( EPS ), up 7% from 2016 to $4.40 in 2017, representing the eighth consecutive fiscal year of increase in this metric (See Annex A, Reconciliation of Non-GAAP Measures ),
  - Maintaining its quarterly dividend at $0.18 per share in 2017, and
  - Retiring more than 34 million shares of its Class B Common Stock pursuant to the Company s share repurchase program and completion of the CBS Radio exchange offer.
- The Company capitalized on opportunities to improve its financial strength, including by:
  - Issuing $1.8 billion of senior notes, resulting in a reduction of the Company s weighted average interest expense and extending its overall maturity profile, and

Purchasing a group annuity contract that reduced the Company s outstanding pension benefit obligation by approximately $800 million, or approximately 20% of the total obligations of the Company s qualified pension plans.

*Senior management successfully executed on key strategic initiatives to grow revenues from non-advertising sources and to expand the Company s presence globally, including by:*

Increasing retransmission and station affiliation revenues more than 27% over the prior year, and building for future success by finalizing two key multi-year retransmission compensation arrangements and 11 key multi-year station affiliation arrangements;

Continuing to grow the number of subscribers and revenues from the Company s direct-to-consumer digital subscription live-streaming service, *CBS All Access*®, and its stand-alone streaming service of premium content, *Showtime OTT*®;

Further enhancing its global footprint and brand awareness by completing new licensing agreements around the world, including the following:

The Company concluded licensing deals with Fox Networks Group Asia, Hotstar and Canal+ Group, in which the Company licensed the *Showtime*® brand in seven southeast Asian markets (Malaysia, Indonesia, Singapore, Philippines, Thailand, Taiwan, and Hong Kong), India and France, respectively;

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The Company and Netflix reached agreement on a licensing pact for The CW s Dynasty series, which gives Netflix the international first-window broadcasting rights to the new series; and

The Company entered into an exclusive, multi-year licensing agreement with Japan s leading pay-television provider, WOWOW, for the rights to five CBS® Television Network (the Network ) and *Showtime* series, including Bull and Twin Peaks, in Japan; and

Significantly increasing revenues derived from the inclusion of the Company s content in skinny bundles, and positioning itself for future success by executing agreements with Hulu, YouTubeTV, DirecTV Now and fuboTV.

As shown below, since the Separation, the Company has successfully executed on its strategy of increasing revenues derived from non-advertising sources.

*The Company continued its success in developing premium content across its divisions, led by the Network, which maintained its lead in key Nielsen Media Research ratings categories:*

The Network closed out the 2016/2017 television season as the #1 network in viewers for the 14$^{th}$ time in 15 seasons, winning the season convincingly by an average of 1.5 million viewers (based on Live+7 ratings, which measure viewing from live airing through the seven-day period thereafter via Digital-Video-Recording (DVR) or Video-on-Demand (VOD) ( Live+7 )). Because of its success, the Company renewed 22 primetime entertainment series from the 2016/2017 television season to be aired during the 2017/2018 television season.

From the commencement of the 2017/2018 television season through the end of 2017 (*i.e.,* through Week 14 of the 2017/2018 season), the Network ranked #1 in viewers and households (based on Live+7 ratings). The Network also had during this period, in terms of viewers in primetime (based on Live+7 ratings, unless otherwise noted):

The #1 Series,

The #1 Scripted Series,

The #1 Comedy,

The #1 News Program,

The #1 Program on four nights (more than all other broadcast networks combined),

The #1 Scripted Program on six nights (more than all other broadcast networks combined), Two of the top five, six of the top 10, nine of the top 20 and 15 of the top 30 regularly-scheduled primetime broadcasts, demonstrating the depth and overall strength of the Network s primetime schedule relative to other broadcasters, and

More time-period winning broadcasts than all other broadcast networks combined (based on Live+SD ratings, which measure viewing from live airing through the remainder of the broadcast day, including via DVR and VOD).

The Company holds an ownership position in more than 80% of the shows that aired on the Network s fall 2017/2018 primetime schedule.

The Company continued to deliver high ratings on significant live events, including *CBS Sports*® broadcast of NCAA Men s Basketball Championship, which was up 30% versus the 2016 championship game, and *Showtime s* pay-per-view event featuring the boxing match between Floyd Mayweather and Conor McGregor, which was the second highest grossing pay-per-view event in television history.

The premiere of Star Trek: Discovery®, the fall kick-off of the NFL on the Network and the season finale of Big Brother and the Big Brother live feeds led to the biggest number of new subscriptions for *CBS All Access* in a week and in a month.

The Late Show® with Stephen Colbert finished the 2016/2017 television season as the most-watched late night program, which marked the first time that The Late Show finished as the most-watched late night program in more than 20 years, and continued to be the most-watched late night program in the fourth quarter of 2017.

*Showtime* continued to provide high quality original programming to its subscribers, including the new series SMILF, which was nominated for two Golden Globe Awards.

*Simon & Schuster*® continued to produce bestsellers in hardcover, paperback and multi-formats, 195 of which appeared on the New York Times bestseller lists and 30 of which held the #1 position.

Overall, the Company s programming (with respect to *CBS Entertainment* , *CBS News*®, *CBS Sports*, CBS Television Stations and *Showtime*) received, in 2017, 295 Emmy nominations and 62 wins.

***Pay for Performance***

CBS s performance-based compensation programs generally provide for the opportunity to reward the executive officers whose compensation is individually disclosed in the tables that appear on subsequent pages (the named executive officers ) and certain other senior executives (together with the named executive officers, the senior executives ) for contributing to annual financial and operational performance (through annual bonus programs) and stock price appreciation (through long-term equity incentives). A high percentage of the named executive officers total target compensation is performance-based (targeted at 74% to 91% of total target compensation for 2017).

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The following chart shows the percentage of the average of the named executive officers target total compensation that is allocable to fixed versus variable compensation:

In selecting the financial performance metrics, goals and criteria for the performance-based compensation programs each year, the Compensation Committee considers the Company s annual operating budget for the upcoming year, as approved by the Board. The Company s budgeting process reflects aggressive goal-setting and takes into account the expected performance of the Company s industry peers for that year as determined by media industry analysts. The Company s achievement of the resulting challenging, yet realistic, financial and operational goals has led to its successful return of value for shareholders.

For 2017, the Committee determined that budgeted Operating Income ( OI ) and Free Cash Flow ( FcF ) were the appropriate metrics to be used in setting performance goals and criteria in order to reflect the Company s core objective of pay for performance. (See Performance-Based Compensation Programs Long-Term Incentive Programs Performance Goals for LTMIP Awards and Compensation Deductibility Policy for a discussion of the calculation of the performance goals and criteria, respectively.)

As a result of the Company s performance in the 2017 fiscal year, the Compensation Committee approved the bonuses disclosed in the Summary Compensation Table for Fiscal Year 2017 and related footnotes, and shares underlying performance-based equity awards were earned as discussed in the Long-Term Incentive Programs section, at levels reflecting the Company s performance. The bonus awards and further achievements during the 2017 fiscal year are discussed in more detail below in the Bonus Awards section.

**Overview of Compensation Objectives**

CBS Corporation s compensation programs are designed to motivate and reward business success and to increase stockholder value. The Company s compensation programs are based on the following core objectives:

- *Stockholder Value Focused:* Align executives interests with stockholders interests, with particular emphasis on creating incentives that reward executives for consistently increasing the value of the Company.

- *Market-based:* Take into account the profile of compensation and benefits programs found in peer companies in order to attract and retain the talent needed to drive sustainable competitive advantage and deliver value to stockholders.

- *Performance-based:* Ensure plans provide reward levels that reflect variances between actual and desired performance results.

- *Flexible:* Enable management and the Board to make decisions based on the needs of the business and to recognize different levels of individual contribution and value creation.

In determining the Company s compensation policies and decisions, the Company has considered the results of the previous vote held on the compensation of the named executive officers as disclosed in the 2017 proxy statement relating to the 2017 Annual Meeting of Stockholders and, as a result, continued to base the Company s compensation programs on the core objectives listed above.

