



April 11, 2008

Dear Fellow Shareholder:

If one word could best describe the past year at the CBS Corporation, it is *focus*. In 2007, we focused on new technologies and new media; we focused on optimizing the performance of our core businesses; and we focused on returning value to our shareholders.

New technologies and alternative media outlets are revolutionizing the way consumers get their content. By the end of 2007, more than half of U.S. households had broadband connections, 22% were using DVRs, and more than 80% of all Americans had a mobile phone. A major driver of the digital revolution is the public's insatiable demand for high-quality professional content. As a creator and distributor of some of the most popular content in the world, the CBS Corporation has been a leader and beneficiary of these revolutionary changes to how audiences enjoy their content.

Over the course of the year, we moved rapidly to position the Company favorably in the evolving marketplace. We continued to refine our asset portfolio to focus on larger markets. We completed the divestiture of 39 radio stations in 10 markets and 11 TV stations in seven markets for a total of \$922 million — a sum that reflects excellent values. Our solid balance sheet allowed us to invest a portion of the proceeds in higher-growth digital properties that fit well with our core operations. During 2007, we bought or made new investments totaling over \$440 million in 14 companies including Last.fm, a fast-growing online community music network with over 21 million global active users, and CBS Outernet, a leading provider of out-of-home digital video networks.

We had another successful year, with full year adjusted diluted EPS* up 9% to \$1.88. Our businesses continued to throw off generous amounts of cash — 2007 free cash flow* was up 6% to \$1.71 billion. And once again we delivered on our promise to return a sizeable portion of that strong free cash flow to you, raising our quarterly dividend twice over the course of the year. Since the CBS Corporation began trading as a stand-alone company in 2006, we have increased the dividend by nearly 80%. In 2007, we also bought back \$3.4 billion of our stock, bringing the total of cash returned to shareholders during the year to \$4 billion.

Making all of this possible were strong performances at our core operations. Season-to-date, CBS remains the most watched network, with the number one comedy (TWO AND A HALF MEN), the number one news magazine (60 MINUTES) and the number one program on Thursday evening (CSI: CRIME SCENE INVESTIGATION), which is considered one of the most competitive and lucrative nights of the week. Live sports programming also continues to shine. Overall, THE NFL ON CBS's coverage of regular and post-season NFL games delivered the highest average number of viewers for the AFC package since 1994. The excitement, drama and superior production value provided by CBS Sports continues to be revered by audiences and advertisers alike.

The hotly contested presidential race and ongoing Democratic primaries continue to be a boon to our TV Stations group, which now consists of 29 owned and operated stations. During the year, we continued to streamline our TV station infrastructure and upgrade our facilities to maximize the potential of high definition (HD). Six of our largest stations are now broadcasting local news in HD. Not only is HD programming more appealing to audiences, it also delivers operating efficiencies across the board.

In premium cable, subscribers and fees at Showtime continued to climb upward as hit original programming draws wider audiences. Shows like DEXTER, THE TUDORS, CALIFORNICATION and WEEDS have earned Showtime impressive ratings and widespread critical acclaim. These series are also very popular online; Showtime started 2008 with six of the top 10 downloaded series on iTunes. And at CBS College Sports Network, our cable network and online digital media business devoted to college athletics, we've begun the reorganization of all operating activities, streamlining them into our world-famous CBS Sports division.

Meanwhile, our TV production and syndication arms continue to supply networks and stations with top programming. CBS Paramount Network Television finished 2007 with six of the top 10 scripted series on network television among total viewers, which was twice as many as its closest competitor. And CBS Television Distribution continues to claim eight of the top 10 first-run syndicated series, including genre leaders such as JUDGE JUDY, THE OPRAH WINFREY SHOW, WHEEL OF FORTUNE and ENTERTAINMENT TONIGHT as well as popular hits DR. PHIL and JEOPARDY! The international television marketplace has a strong appetite for this network and syndicated content, which, along with CBS News and Showtime programming and the Company's 70,000 hour library, is exploited through the 10 worldwide offices of CBS Paramount International Television.

