

CBS CORP  
Form DEFA14A  
April 27, 2009

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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))**
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**CBS Corporation**

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(Name of Registrant as Specified In Its Charter)

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**EXPLANATORY NOTE**

Due to an administrative error in the filing of the Company's definitive proxy statement on Friday, April 24, 2009, Annexes B and C to the proxy statement were not attached to the filing. Attached hereto as additional materials to the proxy statement are Annexes B and C.

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**CBS CORPORATION**  
**2000 STOCK OPTION PLAN FOR OUTSIDE DIRECTORS**  
**(as amended and restated through June 9, 2009)**

**ARTICLE I**

**GENERAL**

**Section 1.1 Purpose.**

The purpose of the CBS Corporation 2000 Stock Option Plan for Outside Directors, as amended from time to time (the "Plan"), is to benefit and advance the interests of CBS Corporation, a Delaware corporation (the "Company"), and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of the Company or its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries. The Plan replaces the former Viacom Inc. Stock Option Plan for Outside Directors and the former Viacom Inc. 1994 Stock Option Plan for Outside Directors (the "Predecessor Plans"). From and after the Effective Date of the Plan as provided in Article VI below, no further awards shall be made under the Predecessor Plans.

**Section 1.2 Definitions.**

As used in the Plan, the following terms shall have the following meanings:

- (a) "Agreement" shall mean the written agreement and/or certificate or other documentation governing Stock Options granted under the Plan, which shall contain terms and conditions not inconsistent with the Plan and which shall incorporate the Plan by reference.
- (b) "Annual Grant" shall have the meaning set forth in Section 2.1.
- (c) "Board" shall mean the Board of Directors of the Company.
- (d) "Class B Common Stock" shall mean the shares of Class B Common Stock, par value \$0.001 per share, of the Company.
- (e) "Company" shall have the meaning set forth in Section 1.1.
- (f) "Date of Grant" shall have the meaning set forth in Section 2.1.
- (g) "Effective Date" shall mean the effective date of the Plan provided for in Article VI below.
- (h) "Fair Market Value" of a share of Class B Common Stock on a given date shall mean, unless otherwise determined by the Board, the closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by *The Wall Street Journal* (Northeast edition) as the 4:00 p.m. (New York time) closing price or as reported by any other authoritative source selected by the Company.
- (i) "Initial Grant" shall have the meaning set forth in Section 2.1.
- (j) "Outside Director" shall mean any member of the Board who is not an employee of the Company or any of its Subsidiaries.
- (k) "Participant" shall mean any Outside Director to whom Stock Options have been granted under the Plan.
- (l) "Plan" shall have the meaning set forth in Section 1.1.
- (m) "Predecessor Plans" shall have the meaning set forth in Section 1.1.



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- (n) "RSU Plan" shall mean the CBS Corporation 2005 RSU Plan for Outside Directors, as amended from time to time.
- (o) "Separation" shall mean the separation of former Viacom Inc. into two publicly-traded companies, CBS Corporation and new Viacom Inc., which was completed on December 31, 2005.
- (p) "Stock Option" shall mean a contractual right granted to a Participant under the Plan to purchase shares of Class B Common Stock or other securities at such time and price, and subject to the terms and conditions, as are set forth in the Plan.
- (q) "Subsidiary" shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, more than 50% of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

### **Section 1.3 Administration of the Plan.**

The Plan shall be administered by the members of the Board who are not Outside Directors, and such Board members shall determine all questions of interpretation, administration and application of the Plan. Such Board members' determinations shall be final and binding in all matters relating to the Plan. The Board may authorize any officer of the Company to execute and deliver an Agreement on behalf of the Company to a Participant.

### **Section 1.4 Eligible Persons.**

Stock Options shall be granted only to Outside Directors.