**Evaluating Senior Executive Compensation**

The Compensation Committee reviews and approves the Company s compensation arrangements with the senior executives. The Committee reviews all components of the senior executives compensation, including base salary, annual and long-term incentives, severance arrangements and benefit programs to ensure that they adhere to the core objectives of the Company s compensation programs. The Committee utilizes a rolling 12-month calendar based on regularly-scheduled meeting dates that identifies the meeting date at which each senior executive requires Committee consideration regarding compensation and the type of action to be considered (*i.e.*, salary increase, annual bonus payout, long-term incentive award determination, and other compensation actions). All final determinations relating to the compensation of Mr. Moonves have been made by the Committee in executive session, with advice from an independent compensation consultant (currently Exequity LLP). In assessing the compensation of the senior executives, the Committee considers many factors, including the performance of the Company s operations (with respect to corporate executives, the overall performance of the Company; with respect to operational executives, performance of the operations for which the executive is responsible), individual performance, experience, tenure and historical compensation, comparisons to other appropriate senior executives at identified peer companies and the advice of the Committee s independent compensation consultant. In considering any individual element of a senior executive s compensation, the Committee considers that element in relation to the individual executive s total compensation (*i.e.*, base salary, bonus and long-term incentives).

The Compensation Committee retains an independent compensation consultant to advise the Committee in its review of senior executive compensation. The Committee has the sole authority to retain and terminate the independent compensation consultant and to review and approve the firm s fees and other retention terms. The Committee adopted a policy in 2008 providing that the independent compensation consultant will not be considered as a provider of services to the Company other than for services provided to the Compensation Committee. Accordingly, other than these services provided to the Committee, Exequity LLP does not perform any administrative or consulting services for the Company. The Committee has assessed the independence of Exequity and determined that Exequity s work for the Committee does not raise any conflict of interest.

In reviewing senior executive compensation, the Compensation Committee considers data regarding the competitive market for senior executive talent. For 2017, at the Committee s request, Exequity reviewed and approved a competitive assessment of the compensation practices at companies with which the Company competes for senior executive talent. The assessment includes those companies engaged in similar business activities (*i.e.,* industry peers) and, as a more general reference point, an index of total compensation packages at other applicable primarily publicly-traded U.S. companies (general industry), all as described below. Not all of the companies included in these groups may be used as a point of comparison when reviewing a senior executive s total compensation. In determining which companies are appropriate comparisons for each senior executive, the scope of the executive s responsibility and the nature of the business for which he or she is responsible are considered. As a result, the appropriate companies selected for comparison may differ from one senior executive to the next. With respect to senior executives other than Mr. Moonves, the competitive assessment focuses on applicable compensation packages at the 65th percentile of reliable market data, which includes an evaluation of base salary, target annual incentive opportunities (as such data is available), actual annual incentive earned, annualized value of long-term incentives, and the resulting total actual and target compensation. The competitive assessment also includes market data at the 65th percentile to reflect the Committee s commitment to competing with the Company s industry peers in recruiting and retaining the most sought-after executive talent. Although the Committee does not target total compensation amounts for each senior executive to a specific benchmark, the Committee does consider the compensation levels from the competitive assessment as one factor in determining these total compensation amounts for each senior executive.

In 2017, for Mr. Moonves, the Committee considered the compensation arrangements for similarly-situated chief executive officer roles at peer diversified media companies (*i.e.,* Discovery Communications, Inc., Time Warner Inc., Twenty-First Century Fox, Inc., Viacom Inc. and The Walt Disney Company) and other media peers (*i.e.*, Comcast Corporation) (collectively, the  industry peer group ). The competitive assessment for the other named executive officers included the compensation data of companies in the industry peer group and data regarding general compensation levels primarily at publicly traded companies included in the general industry index from which the Company may source, or to which the Company may lose, executive talent (*i.e.,* American Broadcasting Company (ABC), Amazon.com, Inc., AT&T Inc., Cablevision Systems Corporation (subsequently acquired by Altice NV), Charter Communications Inc., Cisco Systems, Inc., Comcast Corporation, Dell Inc., Discovery Communications, Inc., General Electric Company, Google LLC, International Business Machines Corporation, NBCUniversal LLC, PepsiCo, Inc., Sprint Corporation, TEGNA, Inc., Time Warner Inc., Verizon Communications Inc., Viacom Inc., and The Walt Disney Company).

**Changes in Named Executive Officers  Compensation Arrangements in 2017**

CBS has a renowned and admired leadership team and has benefitted greatly from the continuity of its senior leadership. During 2017, the Company took steps to further extend and ensure the continued stability of its senior leadership team by negotiating new employment agreements with the leadership tandem of Messrs. Moonves and Ianniello. The continued stability of the leadership team was also strengthened by securing a new employment agreement with Mr. Tu, the Company s Senior Executive Vice President and Chief Legal Officer.

In May of 2017, the Compensation Committee approved a new employment agreement for Mr. Moonves, effective May 19, 2017. This new agreement supersedes his prior agreement, which was set to expire in 2019, and extends his employment term for an additional two years through June 30, 2021 in his existing role as Chairman of the Board, President and Chief Executive Officer. In determining the compensation terms of the new agreement, the Committee considered Mr. Moonves  stature as one of the most influential leaders in the entertainment industry, his tenure as a Company executive since 1995, and his performance as the Company s Chairman of the Board, President and Chief Executive Officer, including the creation of premium content across the Company s portfolio of businesses, efforts to secure profitable retransmission and station affiliation deals and the expansion of over-the-top services. Pursuant to the new agreement, Mr. Moonves  annual base salary and target bonus remain unchanged, his annual grants of restricted stock units ( RSUs ) for 2018 and 2019 also remain unchanged, and he will continue to be eligible to receive two separate grants of shares of the Company s stock after June 30, 2019 based on the stock price performance of the Class B Common Stock during two separate specified periods each ending on June 30, 2019 (the Existing Performance Share Awards ). The new agreement provides that Mr. Moonves will continue to receive annual RSU grants in each of 2020 and 2021, on terms consistent with the 2018 and 2019 RSU grants, with a grant date value of $18.5 million for the 2020 grant and a grant date value of $9.25 million for the 2021 grant (which value reflects a 50% proration to take into account the new agreement s scheduled expiration on June 30, 2021). Mr. Moonves will also be eligible to receive an additional grant of shares of the Company s stock following the expiration of the employment term on June 30, 2021. This new performance share award is structured similarly to the Existing Performance Share Awards and is subject to the achievement of stock price performance of the Class B Common Stock during the period of May 19, 2017 through June 30, 2021, as adjusted based on the Company s achievement of established performance goals for calendar years 2019 and 2020, as further described under Potential Payments upon Termination and Certain Other Events. Mr. Moonves will also be eligible to receive a lump sum cash payment following the expiration of the employment term on June 30, 2021, subject to the Company s achievement of a threshold level of cumulative adjusted operating income ( COI ). This award, if earned, will range from $20 million to $55 million based on the Company s COI beginning April 1, 2017 and ending June 30, 2021.

Similar to his prior employment agreement, Mr. Moonves will be entitled to receive severance payments and benefits in the event that the Company terminates his employment without cause or if he resigns his employment for good reason, as described under Potential Payments upon Termination and Certain Other Events. In addition, similar to Mr. Moonves prior employment agreement, the new agreement provides incentives for Mr. Moonves to continue his employment with the Company as a Senior Advisor and/or Producer upon the end of the employment term as described under Potential Payments upon Termination and Certain Other Events. The Committee was advised by its independent compensation consultant and received input from outside legal counsel in considering and structuring the terms of Mr. Moonves new agreement. The agreement is filed as Exhibit 10(a) to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.

In July of 2017, the Compensation Committee approved a new employment agreement for Mr. Ianniello, effective July 1, 2017. This new agreement supersedes his prior agreement, which was scheduled to expire on June 3, 2018, and extends his employment with the Company through June 30, 2022 in his existing role as Chief Operating Officer. In determining the compensation terms, the Committee considered compensation arrangements for executives with similar scopes of responsibility at industry peers and at other leading U.S. companies, as well as the core objectives set forth in the Overview of Compensation Objectives section above. The compensation assessment included an evaluation of annualized base salary, target bonus, annualized expected value of upfront and ongoing long-term incentives, and termination provisions. The Committee also reviewed compensation practices at other leading U.S. companies, including with respect to restrictive covenants and other terms. As a result, under his new employment agreement, the Committee increased his base salary to $2,750,000 beginning in the third contract year, and increased his target bonus to 450% of his base salary effective for the 2017 and 2018 calendar years, and to 500% of his base salary for subsequent years. The agreement provides for an annual long-term incentive award target of $12,250,000 for each of calendar years 2018 and 2019, and $13,500,000 for each of calendar year 2020 and each subsequent year during the term of the agreement. The new agreement provides for an equity-based performance incentive based on the Company s stock price performance during the period of July 1, 2017 through December 31, 2021, as adjusted based on the Company s achievement of established performance goals for calendar years 2019 and 2020, as described under Potential Payments upon Termination and Certain Other Events. Similar to his prior employment agreement, in the event that the Company terminates his employment without cause or if he resigns his employment for good reason, Mr. Ianniello will be entitled to receive severance payments and benefits. The new agreement also provides additional termination payments in certain circumstances following his termination of employment, as described under Potential Payments upon Termination and Certain Other Events. Mr. Ianniello s new employment agreement is filed as Exhibit 10(a) to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017.