Monetizing our content is the key issue both at our core Television operations and online. We made significant strides in 2007 with our strategy of reaching people wherever they are on the Internet and on mobile phones. Our CBS Audience Network, which distributes our content to more than 300 affiliated Web sites, quickly became the number one provider of online television programming in the media business. The CBS Audience Network makes news, sports and entertainment content, both current and archival, available to more than 80% of the web's users, many of whom represent younger demographics than our broadcast TV audiences. What's more, CBS leads the competition for online engagement; people who watch our shows online tend to watch for longer periods of time — a metric that's particularly attractive to advertisers. The rapid growth of March Madness on Demand, the online component of the NCAA Men's Basketball Championship, exemplifies the additive power and extraordinary potential of online distribution. While television viewership of games has remained strong, March Madness on Demand has supplemented the audience with avid online fans. Webcast visitors in 2008 are up 122% compared to last year, and online revenues for the tournament have grown from \$250,000 in 2005 to \$23 million in 2008, a compound annual growth rate of 351%.

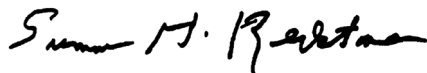
We continue to focus on turning around our Radio business. Following the divestiture of 39 smaller-market stations, we moved quickly to reduce our cost structure and focus our efforts on the areas of greatest opportunity. Programming and format changes introduced throughout 2007 have begun to deliver ratings gains in New York, San Francisco, Los Angeles, Detroit and other major markets. At the heart of our effort to monetize these gains is our belief in the enduring value of this broad, targeted, national and local medium. We have been particularly successful in promoting Radio's value in the political sector; ad spending in this category has been strong and is expected to continue throughout the 2008 campaign. What's more, online stations are increasingly significant contributors to Radio's business, adding incremental listening during

office hours. Through CBS Radio's partnership with AOL, which offers listeners over 350 high-quality online stations, all of which are advertising-supported, CBS Radio has dramatically expanded its online distribution and is positioned to lead the industry for streaming radio.

Our Outdoor business had another exceptional year and is shaping up to be a digital-era winner. Outdoor operating income increased 15% to \$404.9 million, as our U.S. billboard business continued to flourish. Meanwhile, Europe and Asia had 13% revenue growth, led by favorable foreign exchange rates and growth in the U.K. as well as in France. The digital conversion is a major area of focus for Outdoor, as advertisers increasingly flock to this highly targeted and flexible medium. We continue to pursue digital boards in locations where they can have the biggest impact. In total, our worldwide digital inventory finished 2007 with nearly 4,000 faces and is expected to double by the end of 2008.

In Publishing, Simon & Schuster had its best year ever in 2007, with revenues up 10% to \$886.1 million and operating income up 29% to \$88.1 million. Extraordinary sales from best-selling titles, including international hit *The Secret* by Rhonda Byrne; *YOU: Staying Young* by Michael F. Roizen and Mehmet C. Oz; *Become A Better You* by Joel Osteen; and *I Heard That Song Before* by Mary Higgins Clark, led the business to new heights. During 2007, Simon & Schuster had a record of 140 *New York Times* bestsellers, including 17 in the number one position. Capitalizing upon the growing popularity of eBooks, print on demand, and downloadable audio books, the business made significant strides in its effort to convert its entire backlist of over 17,000 active titles to digital formats during the year.

As consumers continue to embrace new technologies, including digital content, in all its shapes and platforms, the CBS Corporation will be there to fill that demand — be it over the airwaves, online, on mobile phones or out-of-home — and to serve the advertisers who are trying to reach them. Looking ahead to the future, we remain focused on delivering solid performances at each of our businesses, positioning our Company to lead the digital charge, and consistently growing value and returning it to you, our fellow shareholders. We thank you for your continued investment and support.



Sumner M. Redstone
Executive Chairman of the Board and Founder



Leslie Moonves
President and Chief Executive Officer

* Full year 2007 adjusted diluted EPS reflects the Company's diluted EPS from continuing operations of \$1.70 adjusted to exclude the write-down of investments of \$.11, the impact of station divestitures of \$.08 and favorable tax settlements of \$.01. Free cash flow in 2007 reflects the Company's net cash flow from operating activities of \$2.185 billion less capital expenditures of \$469.1 million and operating cash flow of discontinued operations of \$4.8 million.

For more information on the CBS Corporation's 2007 results, including supplemental disclosures regarding non-GAAP financial information, please refer to our Fourth Quarter and Full Year 2007 earnings release under "Investor Relations — Earnings Releases" on our web site at www.cbscorporation.com. This letter should be read in conjunction with the CBS Corporation's 2007 Annual Report on Form 10-K, including the risk factors discussed therein.