### **Section 1.5 Class B Common Stock Subject to the Plan.**

Subject to adjustment in accordance with the provisions of Article III hereof, the maximum number of shares of Class B Common Stock available for Stock Options granted under the Plan on or after January 1, 2009, when aggregated with the number of shares of Class B Common Stock available for awards made under the RSU Plan on or after January 1, 2009, shall be 1,681,995 shares plus any shares that are available to be regranted pursuant to the last sentence of this Section 1.5. The shares of Class B Common Stock shall be made available from authorized but unissued shares of Class B Common Stock or from shares of Class B Common Stock issued and held in the treasury of the Company. The Exercise of Stock Options in any manner shall result in a decrease in the number of shares of Class B Common Stock which thereafter may be issued for purposes of this Section 1.5 by the number of shares as to which the Stock Options are exercised. Shares of Class B Common Stock with respect to which Stock Options expire or are cancelled without being exercised or are otherwise terminated, may be regranted under the Plan.

## **ARTICLE II**

### **PROVISIONS APPLICABLE TO STOCK OPTIONS**

#### **Section 2.1 Grants of Stock Options.**

Each person who is elected as or who becomes an Outside Director, in each case for the first time on or subsequent to the Effective Date, shall be granted Stock Options to purchase 12,734 shares of Class B Common Stock (10,000 shares of Class B Common Stock prior to adjustments made in connection with the Separation) (an "Initial Grant"), on the date of such individual's election or appointment to the Board or on the date such person first becomes an Outside Director, as appropriate (the "Date of Grant" of such Stock Options). Each person who is an Outside Director on August 1, 2000, January 31, 2001 and each January 31<sup>st</sup> thereafter through and including January 31,

2015 (each, the "Date of Grant" of the respective Stock Options) shall be granted additional Stock Options to purchase the following number of shares of Class B Common Stock (each, an "Annual Grant"): (i) Annual Grants awarded before May 21, 2003 shall be for 3,000 shares of Class B Common Stock; (ii) Annual Grants awarded after May 21, 2003 and before January 1, 2006 shall be for 4,000 shares of Class B Common Stock; and (iii) Annual Grants awarded after January 1, 2006 shall be for 5,093 shares of Class B Common Stock (4,000 shares of Class B Common Stock prior to adjustments made in connection with the Separation). Each Initial Grant and each Annual Grant shall be subject to the terms and conditions set forth in the Plan and shall have an option price per share equal to the Fair Market Value of a share of Class B Common Stock on the Date of Grant or, if the Date of Grant is not a business day on which the Fair Market Value can be determined, on the last business day preceding the Date of Grant on which the Fair Market Value can be determined. All Stock Options granted under the Plan shall be "Non-Qualified Stock Options" which are not intended to meet the requirements of Section 422 of the Internal Revenue Code of 1986, as amended. The terms and conditions of the Stock Options shall be set forth in an option certificate which shall be delivered to the Participant reasonably promptly following the Date of Grant of such Stock Options.

## **Section 2.2 Exercise of Stock Options.**

(a) *Exercisability.* Stock Options shall be exercisable only to the extent the Participant is vested therein. Subject to Section 2.2(c), each Initial Grant of Stock Options under the Plan shall vest and become exercisable on the first anniversary of the Date of Grant. Subject to Section 2.2(c), each Annual Grant shall vest and become exercisable as follows: (i) for Annual Grants awarded before May 21, 2003, on the first anniversary of the Date of Grant; and (ii) for Annual Grants awarded after May 21, 2003, in three equal annual installments, on the first, second and third anniversaries of the Date of Grant.

(b) *Option Period.*

(i) *Latest Exercise Date.* No Stock Option granted under the Plan shall be exercisable after the tenth anniversary of the Date of Grant thereof.

(ii) *Registration Restrictions.* Any attempt to exercise a Stock Option or to transfer any shares issued upon exercise of a Stock Option by any Participant shall be void and of no effect, unless and until (A) a registration statement under the Securities Act of 1933, as amended, has been duly filed and declared effective pertaining to the shares of Class B Common Stock subject to such Stock Option, and the shares of Class B Common Stock subject to such Stock Option have been duly qualified under applicable federal or state securities or blue sky laws or (B) the Board, in its sole discretion, determines, or the Participant desiring to exercise such Stock Options, upon the request of the Board, provides an opinion of counsel satisfactory to the Board, that such registration or qualification is not required as a result of the availability of any exemption from registration or qualification under such laws. Without limiting the foregoing, if at any time the Board shall determine, in its sole discretion, that the listing, registration or qualification of the shares of Class B Common Stock under any federal or state law or on any securities exchange or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, delivery or purchase of such shares pursuant to the exercise of a Stock Option, such Stock Option shall not be exercisable in whole or in part unless and until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board.