In July of 2017, the Compensation Committee also approved a new employment agreement for Mr. Tu, effective as of June 1, 2017. This new agreement supersedes his prior agreement, which was scheduled to expire on December 31, 2017, and extends his employment with the Company through May 31, 2019 in his existing role as Senior Executive Vice President and Chief Legal Officer. In determining the compensation terms, the Committee considered the compensation arrangements for similar executives at peer media companies, as well as the core objectives set forth in the Overview of Compensation Objectives section above. As a result, the Committee increased his base salary under his new employment agreement to $1,350,000 and increased his annual long-term incentive award target to $3,950,000, beginning with calendar year 2018. Similar to his prior agreement, in the event the Company terminates his employment without cause or if he resigns his employment for good reason, Mr. Tu will be entitled to receive severance benefits and payments. The new agreement also provides continued vesting for certain equity awards in connection with certain termination scenarios, as described under Potential Payments upon Termination and Certain Other Events. Mr. Tu s new employment agreement is filed as Exhibit 10(b) to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017.

On August 4, 2017, the Compensation Committee amended the employment agreements for Messrs. Ambrosio and Schwartz with respect to the treatment of particular equity awards in connection with certain termination scenarios, as described under Potential Payments upon Termination and Certain Other Events and in the amendments filed as Exhibits 10(c) and 10(d), respectively, to the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017.

**Elements of Executive Compensation**

The Company s compensation arrangements with its senior executives, including the named executive officers, generally consist of the following elements:

- Base Salary
- Performance-Based Compensation Programs
  - Annual Bonus Awards
  - Long-Term Incentives
- Retirement and Deferred Compensation Plans
- Other Compensation (Perquisites and Other Personal Benefits)

The Compensation Committee generally considers these elements in determining a senior executive s compensation package in order to reward for both the long- and short-term performance of the executive and the Company. The Committee does not use rigid guidelines in determining the mix of compensation elements (*i.e.*, long-term versus currently paid out compensation and cash versus non-cash compensation) for each senior executive. However, the Committee did consider the level of base salary of each senior executive as it relates to the allocation of guaranteed versus performance-based compensation.

The Compensation Committee believes that its consideration of these compensation elements effectively achieves the objective of aligning compensation with performance measures that are directly related to the Company s financial goals and creation of stockholder value, without encouraging senior executives to take unnecessary risks. The Committee selects the financial performance metrics, goals and criteria for the performance-based compensation programs each year and also, in order to avoid distorted performance goals and criteria, approves adjustments to the calculation of those goals and criteria, including pre-approved adjustments for awards, which, at the time of such determinations in 2017, were intended to satisfy the then-existing performance-based exception under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code ). The Committee believes this process results in performance goals and criteria that are challenging, yet realistic, and that will not encourage senior executives to engage in risky business activities in order to achieve unattainable goals or overcome lower results caused by unforeseen events.

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A discussion of decisions made by the Compensation Committee with respect to fiscal year 2017 compensation is set forth below.

**Base Salary**

The Company provides the senior executives with base salary that is sufficiently competitive to attract and retain talented individuals and provides a secure base of guaranteed cash to compensate them for services rendered during the fiscal year. In order to ensure that the majority of compensation is variable, at-risk and tied to performance, the Compensation Committee set base salary levels for the named executive officers at between 9% and 26% of targeted total compensation for 2017. In reviewing proposals for changes to base salary for the named executive officers, the Committee considered the following:

- Appropriate competitive compensation data for the position;
- Individual performance;
- Base salary level for the executive in relation to that executive s total compensation package;
- Input and recommendations of Mr. Moonves in his role as Chairman of the Board, President and Chief Executive Officer (for named executive officers other than himself);
- The level of the annual merit increase budget across the Company as a whole; and
- Existing contractual obligations, if any.

In reviewing base salary during 2017 for the named executive officers, the Compensation Committee continued to consider their level of base salary as it relates to the allocation of guaranteed versus variable, at-risk compensation, as well as the factors listed above. As a result, Messrs. Moonves, Ianniello, Ambrosio and Schwartz did not receive base salary increases during 2017. Mr. Tu received an increase in base salary in connection with the execution of a new employment agreement as described above under Changes in Named Executive Officers Compensation Arrangements in 2017.

**Performance-Based Compensation Programs**

CBS s performance-based compensation programs generally provide for the opportunity to reward senior executives for contributing to annual financial and operational performance (through annual bonus programs) and for realizing stock price appreciation (through long-term equity incentives). Bonus awards are based on the Compensation Committee s review of the Company s financial results and qualitative assessment of senior executive performance against key strategic objectives and are not directly linked to the Company s stock price performance. Long-term equity incentives encourage executives to make decisions that will create and sustain long-term value for stockholders.

***Bonus Awards***

The Company provides an opportunity for annual bonus awards under its short-term incentive program ( Bonus Program ). The purpose of the Bonus Program is to benefit and advance the interests of the Company by granting annual bonus awards to executives as pay for performance a reward for their individual contributions to the Company s annual financial and operational success.

At the beginning of each fiscal year, the Compensation Committee approves funding levels that can be earned for that year for the Bonus Program. These funding levels are based on (i) financial performance goals set by the Committee that are derived from budget determinations for the relevant year, which take into account expected financial performance of the Company s industry peers for that year, as well as (ii) expected performance against the key strategic objectives identified below. After the end of the fiscal year, the Committee evaluates the Company s actual performance relative to the funding levels in order to determine the aggregate amount available for payouts under the Bonus Program.

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In January 2018, the Committee evaluated the Company s actual financial performance for 2017, including the levels of achievement against the pre-established performance goals and management s performance in 2017 against the strategic objectives, relative to the funding levels approved at the beginning of 2017, in order to determine the aggregate amount available for bonus payouts. The aggregate amount of awards provided to the named executive officers, as well as to the other participants in the Bonus Program, is limited by the funding pool resulting from the Committee s evaluation.

As part of the Bonus Program, the named executive officers and one other senior executive officer were selected by the Committee in early 2017 to participate in the Company s Senior Executive Short-Term Incentive Plan, as amended (the Senior Executive STIP ) for 2017, which was a stockholder approved plan that, under then-applicable tax law, provided for deductibility of amounts paid pursuant to the plan. Under the Senior Executive STIP, awards could be paid, in whole or in part, in cash, in the form of stock-based awards issued under the Company s long-term incentive plan or in any other form prescribed by the Committee.

At the beginning of the 2017 fiscal year, the Compensation Committee set a performance criterion under the Senior Executive STIP, as a first step toward qualifying bonus awards made under the Senior Executive STIP as qualified performance-based compensation eligible for deductibility under Section 162(m) of the Code in accordance with then-applicable tax law. Assuming a Committee determination that the criterion is met, the terms of the Senior Executive STIP established for each of the named executive officers a maximum bonus that may be paid under the plan, subject, in certain cases, to the Committee s negative discretion ( downward discretion ), for deductibility purposes. In the exercise of its downward discretion under the Senior Executive STIP, the Committee has taken into account certain terms in Mr. Moonves employment agreement which provide that a portion of his bonus must be, at least, an amount consistent with the level of achievement attained against the Company-Wide Performance Goal(s) established for that year by the Committee (provided such achievement level is at least 80%), as described under Summary Compensation Table for Fiscal Year 2017 Employment Agreements Leslie Moonves. While the Committee considers the deductibility of bonus compensation under Section 162(m), the Committee retains the flexibility to determine bonus amounts in excess of amounts that may be deductible under tax laws, which excess amounts may not be deductible. See the Compensation Deductibility Policy section below for a discussion of the Section 162(m) performance criterion set for 2017 and related tax reform legislation and deductibility. Despite the Committee s efforts to structure such bonus compensation to be eligible for deductibility under Section 162(m) as it then existed, because of the uncertainties in the interpretation of Section 162(m) as amended by recent tax reform legislation, including applicable transition relief rules, no assurance can be given that compensation for 2017 that had been intended to qualify for the performance-based exception to the limit on deductibility under Section 162(m) will be deductible under those transition relief rules.

