

**CBS CORPORATION**  
**CORPORATE GOVERNANCE GUIDELINES**

The Board has adopted these guidelines to reflect CBS's commitment to the highest standards of corporate governance, and to comply with New York Stock Exchange and other legal requirements. The Nominating and Governance Committee will periodically review these Guidelines and propose modifications for the Board's consideration as appropriate.

***Director Responsibilities***

*Basic Responsibilities*

The business affairs of CBS are managed under the direction of the Board, which represents and is accountable to CBS's stockholders. The Board's responsibilities are active and not passive, and include the responsibility to regularly evaluate the strategic direction of CBS, management policies and the effectiveness with which management implements its policies.

The responsibility of directors is to act in good faith and with due care so as to exercise their business judgment on an informed basis in what they reasonably and honestly believe to be in the best interests of CBS and its stockholders.

*Board and Committee Meetings*

The Board of Directors will have at least six regularly scheduled meetings each year, and shall have such additional meetings as it believes are necessary to properly discharge its responsibilities.

Each committee of the Board will meet as frequently as necessary to properly discharge its responsibilities. The Audit Committee's charter requires that it meet at least five times each year, the Compensation Committee's charter requires that it meet at least four times each year and the Nominating and Governance Committee's charter requires that it meet at least three times each year.

Directors are expected to prepare for and participate in all meetings of the Board and of committees on which they serve. Directors are encouraged to attend all Board and committee meetings in person, and should not participate in such meetings by telephone unless such meetings are designated as telephonic meetings or unless telephonic participation is necessary due to unavoidable circumstances. Directors are also expected to attend CBS's Annual Meeting of Stockholders.

Information and materials that are important to the directors' understanding of the business to be conducted at a Board or committee meeting shall, to the extent practical, be provided to the members of the Board or committee sufficiently in advance of each meeting to permit meaningful review. Directors are expected to review in detail the materials they are provided in advance of each meeting.

The Chair of the Board and the Chief Executive Officer, and the Chair of each Board committee, will develop and approve the agenda for each Board or applicable committee meeting, respectively. Each member of the Board and members of management are free to suggest the inclusion of items on the agenda by communicating directly with the Chair of the Board or the Chief Executive Officer, or the Chair of the respective Board committee, as applicable.

#### *Meetings of Non-Management Directors and Independent Directors*

The non-management directors will meet separately, without directors who are employees of CBS, at regularly scheduled sessions, at least two times each year, and the independent directors will 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 will preside at meetings of the non-management directors and independent directors on a rotating basis.

The agendas for meetings of the non-management directors and meetings of the independent directors will be approved by the director who will preside at that meeting. Each non-management director or independent director is free to suggest the inclusion of items on their respective agendas by communicating directly with the presiding director for the respective meeting.

#### *Communications with Directors*

In order to facilitate the ability of stockholders and other interested parties to communicate with and make their concerns known to the non-management directors, the non-management directors have established an electronic mailing address and a physical mailing address to which interested parties may send such communications. These addresses will be included in CBS's annual proxy statement and on its website ([www.cbscorporation.com](http://www.cbscorporation.com)).

## *Composition and Selection of the Board*

### *Size of the Board*

The Board currently has 14 members. The Board will regularly evaluate its size in connection with the director nomination process and at such other times as it deems appropriate.

### *Board Membership Criteria*

Directors of CBS should be individuals with substantial accomplishments in their professional backgrounds, and should be current or former leaders in the important companies or institutions with which they are or have been affiliated. They should be able to make independent, analytical inquiries and should exhibit practical wisdom and mature judgment. Directors of CBS are expected to possess the highest personal and professional ethics, integrity and values, and should be committed to promoting the long-term interests of CBS's stockholders.

*Independence.* A majority of CBS's directors will meet the criteria for independence established by the New York Stock Exchange (NYSE) corporate governance listing standards. Whether directors meet the criteria for independence will be reviewed annually prior to their standing for election to the Board and at such other times as the Board deems appropriate. The independent directors will be identified in CBS's annual proxy statement. In accordance with the NYSE listing standards, a CBS director will not be independent if any of the following relationships exist:

- (i) the director is, or has been within the last three years, an employee of CBS; (ii) an immediate family member of the director is, or has been within the last three years, an executive officer of CBS; (iii) the director has received, or an immediate family member of the director has received for service as an executive officer, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from CBS, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); (iv) (A) the director is a current partner or employee of a firm that is CBS's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such firm and personally works on CBS's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on CBS's audit within that time; (v) a CBS executive officer is, or has been within the last three years, on the compensation committee of a company which at the same time employed the CBS director or an

immediate family member of the director as an executive officer; or (vi) the director is an employee, or an immediate family member of the director is an executive officer, of a company that has made payments to, or received payments from, CBS for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of \$1 million or 2% of such other company's consolidated gross revenues.