(c) *Exercise in the Event of Termination of Services.*

(i) *Termination other than for Death or Disability.* If the services of a Participant as a director of the Company terminate for any reason other than for death or disability, the Participant may exercise his or her Stock Options until the first anniversary of the date of such

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termination, but only to the extent such Stock Options were vested on the termination date, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). Upon a termination described in this Section 2.2(c)(i), the Participant shall relinquish all rights with respect to Stock Options that are not vested as of such termination date.

(ii) *Death.* If a Participant dies while serving as a director, his or her Stock Options may be exercised by any person who acquired the right to exercise such Stock Options by will or the laws of descent and distribution until the first anniversary of the date of death, but only to the extent such Stock Options were vested on the date of death, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). All rights with respect to Stock Options that are not vested as of the date of death will terminate on such date of death.

(iii) *Permanent Disability.* If the services of Participant as a director of the Company terminate by reason of permanent disability, the Participant may exercise his or her Stock Options until the first anniversary of the date of such termination, but only to the extent such Stock Options were vested on the termination date, subject to earlier expiration of such Stock Options pursuant to Section 2.2(b)(i). Upon a termination described in this Section 2.2(c)(iii), the Participant shall relinquish all rights with respect to Stock Options that are not vested as of such termination date.

(d) *Payment of Purchase Price Upon Exercise.* Every share of Class B Common Stock purchased through the exercise of a Stock Option shall be paid for in full in cash on or before the settlement date for such share of Class B Common Stock. Cash payment of the exercise price includes payment by personal bank check, certified check or official bank check or, unless prohibited by the Board, a "cashless exercise" procedure involving a broker or dealer through whom a Participant sells immediately some or all of the shares underlying the exercised portion of a Stock Option in order to generate sufficient cash to pay the exercise price of the Option. In addition, the Participant shall make an arrangement acceptable to the Company to pay to the Company an amount sufficient to satisfy the combined federal, state and local withholding tax obligations, if any, which arise in connection with exercise of Stock Options.

### ARTICLE III

#### EFFECT OF CERTAIN CORPORATE CHANGES

In the event of any merger, consolidation, stock-split, dividend (other than a regular cash dividend), distribution, combination, recapitalization, reclassification, reorganization, split-off or spin-off that changes the character or amount of the shares of Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to (i) the number and kind of securities subject to any Stock Options, (ii) the exercise price of any Stock Options, (iii) the number and kind of securities subject to the Initial Grants and the Annual Grants referred to in Section 2.1, and (iv) the maximum number and kind of securities available for issuance under the Plan referred to in Section 1.5, in each case, as it deems appropriate. The Board may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve, but not increase, the benefits or potential benefits intended to be made available hereunder upon the occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants. Adjustments under this Article shall be conducted in a manner consistent with any adjustments under the RSU Plan.



**ARTICLE IV**

**MISCELLANEOUS**

**Section 4.1 No Right to Re-election.**

Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for re-election by the Company's stockholders, nor confer upon any Participant the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

**Section 4.2 Restriction on Transfer.**

The rights of a Participant with respect to the Stock Options shall not be transferable by the Participant to whom such Stock Options are granted, except (i) by will or the laws of descent and distribution, (ii) upon prior notice to the Company, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, *provided* that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor, (iii) upon prior notice to the Company, for transfers to a former spouse incident to a divorce or (iv) for such other transfers as the Board may approve, subject to any conditions and limitations that it may, in its sole discretion, impose.

**Section 4.3 Stockholder Rights.**

No grant of Stock Options under the Plan shall entitle a Participant, a Participant's estate or a permitted transferee to any rights of a holder of shares of Class B Common Stock, except upon the delivery of the shares resulting from exercise to a Participant, the Participant's estate or the permitted transferee upon exercise of a Stock Option.