The Compensation Committee considers individual performance factors in determining bonus payouts for the senior executives. In addition to reviewing each executive s contributions to the achievement of financial goals, for 2017, the Committee also considered the following key strategic objectives: (i) strengthening the Company s financial position; (ii) providing continuous flow of top-tier content; (iii) continuing to drive growth through strategic transformation of the Company; (iv) maintaining and building the Company s reputation as one of the most desirable organizations for top talent ; (v) continuing to ensure a high degree of focus on the importance of a diverse workforce; and (vi) positioning the Company for long-term success. In this regard, the Committee also considers the input and recommendations of Mr. Moonves in his role as Chairman of the Board, President and Chief Executive Officer (for executives other than himself). With respect to Mr. Moonves, for 2017, the Committee took into account his performance evaluation conducted by the Committee, together with the Nominating and Governance Committee, based on the goals and objectives for him approved by the Compensation Committee at the beginning of such year. The Committee s determination regarding the amount of the annual bonus awards to be paid to the named executive officers takes into account all of the factors it deems appropriate, with no pre-determined emphasis on any individual item, and utilizes discretion to award an appropriate bonus.

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The Compensation Committee also considers target bonus amounts for the named executive officers, which amounts are based on competitive practice. See Summary Compensation Table for Fiscal Year 2017 Employment Agreements for a discussion of the named executive officers target bonus amounts. The differences in the target bonus amounts set forth in the named executive officers agreements reflect the level of relative impact of each of their positions on Company performance.

In determining the bonus amounts for 2017 for the named executive officers, as set forth in the Summary Compensation Table for Fiscal Year 2017, the Compensation Committee took into account their leadership and execution with respect to the Company s key strategic objectives, which included growing the core content business, emphasizing new revenue streams, markets and growth opportunities, and executing on strategic acquisitions and dispositions. As a result of this leadership and execution, the Company continued to deliver on its long-term strategy and positioned itself to return value to its shareholders. The Committee noted the following accomplishments within this context:

*The Company returned value to stockholders and continued to strengthen its financial position.*

- The Company continued its commitment to return value to shareholders by growing EPS by 7% from the prior year, which represents the eighth consecutive fiscal year that EPS has increased year-over-year, and maintaining its quarterly dividend at $0.18 per share in 2017.

- The Company retired more than 34 million shares of its Class B Common Stock pursuant to the Company s share repurchase program and completion of the CBS Radio exchange offer.

- The Company issued $1.8 billion of senior notes, resulting in a reduction of the Company s weighted average interest expense and extending its overall maturity profile.

- The Company purchased a group annuity contract that reduced the Company s outstanding pension benefit obligation by approximately $800 million, or approximately 20% of the total obligations of the Company s qualified pension plans.

*The Company Continued to Deliver Top-Tier Content Across All Content-Related Business Units.*

- The Network closed out the 2016/2017 television season by placing #1 in viewers for the ninth consecutive season and, through the end of 2017 (*i.e.,* through Week 14 of the 2017/2018 season), ranked #1 in viewers and households (all based on Live+7 ratings).

- From the commencement of the 2017/2018 television season through the end of 2017, the Network, among viewers, was #1 in many categories (Series, Scripted Series, Comedy, New Comedy, and News Program) and had the #1 Program on four nights and the #1 Scripted Program on six nights (in viewers in primetime all based on Live+7 ratings).

The Company maintained its focus on ownership by holding an ownership stake in more than 80% of the shows on the Network s fall 2017/2018 primetime schedule.

The Company continued to deliver on significant live events:

The Network s broadcast of the 59th Annual Grammy Awards produced the event s largest audience since 2014 with more than 26 million viewers;

*CBS Sports* joint broadcast of the NCAA Men s Basketball Tournament was the second most-watched since 1994, and the 2017 National Championship Game, which aired exclusively on the Network, drew an average of 23 million viewers, which was up 30% over the prior season s championship game; and

Showtime s production of the Floyd Mayweather and Conor McGregor boxing match was the second highest grossing pay-per-view event in television history.

The premiere of Star Trek: Discovery, the fall kick-off of the NFL on the Network and the season finale of Big Brother and the Big Brother live feeds led to the biggest number of new subscriptions for *CBS All Access* in a week and in a month.

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The Late Show with Stephen Colbert finished the 2016/2017 television season as the most-watched late night program, which marked the first time that The Late Show finished as most-watched late night program in more than 20 years, and continued to be the most-watched late night program in the fourth quarter of 2017.

The Late Late Show® (hosted by James Corden) has a rapidly expanding social media audience, with his YouTube channel alone surpassing 13 million subscribers and more than 3.8 billion views.

The Company s programming (with respect to *CBS Entertainment*, *CBS News, CBS Sports*, CBS Television Stations and *Showtime*) received, in 2017, 295 Emmy nominations and 62 wins.

The Company s content received, for 2017, five nominations for the Golden Globe Awards and one nomination and win for the Screen Actors Guild Awards.

The Company continued to lead the industry in domestic syndicated programming with three of the top four and seven of the top 10 most-watched weekday programs in syndication, and was #1 in several first-run genres (#1 Talk Show, #1 Court Show and #1 News Magazine).

WCBS-TV, New York was America s most-watched television station, and several of the Company s owned-and-operated television stations (KPIX-TV, San Francisco, WBZ-TV, Boston, WCCO-TV, Minneapolis, KOVR-TV, Sacramento and WJZ-TV, Baltimore) were #1 in their respective markets.

*Showtime* had the top scripted series on premium television in 3 out of 4 quarters in 2017, with Homeland in the first quarter, Billions in the second quarter, and Shameless in the fourth quarter. *Showtime* s content also received five nominations for Golden Globe Awards, including two for freshman comedy series, SMILF.

CBS Interactive ranked as #7 on the list of Top 10 Internet Properties during 2017, according to comScore.

*CBS.com* continued to be the #1 TV Network website (in average monthly unique viewers) across platforms in 2017, according to comScore.

*Simon & Schuster* continued to produce bestsellers in hardcover, paperback and multi-formats, 195 of which appeared on the New York Times bestseller lists and 30 of which held the #1 position.

*The Company Continued to Divest Non-Strategic Assets, Acquire Strategic Assets, Drive Growth through Diversification and Expansion of its Sources of Revenue and Position Itself for Future Success.*

The Company:

completed its strategic initiative to divest the CBS Radio business through an oversubscribed exchange offer and combination with Entercom Communications Corp.;

acquired Network Ten®, one of three major commercial broadcast networks in Australia, including its rapidly growing digital platform, Ten Play®, which paves the way for further multiplatform distribution opportunities for the Company s content in overseas markets;

acquired the assets of Scout Media, which complements 247 Sports®, the Company s already industry-leading network of websites on college and professional sports team, including recruiting information services by subscription;

purchased an equity interest in Kapital Entertainment and agreed to oversee the worldwide distribution of Kapital s television series, and entered into a four-year co-financing and first-look agreement with Imagine Television Studios for scripted and unscripted long-form digital programming;

increased retransmission and station affiliation revenues by 27% over the prior year, and positioned itself for future success by finalizing two key multi-year retransmission compensation arrangements and 11 key multi-year station affiliation arrangements;

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grew the number of subscribers for *CBS All Access* and *Showtime OTT* and helped ensure their continued growth by:

making a full season of National Football League games available for live streaming on *CBS All Access*;

adding the Company s 24-hour streaming news service, *CBSN*®, to *CBS All Access*;

launching exclusive original programming on both services, including Star Trek: Discovery, The Good Fight and No Activity on *CBS All Access*, and the revival of Twin Peaks on *Showtime OTT*, which generated interest in the services from consumers and led to a surge in new subscribers at multiple times throughout the year; and

making *Showtime OTT* available as an add-on feature to subscribers of SlingTV, YouTubeTV and DirecTV Now, which services previously did not offer *Showtime*; and

further expanded its brand internationally by:

concluding licensing deals with Fox Networks Group Asia, Hotstar and Canal+ Group, in which the Company licensed the *Showtime* brand in seven southeast Asian markets (Malaysia, Indonesia, Singapore, Philippines, Thailand, Taiwan, and Hong Kong), India and France, respectively;

licensing The CW s Dynasty series to Netflix, which gives Netflix the international first-window broadcasting rights to the new series;

entering into an exclusive, multi-year licensing agreement with Japan s leading pay-television provider, WOWOW, for the rights to five Network and *Showtime* series, including Bull and Twin Peaks, in Japan;

licensing Bull, The Good Fight and MacGyver to Channel 5, Channel 4, and Sky, respectively, in the United Kingdom;

closing a multi-platform licensing agreement with Amedia TV, which gives Amedia TV the rights to broadcast certain Network and *Showtime* programming in Russia, with exclusive rights to broadcast Twin Peaks in Russia; and significantly increased revenues derived from the inclusion of its content in skinny bundles, and positioned itself for future success by executing agreements with Hulu, YouTubeTV, DirecTV Now and fuboTV.