In addition, for a director to be considered independent under the NYSE listing standards, the Board must determine that the director does not have a material relationship with CBS. The Board has established the following standards to assist it in determining what constitutes a material relationship:

- If the types of relationships identified by the NYSE as set forth above that have a look-back period of three years occurred more than three but less than five years ago, the Board will consider whether a material relationship exists; if the relationship occurred more than five years ago, it will not be considered a material relationship that would impair a director's independence. In addition, if a relationship of the type described in (iii) above exists and the amount involved is less than \$120,000, it will not be considered a material relationship that would impair a director's independence.
- The following relationships will not be considered material relationships that would impair a director's independence: (i) the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of a company that made payments to, or received payments from, CBS for property or services in an amount which, in each of the last three fiscal years, is less than 1% of the annual consolidated gross revenues of such other company; (ii) the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of a company which is indebted to CBS, or to which CBS is indebted, and the total amount of either company's indebtedness to the other is less than 1% of the total consolidated assets of such other company; and (iii) the director is an executive officer or employee, or an immediate family member of the director is an executive officer, of a tax exempt organization, and CBS's contributions to the organization in the prior fiscal year are less than the greater of \$500,000 or 1% of that organization's consolidated gross revenues.

For relationships that exceed the thresholds set forth above, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, shall be made by the directors who are independent. For example, if a director is the CEO of a company that is indebted to CBS

in an amount in excess of 1% of that company's total consolidated assets, the independent directors could determine, after considering all of the relevant circumstances, that such a relationship was immaterial, and that director would therefore be considered independent for purposes of the NYSE listing standards. Generally, types of relationships not addressed by the NYSE listing standards or otherwise described above 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. To the extent required by law or the NYSE listing standards, CBS would explain in the next proxy statement the basis for any Board determination that a director was independent despite the fact that he or she did not meet or fit within the categorical standards for a material relationship set forth above. For purposes of this section, references to "CBS" mean CBS Corporation and its consolidated subsidiaries.

Each independent director is expected to notify the Chair of the Nominating and Governance Committee, as soon as reasonably practicable, in the event that his or her personal circumstances change in a manner that may affect the Board's evaluation of such director's independence.

*Other Directorships.* Each director is expected to notify the Chair of the Nominating and Governance Committee and the Corporate Secretary of his or her intention to become a member of the board of directors of another for-profit company, whether public or private, in advance of accepting such new position. When the Nominating and Governance Committee recommends director candidates to the Board and recommends directors to serve on committees of the Board, it will consider the other demands on each director's time, including those arising from such service. The Board shall determine, acting on the recommendation of the Nominating and Governance Committee, whether a candidate's service on the boards of directors of more than three other public companies is consistent with service on CBS's Board.

#### *Composition of the Board; Selection Process*

The Nominating and Governance Committee is responsible for reviewing with the Board, on an annual basis, the composition of the Board in light of the characteristics of independence, diversity, age, skills, experience, availability of service to CBS, tenure of incumbent directors on the Board and the Board's anticipated needs. The Nominating and Governance Committee will recommend director candidates to the Board in accordance with the criteria, policies and principles set forth in its Charter and in these Guidelines. Qualified candidates for the Board recommended by stockholders shall be reviewed in accordance with the policies established by the Nominating and Governance Committee.

The Board has determined not to establish term limits to an individual's membership on the Board or a mandatory retirement age. However, the Nominating and Governance Committee will, as part of its annual assessment of the composition of the

Board, review the extent of a director's tenure on the Board, and directors should not expect that, once elected to the Board, they will necessarily be renominated thereafter.

#### *Changes in Personal Circumstances*

Directors are expected to offer their resignation from the Board in the event of any significant change in personal circumstances (including a change in principal occupation), in the event a significant ongoing time commitment arises that may be inconsistent with the director's service to the Board or, in the case of an independent director, in the event of a change in circumstances that would result in the director no longer being considered independent. Such offers of resignation will give the Board, through the Nominating and Governance Committee, an opportunity to review whether it is appropriate for such director to continue to serve as a member of the Board.

#### ***Board Committees***

##### *Composition and Responsibilities*

The Board will have an Audit Committee, a Compensation Committee and a Nominating and Governance Committee, and any other committees the Board deems appropriate. The Nominating and Governance Committee will review on an annual basis the Board's committee structure.

All of the members of the Audit Committee, Compensation Committee and Nominating and Governance Committee will be independent directors under the criteria for independence required by law and the NYSE. The members and Chair of each of the committees will be appointed by the Board, taking into account the recommendations of the Nominating and Governance Committee.

##### *Charters*

The Board has adopted written charters setting forth the purposes, goals and responsibilities of each of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee, and will adopt such charters for any other committees the Board deems appropriate. Each such committee shall assess the adequacy of its charter at least every other year, or more frequently as the Committee may determine, and recommend any changes to the Board. The Nominating and Governance Committee shall review all proposed changes to each committee's charter.