**Section 4.4 No Restriction on Right of Company to Effect Corporate Changes.**

The Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the shares of Class B Common Stock or the rights thereof or which are convertible into or exchangeable for shares of Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

**Section 4.5 Exercise Periods Following Termination of Services.**

For the purposes of determining the dates on which Stock Options may be exercised following a termination of services or the death or disability of a Participant, the day following the date of such event shall be the first day of the exercise period and the Stock Options may be exercised up to and including the last business day falling within the exercise period. Thus, if the last day of the exercise period is not a business day, then the last date the Stock Options may be exercised is the last business day preceding the end of the exercise period. At the end of the relevant exercise period, each unexercised Stock Option shall expire.

**Section 4.6 Headings.**

The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

**Section 4.7 Governing Law.**

The Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

**ARTICLE V**

**AMENDMENT AND TERMINATION**

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part, including, without limitation, amending the provisions for determining the amount of Stock Options to be issued to an Outside Director, *provided, however*, that any amendment which under the requirements of applicable law or under the rules of the New York Stock Exchange or other principal stock exchange on which the shares of Class B Common Stock are then listed must be approved by the stockholders of the Company shall not be effective unless and until such stockholder approval has been obtained in compliance with such law or rule; and no termination, suspension, alteration or amendment of the Plan that would adversely affect a Participant's rights under the Plan with respect to any award of Stock Options made prior to such action shall be effective as to such Participant unless he or she consents thereto, *provided, however*, that no such consent shall be required if the Board determines in its sole discretion that any such alteration, amendment, suspension or termination is necessary or advisable to comply with any law, regulation, ruling, judicial decision or accounting standards.

**ARTICLE VI**

**EFFECTIVE DATE AND TERM**

**Section 6.1 Plan History.**

The Effective Date of the Plan is May 25, 2000, and stockholder approval was obtained at the first Annual Meeting of Stockholders following such date. The first amendment and restatement of the Plan became effective as of May 19, 2004, the date on which stockholder approval was obtained at the Company's 2004 Annual Meeting of Stockholders. The second amendment and restatement of the Plan became effective as of May 25, 2006, the date on which stockholder approval was obtained at the Company's 2006 Annual Meeting of Stockholders. The third amendment and restatement of the Plan will be submitted for the approval of the Company's stockholders at the Company's 2009 Annual Meeting of Stockholders and, if approved, will become effective as of the date of such Annual Meeting.

**Section 6.2 Awards Pending Stockholder Approval.**

Annual Grants and Initial Grants may be made hereunder subject to stockholder approval of the third amendment and restatement of the Plan, but to the extent that Stock Options included in such grants cover shares of Class B Common Stock in excess of the number of shares available for issuance under the Plan prior to giving effect to such third amendment and restatement, no such Stock Options may be exercised until such stockholder approval has been obtained. If the Company's stockholders do not approve the third amendment and restatement of the Plan at the Company's 2009 Annual Meeting of Stockholders, such Stock Options shall, to the extent of such excess number of shares, terminate and be of no further force or effect.

**Section 6.3 Term of the Plan.**

Unless earlier terminated in accordance with Article V above, the Plan shall terminate on the date of the Company's 2015 Annual Meeting of Stockholders, and no further Stock Options may be granted hereunder after such date. No further awards shall be made under the Predecessor Plans after the Effective Date. Awards outstanding under the Predecessor Plans shall remain outstanding after the Effective Date subject to the terms thereof.

**CBS CORPORATION**  
**2005 RSU PLAN FOR OUTSIDE DIRECTORS**  
**(as amended and restated through June 9, 2009)**

**ARTICLE I**

**GENERAL**

**Section 1.1 Purpose.**

The purpose of the CBS Corporation 2005 RSU Plan for Outside Directors, as amended from time to time (the "Plan"), is to benefit and advance the interests of CBS Corporation, a Delaware corporation (the "Company"), and its subsidiaries by obtaining and retaining the services of qualified persons who are not employees of the Company or its subsidiaries to serve as directors and to induce them to make a maximum contribution to the success of the Company and its subsidiaries.