*The Company Secured its Reputation as a Desirable Organization for Top Talent and Demonstrated its Commitment to Diversity and Inclusion.*

The Company continued:

- to capitalize on opportunities to acquire key executive and creative talent, exemplified by the acquisition of key talent with prior work experience at notable companies, including ABC Entertainment, The CW, Discovery Communications, Facebook, Fox Networks Group, Goldman Sachs, iHeartMedia, NBCUniversal, Warner Bros. Entertainment, AMC Networks and VH1;

- its achievement with respect to increasing minority representation in internal promotions and overall minority representation in its workforce (including in higher salary brackets);

- to actively participate in, support and sponsor programs to develop diverse talent in the workplace and to appoint diverse candidates to key executive roles; and

- its commitment to spending on contracts with diverse suppliers such that the Company s spending with diverse suppliers has nearly doubled since 2011.

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With respect to the individual performance of the named executive officers during 2017, the Compensation Committee also determined (in the case of Mr. Moonves) and concurred in the recommendations made by Mr. Moonves (in the case of the other named executive officers) that:

Mr. Moonves continued to demonstrate outstanding leadership in driving the Company s execution on key strategic initiatives, including producing a steadily increasing volume of premium content in which the Company has an ownership interest, both for CBS Corporation owned outlets and for third parties. Mr. Moonves leadership continued to help deliver ratings successes across the Company s portfolio of networks, adding a number of new shows in 2017 that are performing well at CBS, *Showtime* and *CBS All Access*, as well as for third parties. He successfully directed the divesting of the Company s CBS Radio business, and he is continuing to increase revenues from non-advertising sources by growing subscribers to the Company s over-the-top streaming services and successfully negotiating key retransmission, station affiliation, skinny bundle and international licensing deals. Mr. Moonves vision to develop and continue growing the Company s direct to consumer or over-the-top streaming services solidified the Company s position as a leader in the evolving media landscape, establishing the Company among those best positioned for the digital future. Mr. Moonves continued to improve the strength and reputation of the Company s brands and businesses in domestic and international markets with the syndication of new programming into the international marketplace, including the continued introduction of the Showtime brand in major markets around the world where previously only certain series were available to viewers. Mr. Moonves also spearheaded the Company s pursuit and successful acquisition of Australia s Network Ten, which adds a valuable major broadcast network in a growing market to the Company s stable of assets and enhances the Company s plans to expand the reach of *CBS All Access* to international audiences. Under Mr. Moonves leadership, the Company continued to return significant value to shareholders, as demonstrated by maintaining the Company s quarterly dividend of $0.18 per share during 2017, and retiring more than 34 million shares of Class B Common Stock during 2017. The Compensation Committee also acknowledged Mr. Moonves stellar reputation among and successes in communication with members of the investment community, and in management development and human resources, including his personal involvement in acquiring key executive and creative talent, his leadership and execution of the Company s succession planning and diversity and inclusion programs, and his leadership in fostering a remarkably stable senior management team. Mr. Moonves was instrumental in continuing to lead the *CBS Television Network* in solidifying its #1 position in certain key metrics and leading the competition with his direct involvement in developing and securing high quality programming and maintaining CBS s reputation as one of the most highly desirable organizations for top creative talent.

Mr. Ianniello, while serving as the key corporate strategic partner to Mr. Moonves, provided exceptional leadership during 2017, both in reshaping the Company s portfolio and in executing on the Company s financial and operational goals. Mr. Ianniello s leadership on corporate development activities included a successful implementation of the divestiture of the Company s Radio business, including the related debt refinancing and exchange offer, as well as the opportunistic acquisition of Network Ten in Australia. As the Chief Operating Officer and principal financial officer, Mr. Ianniello s leadership was critical in driving improvements in the Company s operations in 2017, including the successful management of its finances. Mr. Ianniello focused on executing the Company s strategic growth initiatives, including the expansion of the Company s streaming products, inclusion of the Company s content in skinny bundles, audience monetization initiatives, international licensing opportunities and negotiation of retransmission and station affiliation compensation arrangements. Mr. Ianniello led his team in effectively managing the Company s finances. The

Company generated a record level of revenue and was successful in growing EPS over the prior fiscal year and for the eighth consecutive fiscal year. Under Mr. Ianniello s leadership, the Company increased its revenues derived from non-advertising sources, primarily through the negotiations of key retransmission and station affiliation deals that increased these revenue streams by 27% over the prior year and through licensing the Company s content world-wide. Mr. Ianniello also focused on strengthening the Company s financial position and returning value to shareholders by successfully managing the Company s share repurchase program and restructuring the Company s debt portfolio, which resulted in a reduction of the Company s weighted average interest expense and an extension of its overall maturity profile and gave the Company additional financial flexibility. Mr. Ianniello provided oversight of the process culminating in the Company s successful pension derisking project, including construction of the plan asset portfolio to achieve the best pricing, that reduced its outstanding pension benefit obligation by approximately $800 million. Throughout 2017, Mr. Ianniello successfully communicated an effective message to the investment community and achieved significant savings from strategic tax planning and restructuring. Mr. Ianniello also provided leadership and direction for the Company s information technology group.

Mr. Tu manages a highly effective global legal organization which advises, guides and supports the Company s business activities throughout the world. Mr. Tu manages and oversees both the Company s extensive internal legal resources and its broad network of external legal advisors, with the goal of providing proactive, cost-effective, high quality and timely support across the Company s business operations. His areas of responsibility include advising the Company s management and Board of Directors on corporate governance matters; the timely resolution of disputes through formal and informal adversarial processes and settlement negotiations; oversight of regulatory, disclosure, and public company reporting obligations; advice, guidance and documentation relating to mergers, acquisitions, dispositions, joint ventures, content-production arrangements and other strategic transactions; the negotiation and documentation of key commercial arrangements, including material agreements relating to the licensing and distribution of content, both domestically and internationally; legal support of the Company s expanding content production activities, including clearance, rights acquisition and in-bound and out-bound licensing; protection of the Company s intellectual property rights; and leadership of the Company s global compliance programs. Mr. Tu s substantial contributions include key commercial arrangements with major distributors and affiliates and new market entrants; strategic transactions relating to the Company (including the Company s successful divestiture of its CBS Radio business and its acquisition of Network Ten in Australia); a significant restructuring of the Company s substantial ongoing pension obligations; the protection of the Company s financial and reputational interest through highly effective advocacy and resolution of legal and commercial disputes; and the continued expansion of the direct-to-consumer distribution of the Company s content through owned and third-party video streaming services. Mr. Tu s leadership was instrumental towards inspiring the legal department s active involvement in community volunteer activities, including the provision of *pro bono* legal services, and in efforts to drive greater diversity in the legal profession.