The current charters of the Board's standing committees are available on CBS's website and will be mailed to stockholders on written request.

## ***Director Access to Management, Employees and Independent Advisors***

### ***Access to Management and Employees***

Directors have full and unrestricted access to management and other employees of CBS.

### ***Access to Independent Advisors***

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem appropriate, without consulting or obtaining the approval of any officer of CBS.

### ***Internal Reporting***

The Audit Committee will encourage the submission of, and establish procedures for the confidential treatment of, complaints and concerns by officers and employees regarding accounting, internal accounting controls and auditing matters. The procedures for submitting any such complaints and concerns will be communicated to the officers and employees.

## ***Director Orientation and Continuing Education***

Each new director shall be provided with these Guidelines and will participate in CBS's orientation initiatives as soon as practicable after his or her election. The orientation initiatives will include presentations by senior management and outside advisors, as appropriate, to familiarize new directors with CBS's business, its strategic plans, its significant financial, accounting and risk management issues and its compliance programs, as well as their fiduciary duties and responsibilities as directors. All other directors will be invited to attend any orientation initiatives.

The Nominating and Governance Committee and members of senior management of CBS, as well as appropriate outside advisors, will periodically report to the Board on any significant developments in the law and practice of corporate governance and other matters relating to the duties and responsibilities of directors in general, as well as on significant developments to CBS's business and the industries in which CBS operates.

## ***Director Compensation and Benefits***

The Nominating and Governance Committee will annually review and recommend, and the Board will approve, the form and amount of director compensation and benefits for which outside directors are eligible. The Nominating and Governance Committee and the Board will consider that a director's independence may be

jeopardized if compensation and perquisites exceed customary levels, if CBS makes substantial charitable contributions to organizations with which the director is affiliated, or if CBS enters into consulting contracts with or provides other indirect forms of compensation to a director or an organization with which the director is affiliated.

The Nominating and Governance Committee shall be guided by three principles in its review of outside director compensation and benefits:

- directors should be fairly compensated for the services they provide to CBS (taking into account, among other things, the size and complexity of CBS's business and compensation and benefits paid to directors of comparable companies);
- directors' interests should be aligned with the interests of stockholders; and
- directors' compensation should be easy for stockholders to understand.

The Board believes that director stock ownership helps to align the interests of directors with those of CBS's stockholders. Within three years of becoming a director, each director is expected to own shares of CBS common stock (including stock units under the CBS Corporation Deferred Compensation Plan for Outside Directors) having a market value of at least five times the base cash annual retainer fee paid by CBS to its outside directors. Once a director satisfies the stock ownership guidelines, the guidelines will continue to be deemed satisfied for such director, regardless of market fluctuations, so long as the director does not sell any stock (a) where the sale causes the value of his or her holdings to be less than the guideline amount or (b) at a time when the value of his or her holdings is less than the guideline amount. The Board recognizes that exceptions to and interpretations of this policy may be necessary or appropriate in individual cases, and the N&G Committee shall consider exceptions and/or interpretations from time to time as it deems necessary or appropriate in the interest of CBS's stockholders.

### ***Chairman and Chief Executive Officer Evaluation and Key Management Succession Planning***

The Compensation Committee will review and approve goals and objectives relevant to the compensation of the Chairman and the Chief Executive Officer. The Compensation Committee, together with the Nominating and Governance Committee, will evaluate annually the performances of the Chairman and the Chief Executive Officer in light of these goals and objectives and will report the results of these evaluations to the non-management directors. The Compensation Committee will set the

compensation levels of the Chairman and the Chief Executive Officer taking into account these evaluations. The Compensation Committee will report to the Board on this process.

The Compensation Committee and the Nominating and Governance Committee will together review periodically succession planning for the Chairman and the Chief Executive Officer and may consider input from each with respect to his own position. In addition, after receiving a report from the Chief Executive Officer, the Committees will review succession planning for the Chief Operating Officer, Chief Financial Officer, the General Counsel and the operating managers who report to the Chief Executive Officer, including with respect to, among other things, their experience, responsibilities, advancement potential and diversity. The Compensation Committee and the Nominating and Governance Committee will together report to the non-management directors of the Board on these reviews.

### ***Conflicts of Interest***

Directors are expected to comply with the policies on conflicts of interest set forth in CBS's Business Conduct Statement. Directors are expected to recuse themselves and not participate in the discussion and voting on any matter presented at a Board or committee meeting if they believe that they have a personal interest or any other conflict of interest.

### ***Annual Performance Self-Evaluation***

The Nominating and Governance Committee shall lead the Board in an annual performance self-evaluation to assess its effectiveness. Each committee of the Board shall also conduct an annual performance self-evaluation. The Nominating and Governance Committee will establish the criteria to be used in the Board and committee self-evaluations.