**Section 1.2 Definitions.**

As used in the Plan, the following terms shall have the following meanings:

- (a) "Agreement" shall mean the written agreement and/or certificate or other documentation governing an Award under the Plan, which shall contain terms and conditions not inconsistent with the Plan and which shall incorporate the Plan by reference.
- (b) "Annual RSU Grant" shall mean a grant of Director RSUs made pursuant to Section 2.1(b) or Section 2.1(c).
- (c) "Award" shall mean any Director RSU or Dividend Equivalent.
- (d) "Board" shall mean the Board of Directors of the Company.
- (e) "Class B Common Stock" shall mean the shares of Class B Common Stock, par value \$0.001 per share, of the Company.
- (f) "Company" shall have the meaning set forth in Section 1.1.
- (g) "Director RSUs" shall mean a contractual right granted to a Participant pursuant to Article II to receive shares of Class B Common Stock, subject to the terms and conditions set forth in the Plan. Director RSUs shall be settled exclusively in Class B Common Stock. Director RSUs include the Initial RSU Grants, the Prorated RSU Grants and the Annual RSU Grants.
- (h) "Dividend Equivalent" shall mean a right to receive a payment based upon the value of the regular cash dividend paid on a specified number of shares of Class B Common Stock as set forth in Article III below. Payment in respect of Dividend Equivalents upon settlement shall be in shares of Class B Common Stock except as set forth in Article III below.
- (i) "Effective Date" shall mean the effective date of the Plan provided for in Article VII below.
- (j) "Fair Market Value" of a share of Class B Common Stock on a given date shall mean, unless otherwise determined by the Board, the closing price on such date on the New York Stock Exchange or other principal stock exchange on which the Class B Common Stock is then listed, as reported by *The Wall Street Journal* (Northeast edition) as the 4:00 p.m. (New York time) closing price or as reported by any other authoritative source selected by the Company.
- (k) "Initial RSU Grant" shall have the meaning set forth in Section 2.1.



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- (l) "Outside Director" shall mean any member of the Board who is not an employee of the Company or any of its Subsidiaries.
- (m) "Participant" shall mean any Outside Director to whom Awards have been granted under the Plan.
- (n) "Plan" shall have the meaning set forth in Section 1.1.
- (o) "Prorated RSU Grant" shall have the meaning set forth in Section 2.1.
- (p) "RSUs" shall have the meaning set forth in Section 2.1.
- (q) "Stock Option Plan" shall mean the CBS Corporation 2000 Stock Option Plan for Outside Directors, as amended from time to time.
- (r) "Subsidiary" shall mean a corporation (or a partnership or other enterprise) in which the Company owns or controls, directly or indirectly, more than 50% of the outstanding shares of stock normally entitled to vote for the election of directors (or comparable equity participation and voting power).

### **Section 1.3 Administration of the Plan.**

The Plan shall be administered by the members of the Board who are not Outside Directors, and such Board members shall determine all questions of interpretation, administration and application of the Plan. Such Board members' determinations shall be final and binding in all matters relating to the Plan. The Board may authorize any officer of the Company to execute and deliver an Agreement on behalf of the Company to a Participant.

### **Section 1.4 Eligible Persons.**

Awards shall be granted only to Outside Directors.

### **Section 1.5 Class B Common Stock Subject to the Plan.**

Subject to adjustment in accordance with the provisions of Article IV hereof, the maximum number of shares of Class B Common Stock available for Awards made under the Plan on or after January 1, 2009, when aggregated with the number of shares of Class B Common Stock available for awards made under the Stock Option Plan on or after January 1, 2009, shall be 1,681,995 shares plus any shares that are available to be regranted pursuant to the last sentence of this Section 1.5. The shares of Class B Common Stock shall be made available from authorized but unissued shares of Class B Common Stock or from shares of Class B Common Stock issued and held in the treasury of the Company. The settlement of any Awards under the Plan in any manner shall result in a decrease in the number of shares of Class B Common Stock which thereafter may be issued for purposes of this Section 1.5 by the number of shares issued upon such settlement. Shares of Class B Common Stock with respect to which Awards lapse, expire or are cancelled without being settled or are otherwise terminated may be regranted under the Plan.