Mr. Ambrosio serves as the Company s chief administrative officer and chief human resources officer. As chief administrative officer, he is responsible for oversight of corporate real estate, strategic sourcing, including travel and supplier diversity, facilities management and corporate security, corporate planning, and corporate social responsibility, including philanthropy and CBS Cares. He also provides management oversight of the Company s EcoMedia business unit, which connects advertisers with leading non-profits to make tangible, quality of life improvements in communities nationwide. As chief human resources officer, he is responsible for all aspects of the global human resources function. During 2017, Mr. Ambrosio effectively managed the Company s most significant areas of people and administrative costs, including controlling overall compensation and benefit expenses, reducing sourcing spend across the Company s business while continuing to focus on increasing the share of the Company s sourcing spend with diverse suppliers. Mr. Ambrosio s real estate team executed on a number of important negotiations, including securing tenant renewals in owned locations, securing reductions in real estate occupancy costs in leased locations, and securing new or existing locations for key business units. Together, these efforts contributed to the Company s reduction in compensation and administrative costs, and will continue to do so in future years. Under Mr. Ambrosio s supervision, CBS s EcoMedia business unit completed its 500th community project during 2017, and made significant progress in the development of a new digital business, Givewith. In human resources, Mr. Ambrosio s leadership was integral to the Company s execution of key leadership hires and

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changes, transitioning several executives to more senior roles and securing the continued employment of key members of the Company s senior management team. Mr. Ambrosio also oversaw the successful completion of a number of projects involving the Company s benefit offerings, including the Company s group annuity purchase that reduced its outstanding pension benefit obligation by approximately $800 million, the transition to a new record-keeper, administrator and trustee for the Company s defined contribution plans, an expansion of the Company s benefit offerings and the seamless transition of CBS Radio s benefits programs in connection with its divestiture. Mr. Ambrosio also ensured that the Company is meeting its recruitment, retention and succession planning needs at the most senior executive levels across the entire Company, addressing the Company s critical needs for top executive talent. Mr. Ambrosio s leadership has also contributed to the Company s efforts toward building a diverse workforce and an inclusive workplace, and an increase in community outreach and employee volunteering efforts.

Mr. Schwartz led his team to successfully develop and manage the communications strategy and reputation for all of the Company s domestic and international business units. Reporting directly to Mr. Moonves while serving as a key member of the Company s senior management team, Mr. Schwartz continued to execute the communication strategy that emphasizes the Company s positioning in the evolving media landscape. Mr. Schwartz also provided advice on a wide range of strategic and tactical issues, and advised all company division heads and public relations department senior staffs (who report to him and his senior team) on communications strategies for major announcements and issues. Most notably, Mr. Schwartz oversaw communications campaigns for The *CBS Television Network*, *Showtime*, for the divestiture of the CBS Radio business and the acquisition of Network Ten, and for the further development and expansion of the Company s over-the-top streaming services, including *CBS All Access*, *Showtime* over-the-top, *CBSN*, *CBS Sports HQ* and the upcoming launch of a new streaming version of Entertainment Tonight. Throughout 2017, Mr. Schwartz also oversaw all of the Company s internal communications vehicles, including the weekly publication of *CBS Update* to all employees and certain members of the analyst community, the ongoing publication of the Company s award-winning annual newsletter highlighting the Company s efforts with respect to diversity and inclusion, and the publication of a special issue highlighting the Company s support of the military and veterans issues.

In determining the individual bonus payouts to the named executive officers for 2017, the Compensation Committee took into consideration the factors above, as well as the historical bonus payouts and performance relative to previous years performances. In addition, for Mr. Moonves, the Committee took into account the successes in his role as Chairman of the Board, President and Chief Executive Officer of the Company and his contributions to the creative successes across the Company s portfolio of businesses. For all of these reasons, the Committee determined to award bonuses in the amounts set forth in the Summary Compensation Table for Fiscal Year 2017 and related footnotes.

***Long-Term Incentive Programs***

*Long-Term Management Incentive Program ( LTMIP )*

The LTMIP is designed as a pay for performance vehicle to encourage executives to make decisions that will create and sustain long-term value for stockholders. It is also a vehicle used to retain talent and build executive ownership. Through the Company s total compensation design, a significant portion of the total compensation opportunity for the named executive officers is directly linked to stock price performance (with equity awards targeted at 34% 46% of total target compensation for 2017), with the intention of creating alignment with the stockholders.

In determining the target value to be delivered through these equity vehicles, the Compensation Committee reviews competitive market data, the Company s retention needs, potential stockholder dilution, the expense to be incurred by the Company and prior equity grant practices. Eligibility to participate in the LTMIP is generally limited to executives who have management responsibility.

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The type and mix of equity-based vehicles used to deliver value varies primarily by an executive s level in the organization and the Company s business needs. The Compensation Committee considers the following objectives in determining the appropriate type and mix of equity-based vehicles:

- *Increased alignment with stockholder interests (Stock Options):* Provide the opportunity to acquire an equity interest in the Company and share in the appreciation of the value of the stock.

- *Increased accountability for senior executive (Performance-Based Stock Awards):* Motivate senior executives to focus on Company performance through the achievement of pre-determined financial goals over a designated period.

- *Retention of talent in both up and down markets (Time-Based Stock Awards):* Provide real value in awards that are earned over a specified vesting period.

The values, mix, and type of annual grants for senior executives are discussed by management and the Compensation Committee and ultimately approved by the Committee, unless the terms have been previously approved and set forth in an employment agreement. In determining the value, mix and type of awards, the Committee takes into consideration the objectives to allocating award types noted above and the competitive assessment of total compensation reviewed by the independent compensation consultant (as discussed in the Evaluating Senior Executive Compensation section above) and also reviews the LTMIP with its independent compensation consultant and senior management. For 2017, Messrs. Ianniello, Tu, Ambrosio and Schwartz received LTMIP awards, based on their then-current contractual target values that took into account the compensation assessment and the relative impact of the executive s position on Company performance, of which 40% was delivered in stock options, 30% in performance-based restricted stock units ( PRSUs ), and 30% in time-based restricted stock units ( TRSUs and together with the PRSUs, the RSUs ). Mr. Tu also received a TRSU award under the Company s Fund-the-Future Program ( FtF ), which provides equity compensation to eligible employees, excluding those actively participating in certain pension plans and employees otherwise subject to a collectively bargained agreement that does not provide for participation in the FtF. The remaining named executive officers are not eligible for the FtF, as they actively participate in certain pension plans.

For Mr. Moonves, his annual grant of RSUs for 2017, which was comprised of 50% PRSUs and 50% TRSUs and had a grant date value of $15.5 million, was awarded in accordance with the terms set forth in his employment agreement. In addition, during 2017, as part of Mr. Moonves bonus for 2016, the Compensation Committee granted to Mr. Moonves shares of the Company s Class B Common Stock having a grant date value of $5 million. (See the Grants of Plan-Based Awards During 2017 table.)

*Performance Goals for LTMIP Awards*

Performance Goals for 2017. At the beginning of each year, the Compensation Committee reviews performance goals for the annual awards of PRSUs and considers which metrics offer the best measure of Company performance to reflect the Company s core objective of pay for performance. In setting the performance goal for the 2017 PRSUs, which also will be used to measure 2017 financial performance for the 2015 and 2016 Performance Share Awards (see Grants of Plan-Based Awards During 2017 Description of Plan-Based Awards ), the Committee took into account the performance goal from the previous year and sought to establish a performance goal that was meaningful and challenging and designed to motivate performance, without encouraging senior executives to engage in risky business activities in order to achieve unattainable goals or overcome lower results caused by unforeseen events. See also the "Fiscal Year 2017 Executive Summary—Pay for Performance" section above for more information regarding the performance goals for 2017.

For 2017, the performance goal for the most senior levels of management, including the named executive officers, was the achievement during 2017 of a 90% or greater level of the weighted average performance of (i) the percentage of an OI Metric Target (as defined below) of $2.568 billion actually achieved (75% weighting) and (ii) the percentage of an FcF Metric Target (as defined below) of $583 million actually achieved (25% weighting).

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In setting the 2017 performance goal, the Compensation Committee selected two metrics: (i) operating income (the OI metric ) and (ii) Free Cash Flow (*i.e.*, operating income before depreciation and amortization, less cash interest, taxes paid, working capital requirements and capital expenditures) (the FcF metric ). The OI Metric Target is calculated by starting with the Company s budget for 2017 for the OI metric and then taking into account items approved by the Committee that may otherwise distort the calculation of the performance goal, and the FcF Metric Target is calculated by starting with the Company s budget for 2017 for the FcF metric and then taking into account the same items. The Committee selected the OI metric because it is an important indicator of the Company s operational strength and performance of its businesses, as it measures efficiency and profitability and incentivizes management to better control expenses. The FcF metric was selected because it gives a clear view of the Company s ability to generate cash (and thus profits), which allows the Company to pursue opportunities that enhance stockholder value.

The vesting of an annual award of PRSUs is subject to the Compensation Committee s determination of the level of achievement against a pre-determined performance goal set by the Committee. See Grants of Plan-Based Awards During 2017 Description of Plan-Based Awards for vesting schedules. The number of target shares is determined at the time of grant based on the closing price of a share of the Company s Class B Common Stock on the NYSE on the date of grant (February 23, 2017). The number of shares earned upon vesting of the PRSUs is determined in accordance with the following schedule:

- if the Company achieves less than 80% of the pre-determined performance goal, the award will be forfeited;
- if the Company achieves 80% of the pre-determined performance goal, 80% of the target shares will be earned;
- if the Company achieves 100% of the pre-determined performance goal, 100% of the target shares will be earned; and
- if the Company achieves 120% or greater of the pre-determined performance goal, 120% of the target shares will be earned.

For achievement at intermediate points between 80% and 100% and between 100% and 120%, the number of shares to be delivered will be linearly interpolated. Dividend equivalents accrue on the target number of shares and equal the value of regular cash dividends paid on the shares of the Company s Class B Common Stock. Dividend equivalents are paid in cash, less applicable withholdings, when the PRSUs vest, but only up to the amount payable with respect to the target number of shares. If the PRSUs do not vest, then the dividend equivalents accrued on those PRSUs are forfeited.

Payout under PRSU Awards for 2017. In February 2018, the Compensation Committee reviewed and discussed the Company s 2017 performance against the 2017 performance goal. The Committee certified that the 2017 performance goal had been exceeded. Actual performance with respect to the OI metric was $2.423 billion and with respect to the FcF metric was $609 million. Thus 107.7% of the target number of shares underlying the PRSUs granted in February 2017 to the named executive officers vested in accordance with their respective schedules.

*Grant Date of Awards*

The grant date for equity awards is the date on which the Compensation Committee approves awards under the Company s LTMIP or, if so determined by the Committee, a future grant date, or a date specified in an employment agreement. The Committee may approve an award that will have a future grant date, with the exercise price of any stock option not to be less than the closing price of a share of the Company s Class B Common Stock on the NYSE on the date of grant. The Company does not set grant dates intentionally to precede the release of material non-public information. Communications regarding individual grant awards, including the terms and conditions, are provided to recipients as soon as administratively feasible. Annual management grants

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awarded in 2017 were approved on February 23, 2017, with a grant date of the same date. The exercise price of stock options granted on February 23, 2017 was the closing price of the Company s Class B Common Stock on that date (*i.e.*, $66.31).

*Other Terms for RSUs/Stock Options*

For a description of certain other material terms of the RSU and stock option grants, see Grants of Plan-Based Awards During 2017 Description of Plan-Based Awards.

*Delegation of Authority With Respect to Awards*

The Compensation Committee has delegated to the Chairman of the Board, President and Chief Executive Officer limited authority, with respect to executives who are not senior executives, to grant long-term incentive awards under the Company s long-term incentive plan to such executives in connection with their hiring, promotion or contract renewal and to modify the terms of outstanding equity grants in certain post-termination scenarios. The Committee delegated this authority in order for the Company to have the ability to (i) act in a timely manner in a competitive environment in connection with the hiring of new executives or the compensating of an existing executive being given a significant increase in responsibility and (ii) maintain flexibility to manage compensation in post-termination scenarios when mutually beneficial to the Company and the executive. The Committee s delegation specifies the circumstances in which the authority can be used; limits the amount that can be awarded to an individual, the total amount that can be awarded in any period, and, in certain circumstances, aggregate incremental expense that can be incurred by the Company resulting from modifications of the terms of outstanding equity grants; and specifies the method for establishing the grant date. The delegation also requires that the Chairman of the Board, President and Chief Executive Officer report to the Committee periodically on his exercise of this delegated authority.

**Stock Ownership Guidelines**

In order to further align the senior executives interests with those of the Company s stockholders, the Company has established stock ownership guidelines. The guidelines provide that, within five years, starting in fiscal year 2007 or, if later, in the year in which a senior executive becomes subject to the guidelines, these senior executives are expected to acquire and establish holdings in Company stock equal in value to a multiple of their cash base (base salary less mandatory deferrals, if applicable), depending upon their positions as follows:

| Senior Executive | Ownership Guideline Multiple |
|---|---|
| Chairman of the Board, President and Chief Executive Officer | 6x cash base |
| Chief Operating Officer | 4x cash base |
| Other Senior Executives | 1x to 3x cash base |

All types of equity holdings, with the exception of stock options, are included in determining ownership. The Compensation Committee monitors compliance with these guidelines by receiving an annual progress report from senior management. During 2017, senior management reported to the Committee that all of the named executive officers subject to the guidelines met the guidelines as applied to each of them. The Committee determined to continue to monitor compliance with the guidelines. During 2017, the Committee determined to increase the ownership guidelines multiple to 6x cash base for the Chairman of the Board, President and Chief Executive Officer and to 4x cash base for the Chief Operating Officer.

**Retirement and Deferred Compensation Plans**

The Company provides active, eligible employees, including the named executive officers, with the opportunity to build financial resources for retirement through the Company s broad-based tax-qualified defined benefit and/or defined contribution plans. In addition, eligible executives, including the named executive officers, participate in the Company s nonqualified defined benefit and/or deferred compensation plans. In some instances, participants in these qualified and nonqualified plans may also have frozen benefits in other qualified and nonqualified plans. Information regarding these retirement and deferred compensation plans applicable to the named executive officers is set forth in the narrative following each of the Pension Benefits in 2017 tables and Nonqualified Deferred Compensation in 2017 table.

**All Other Compensation**

The Company provides for other compensation to participating employees (including the named executive officers) by providing Company-matching contributions in the CBS 401(k) and 401(k) excess plans and Company-paid life insurance. Compensation paid to the named executive officers in relation to these programs is included in the All Other Compensation column of the Summary Compensation Table for Fiscal Year 2017.

In certain instances, the Company provides executives, including the named executive officers, with additional benefits that the Company believes are reasonable and typical for executives in similar industries and helps the Company to attract and retain these executives. Among these benefits are transportation-related benefits, which the Company believes provide security, travel flexibility and efficiencies that result in a more productive use of the executive s time, given the demands of his position. In addition, the Company provided security services to Mr. Moonves, at the Company s request, due to the significance of the chief executive to the Company and the security issues that surround a senior executive in Mr. Moonves position, representing a high-profile company with multinational interests.

The Company also requires that named executive officers who are East Coast-based provide extended services at the Company s West Coast operations (and *vice versa* with respect to one who is West Coast-based), for which the Company provides an expense allowance; executives are reimbursed for taxes on imputed income associated with certain expenses. All additional benefits are also described in footnote 7 to the All Other Compensation column of the Summary Compensation Table for Fiscal Year 2017.

**Post-Termination Arrangements**

Each of the named executive officers is entitled to post-termination payments and benefits upon the occurrence of a termination without cause or a resignation for good reason and upon death or disability, as set forth in their respective employment agreements. The employment agreements for Messrs. Ianniello, Tu, Ambrosio and Schwartz also provide enhanced severance payments and benefits in the event of a termination within twenty-four months following certain corporate events. In addition, the agreement with Mr. Moonves provides for accelerated vesting of outstanding equity-based awards in certain circumstances following a transaction that results in the Company s stock ceasing to be publicly traded.

The terms of these payments and benefits, and the estimated potential payments that would be made to each named executive officer if his employment terminated as of the 2017 fiscal year end for the applicable reasons noted above are described under Potential Payments Upon Termination and Certain Other Events. In assessing post-termination payments and benefits in connection with senior executive employment arrangements, the Compensation Committee considers competitive practice with respect to comparable executives at media peers as well as prevailing practice and trends with respect to other public companies that are relevant in terms of size and complexity. The objective of these payments and benefits is to recruit and retain talent in a competitive market and, as applicable, compensate executives for restrictive covenants and other obligations following a termination without cause or a resignation for good reason.

**Compensation Deductibility Policy**

In approving compensation, the Compensation Committee takes into account Section 162(m) of the Code. As it existed in 2017 at the time the Compensation Committee made its decisions for 2017 compensation, Section 162(m) generally limited to $1 million the federal tax deductibility of some forms of compensation paid in one year to the chief executive officer and the three other most highly compensated executive officers employed by the Company at the end of the year (other than the Company s chief financial officer) and provided that performance-based compensation may qualify for an exception to the limit on deductibility, if among other requirements, the plan under which such compensation is paid met certain requirements, including stockholder approval. Each of the Senior Executive STIP and the Company s long-term incentive plan was designed to permit awards that would comply with this Section 162(m) exception for performance-based compensation, and the Company s stockholders previously approved both of these plans. Legislation recently signed into law in December 2017, the Tax Cuts and Jobs Act (the Act ), expands the number of individuals covered by Section 162(m) and eliminates the exception for performance-based compensation for taxable years beginning after December 31, 2017, except for otherwise qualified compensation payable pursuant to a written binding contract in effect on November 2, 2017 that is not subsequently materially modified.