## ARTICLE II

### RESTRICTED SHARE UNITS

#### **Section 2.1 Grants of Restricted Share Units ("RSUs").**

(a) On the date of the Company's 2005 Annual Meeting of Stockholders, each Outside Director as of such date shall automatically be granted a number of Director RSUs determined by dividing (i) \$55,000 by (ii) the Fair Market Value of one share of Class B Common Stock on the date of grant, with each fractional RSU rounded up to the next highest whole RSU (the "Initial RSU Grant"). The Initial RSU Grant is made in respect of the period from the date of the Company's 2005 Annual Meeting of Stockholders through January 31, 2006, and only persons who are Outside Directors

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as of the Company's 2005 Annual Meeting of Stockholders shall be entitled to receive the Initial RSU Grant.

(b) On January 31st of 2006 and 2007, each Outside Director shall automatically be granted a number of Director RSUs determined by dividing (i) \$55,000 by (ii) the Fair Market Value of one share of Class B Common Stock on the date of grant, with each fractional RSU rounded up to the next highest whole RSU.

(c) On January 31, 2008 and each January 31st thereafter, each Outside Director shall automatically be granted a number of Director RSUs determined by dividing (i) \$75,000 by (ii) the Fair Market Value of one share of Class B Common Stock on the date of grant, with each fractional RSU rounded up to the next highest whole RSU.

(d) Effective November 1, 2007, in the event that an Outside Director joins the Board following the date of an Annual RSU Grant, but during the calendar year of the grant, such Outside Director shall automatically receive, five (5) business days following the date he or she joins the Board, a Prorated RSU Grant. A "Prorated RSU Grant" shall mean a grant of a number of Director RSUs determined by dividing (i) the product of (a) the value of the Annual RSU Grant for that calendar year divided by 12 and (b) 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 (ii) the Fair Market Value of one share of Class B Common Stock on the date of grant, with each fractional RSU rounded up to the next highest whole RSU.

With respect to calendar year 2007, an Outside Director who joined the Board following the date of the 2007 Annual RSU Grant but prior to November 1, 2007 shall receive a Prorated RSU Grant on November 1, 2007.

(e) With respect to the Initial RSU Grant, each Annual RSU Grant and each Prorated RSU Grant, if the relevant date of grant is not a business day on which the Fair Market Value can be determined, then the Fair Market Value shall be determined as of the last business day preceding the relevant date of grant on which the Fair Market Value can be determined. The terms and conditions of the Director RSUs shall be set forth in an Agreement which shall be delivered to the Participants reasonably promptly following the relevant date of grant of such Director RSUs.

### **Section 2.2 Vesting.**

Director RSUs shall be settled only to the extent the Participant is vested therein. Subject to Section 2.3(b), the Initial RSU Grant and each Annual RSU Grant shall vest on the first anniversary of the relevant date of grant. A Prorated RSU Grant shall 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 Participant received such Prorated RSU Grant.

### **Section 2.3 Settlement of Restricted Share Units.**

(a) *Settlement.* On the date on which Director RSUs vest, all restrictions contained in the Agreement covering such Director RSUs and in the Plan shall lapse as to such Director RSUs, and the Director RSUs shall be payable in shares of Class B Common Stock and shall be evidenced in such manner as the Board in its discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of one or more stock certificates. If stock certificates are issued, such certificates shall be delivered to the Participant or such certificates shall be credited to a brokerage account if the Participant so directs; *provided, however*, that such certificates shall bear such legends as the Board, in its sole discretion, may determine to be necessary or advisable in order to comply with applicable federal or state securities laws.

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(b) *Settlement in the Event of Termination of Services.* If the services of a Participant as a director of the Company terminate for any reason, the Participant shall forfeit all unvested Director RSUs as of the date of such event.