In order to provide appropriate compensation, the Compensation Committee has historically approved compensation exceeding the $1 million limitation under Section 162(m), including with respect to a portion of base salary and long-term incentives, and compensation exceeding the maximum bonus amount provided for under the Senior Executive STIP, and the Compensation Committee may continue to approve compensation exceeding the $1 million limitation under Section 162(m) going forward. For 2017, as part of the Bonus Program, the named executive officers were eligible to receive bonus awards under the Senior Executive STIP, and the named executive officers were (and continue to be) eligible to receive long-term compensation under the Company s long-term incentive plan. Despite the Committee s efforts to structure such 2017 bonus and long-term compensation to be eligible for deductibility under Section 162(m) as it then existed, because of the uncertainties in the interpretation of Section 162(m) as amended by the Act, including applicable transition relief rules, no assurance can be given that compensation for 2017 that had been intended to qualify for the performance-based exception to the limit on deductibility under Section 162(m) will be deductible under those transition relief rules.

For 2017, in order for bonus awards made under the Senior Executive STIP to be eligible for deductibility under Section 162(m), as it then existed, the Compensation Committee established a performance criterion for the bonus awards, which criterion could not be certain of being achieved at the time it was set. In setting the performance criterion for 2017, the Committee took into account the performance criterion from the previous year and sought to establish a performance criterion that was meaningful and challenging and designed to motivate performance, without encouraging senior executives to engage in risky business activities in order to achieve unattainable goals or overcome lower results caused by unforeseen events.

The Section 162(m) performance criterion established by the Committee for 2017 was the achievement during 2017 of an 80% or greater level of the weighted average performance of (i) the percentage of an OI Metric Target of $2.568 billion actually achieved (75% weighting) and (ii) the percentage of an FcF Metric Target of $583 million actually achieved (25% weighting). The OI Metric Target is calculated by starting with the Company s budget for 2017 for the OI metric and then taking into account items approved by the Committee that may otherwise distort the calculation of the performance criterion, and the FcF Metric Target is calculated by starting with the Company s budget for 2017 for the FcF metric and then taking into account the same items.

Assuming a Compensation Committee determination that the performance criterion had been achieved, the terms of the Senior Executive STIP established a maximum bonus for each named executive officer that could be awarded under the Senior Executive STIP equal to eight times his base salary in effect at the beginning of the year, with the amount of the bonus, if any, actually awarded to any named executive officer under the Senior Executive STIP being subject to the Committee s downward discretion, as discussed under the Performance-Based Compensation Programs Bonus Awards section above. This framework for establishing a maximum bonus was designed to provide that the awards granted under the Senior Executive STIP would be eligible for deductibility under Section 162(m).

In January 2018, the Compensation Committee reviewed and discussed the Company s 2017 performance against the 2017 performance criterion. Actual performance with respect to the OI metric was $ 2.423 billion and with respect to the FcF metric was $609 million. The Committee certified that the 2017 performance criterion

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had been exceeded with actual performance exceeding the targeted level. Therefore, the Committee awarded bonuses to the named executive officers under the Senior Executive STIP.

With respect to the Company s long-term incentive plan, in 2017, the Compensation Committee also established performance goals for PRSUs, rendering them eligible for deductibility under Section 162(m), as it then existed, as described in the Long-Term Incentive Programs Performance Goals for LTMIP Awards section above.

**Employment Contracts**

All of the named executive officers had during 2017, and continue to have, employment contracts with the Company, as the Compensation Committee has considered it to be in the Company s best interest, and as the best means, to secure the employment of each of these executives. The terms and provisions of these contracts are more fully described in the narrative section following the Summary Compensation Table for Fiscal Year 2017 and in Changes in Named Executive Officers Compensation Arrangements in 2017 in this Compensation Discussion and Analysis.

The Compensation Committee approves all employment arrangements with senior executives. With respect to employees other than senior executives, employment contracts are subject to an approval process coordinated through the Office of the Senior Executive Vice President, Chief Administrative Officer and Chief Human Resources Officer.

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## COMPENSATION COMMITTEE REPORT

*The following Compensation Committee Report does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent the Company specifically incorporates such information by reference.*

The Compensation Committee Charter states that the primary purpose of the Compensation Committee is to discharge the responsibilities of the Board of Directors relating to the compensation of the Company s executive officers and other senior executives. Under the Charter, the Compensation Committee s authorities and duties include, among other things:

- Adopting and periodically reviewing the Company s philosophy, strategy and principles regarding the design and administration of the Company s compensation programs;

- Reviewing and approving the total compensation packages for the Company s executive officers and other senior executives identified by the Committee after consultation with the Company s Chairman of the Board, President and Chief Executive Officer and Senior Executive Vice President, Chief Administrative Officer and Chief Human Resources Officer (excluding Talent, as such term is currently used in the media or entertainment industries); and

- Overseeing the administration of the Company s incentive compensation plans and equity-based compensation plans.

The Compensation Committee retains an independent compensation consulting firm to advise the Committee in its review of senior executive compensation. The consultant reports directly to the Compensation Committee.

The full text of the Compensation Committee Charter is available on the Company s website at www.cbscorporation.com. The Compensation Committee assesses the adequacy of its Charter at least every other year, or more frequently as the Committee may determine.

The Compensation Committee of the Board of Directors of CBS Corporation has reviewed and discussed with the Company s management the Compensation Discussion and Analysis ( CD&A ) included in this proxy statement. Based on this review and these discussions, the Compensation Committee has recommended to the CBS Corporation Board of Directors that the CD&A be included in this proxy statement and incorporated by reference from this proxy statement into the Company s Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on February 20, 2018.

***Members of the Compensation Committee***

Bruce S. Gordon, Chair

William S. Cohen

Linda M. Griego

Doug Morris

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## EXECUTIVE COMPENSATION

**Summary Compensation Table for Fiscal Year 2017(1)**

The following table sets forth information concerning total compensation for the Company s last three completed fiscal years for the Company s principal executive officer, principal financial officer and the three other most highly compensated executive officers of the Company for fiscal year 2017 who were serving as executive officers at the end of fiscal year 2017 (the named executive officers ).

| Name and Principal Position (a) | Year (b) | Salary ($) (c)(2) | Bonus ($) (d)(3) | Stock Awards ($) (e)(4) | Option Awards ($) (f)(5) | Change in Pension Value and NQDC Earnings ($) (g)(6) | All Other Compensation ($) (h)(7) | Total ($) (i) |
|---|---|---|---|---|---|---|---|---|
| Leslie Moonves | 2017 | 3,500,000 | 20,000,000 | 43,695,967 | 0 | 957,708 | 1,179,048 | 69,332,723 |
| *Chairman of the Board, President and Chief Executive Officer* | 2016 | 3,500,000 | 32,000,000 | 31,946,942 | 0 | 973,220 | 1,147,704 | 69,567,866 |
| | 2015 | 3,500,000 | 19,000,000 | 25,499,919 | 7,199,999 | 623,231 | 1,152,883 | 56,976,032 |
| Joseph R. Ianniello | 2017 | 2,500,000 | 12,000,000 | 4,199,942 | 2,800,000 | 253,072 | 363,474 | 22,116,488 |
| *Chief Operating Officer* | 2016 | 2,500,000 | 12,500,000 | 10,726,720 | 2,799,993 | 190,988 | 321,442 | 29,039,143 |
| | 2015 | 2,500,000 | 8,073,000 | 12,686,605 | 2,799,995 | 57,100 | 295,446 | 26,412,146 |
| Lawrence P. Tu | 2017 | 1,284,808 | 3,280,000 | 2,113,678 | 1,400,000 | 0 | 64,903 | 8,143,389 |
| *Senior Executive Vice President and Chief Legal Officer* | 2016 | 1,200,000 | 3,800,000 | 2,113,667 | 1,399,997 | 0 | 58,642 | 8,572,306 |
| | 2015 | 1,200,000 | 2,700,000 | 2,113,748 | 1,399,998 | 0 | 69,877 | 7,483,623 |

&nbs