(c) *Deferral of Settlement.* Notwithstanding Section 2.3(a), a Participant may elect to defer settlement of any or all Director RSUs to a date subsequent to the vesting date of such Director RSUs, *provided* that: (i) with respect to each Annual RSU Grant, such election to defer is made no later than December 31 of the year prior to the year in which the Outside Director performs any of the services for which such Director RSUs are granted; (ii) with respect to the Initial RSU Grant, such election to defer is made within 30 days of the date of the Company's 2005 Annual Meeting of Stockholders; and (iii) with respect to each Prorated RSU Grant, such election to defer is made prior to the date of grant, except that, with respect to Prorated RSU Grants for the calendar year 2007, such grants shall not be eligible for deferral. Settlement of any deferred Director RSUs shall be made in a single distribution or three or five annual installments in accordance with the Participant's deferral election. The single distribution or first annual installment, as applicable, will be payable on the later of (i) six months following the date of the Participant's termination of services on the Board for any reason or (ii) January 31 of the calendar year following the calendar year in which the Participant's services on the Board terminates for any reason.

### ARTICLE III

#### DIVIDEND EQUIVALENTS

The Participant shall be entitled to receive Dividend Equivalents on the Director RSUs in the event the Company pays a regular cash dividend with respect to the shares of Class B Common Stock. The Company shall maintain a bookkeeping record that credits the dollar amount of the Dividend Equivalents to a Participant's account on the date that the Company pays such regular cash dividend on the shares of Class B Common Stock. Dividend Equivalents shall accrue on the Director RSUs until the Director RSUs vest, at which time they shall be paid in shares of Class B Common Stock determined by dividing (i) the aggregate amount credited in respect of such Dividend Equivalents *by* (ii) the Fair Market Value on the vesting date, with any fractional shares resulting from this calculation rounded up to the next highest whole share. Payment of Dividend Equivalents that have been credited to the Participant's account will not be made with respect to any Director RSUs that do not vest and are cancelled.

In addition, if the Participant elects to defer settlement of the Director RSUs, as permitted under Section 2.3(c), such Director RSUs will continue to earn Dividend Equivalents on the deferred Director RSUs through the settlement date. All such Dividend Equivalents credited to the Participant's account with respect to deferred Director RSUs shall be converted, on the anniversary of the date on which the Director RSUs originally vested and on each anniversary thereof, as appropriate, until the Director RSUs are settled, into additional whole Director RSUs, based on the Fair Market Value of the Class B Common Stock on the respective dates. Such additional Director RSUs shall be deferred subject to the same terms and conditions as the Directors RSUs to which the Dividend Equivalents originally related.

### ARTICLE IV

#### EFFECT OF CERTAIN CORPORATE CHANGES

In the event of any merger, consolidation, stock-split, dividend (other than a regular cash dividend), distribution, combination, recapitalization, reclassification, reorganization, split-off or spin-off that changes the character or amount of the shares of Class B Common Stock or any other changes in the corporate structure, equity securities or capital structure of the Company, the Board shall make such proportionate adjustments to (i) the number and kind of securities subject to any outstanding Awards, (ii) the number and kind of securities subject to the Initial RSU Grant, the Prorated RSU

Grants and the Annual RSU Grants referred to in Section 2.1, and (iii) the maximum number and kind of securities available for issuance under the Plan referred to in Section 1.5, in each case, as it deems appropriate. The Board may, in its sole discretion, also make such other adjustments as it deems appropriate in order to preserve, but not increase, the benefits or potential benefits intended to be made available hereunder upon the occurrence of any of the foregoing events. The Board's determination as to what, if any, adjustments shall be made shall be final and binding on the Company and all Participants. Adjustments under this Article shall be conducted in a manner consistent with any adjustments under the Stock Option Plan.

## ARTICLE V

### MISCELLANEOUS

#### **Section 5.1 No Right to Re-election.**

Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for re-election by the Company's stockholders, nor confer upon any Participant the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

#### **Section 5.2 Restriction on Transfer.**

The rights of a Participant with respect to any Awards under the Plan shall not be transferable by the Participant to whom such Awards are granted, except (i) by will or the laws of descent and distribution, (ii) upon prior notice to the Company, for transfers to members of the Participant's immediate family or trusts whose beneficiaries are members of the Participant's immediate family, *provided* that such transfer is being made for estate and/or tax planning purposes without consideration being received therefor, (iii) upon prior notice to the Company, for transfers to a former spouse incident to a divorce, or (iv) for such other transfers as the Board may approve, subject to any conditions and limitations that it may, in its sole discretion, impose.

#### **Section 5.3 Stockholder Rights.**

No grant of an Award under the Plan shall entitle a Participant, a Participant's estate or a permitted transferee to any rights of a holder of shares of Class B Common Stock, except upon the delivery of shares as provided in Section 2.3(a) to a Participant, the Participant's estate or the permitted transferee upon settlement of an Award.

#### **Section 5.4 No Restriction on Right of Company to Effect Corporate Changes.**

The Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the shares of Class B Common Stock or the rights thereof or which are convertible into or exchangeable for shares of Class B Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

#### **Section 5.5 Headings.**

The headings of articles and sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.



**Section 5.6 Governing Law.**

The Plan and all rights hereunder shall be construed in accordance with and governed by the laws of the State of Delaware.

**ARTICLE VI**

**AMENDMENT AND TERMINATION**

The Board may at any time and from time to time alter, amend, suspend or terminate the Plan in whole or in part, including, without limitation, amending the provisions for determining the amount of Director RSUs to be issued to an Outside Director, *provided, however*, that any amendment which under the requirements of applicable law or under the rules of the New York Stock Exchange or other principal stock exchange on which the shares of Class B Common Stock are then listed must be approved by the stockholders of the Company shall not be effective unless and until such stockholder approval has been obtained in compliance with such law or rule; and no alteration, amendment, suspension or termination of the Plan that would adversely affect a Participant's rights under the Plan with respect to any Award made prior to such action shall be effective as to such Participant unless he or she consents thereto, *provided, however*, that no such consent shall be required if the Board determines in its sole discretion that any such alteration, amendment, suspension or termination is necessary or advisable to comply with any law, regulation, ruling, judicial decision or accounting standards or to ensure that Director RSUs or Dividend Equivalents are not subject to federal, state or local income tax prior to settlement.

**ARTICLE VII**

**EFFECTIVE DATE AND TERM**

**Section 7.1 Plan History.**

The Effective Date of the Plan is May 26, 2005, the date on which stockholder approval was first obtained at the Company's 2005 Annual Meeting of Stockholders. The first amendment and restatement of the Plan became effective as of May 25, 2006, the date on which stockholder approval was obtained at the Company's 2006 Annual Meeting of Stockholders. The second amendment and restatement of the Plan became effective as of May 23, 2007. The third amendment and restatement of the Plan became effective as of November 1, 2007. The fourth amendment and restatement of the Plan will be submitted for the approval of the Company's stockholders at the Company's 2009 Annual Meeting of Stockholders and, if approved, will become effective as of the date of such Annual Meeting.

**Section 7.2 Awards Pending Stockholder Approval.**

Annual RSU Grants and Prorated RSU Grants may be made hereunder subject to stockholder approval of the fourth amendment and restatement of the Plan, but to the extent that Director RSUs included in such Awards cover shares of Class B Common Stock in excess of the number of shares available for issuance under the Plan prior to giving effect to such fourth amendment and restatement, no payments under or settlement of any such Director RSUs may be made until such stockholder approval has been obtained. If the Company's stockholders do not approve the fourth amendment and restatement of the Plan at the Company's 2009 Annual Meeting of Stockholders, such Director RSUs shall, to the extent of such excess number of shares, terminate and be of no further force or effect.

**Section 7.3 Term of the Plan.**

Unless earlier terminated in accordance with Article VI above, the Plan shall terminate on the date of the Company's 2015 Annual Meeting of Stockholders, and no further Awards may be granted hereunder after such date.

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Annex C

CBS CORPORATION 2005 RSU PLAN FOR OUTSIDE DIRECTORS (as amended and restated through June 9, 2009)

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