SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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FILER

WESTINGHOUSE ELECTRIC CORP

CIK:**106413**| IRS No.: **250877540** | State of Incorp.:**PA** | Fiscal Year End: **1231**
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SIC: **3510** Engines & turbines

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1996

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-1004

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

FOR THE TRANSITION PERIOD FROM ------------- TO -------------------

COMMISSION FILE NUMBER 1-977

WESTINGHOUSE ELECTRIC CORPORATION
(Exact name of registrant as specified in its charter)

<TABLE>
<S> <C>

PENNSYLVANIA	25-0877540
(State of Incorporation)	(I.R.S. Employer Identification No.)
WESTINGHOUSE BUILDING, 11 STANWIX STREET, PITTSBURGH, PENNSYLVANIA 15222-1384	(412) 244-2000
(Address of principal executive offices)	(Telephone No.)

</TABLE>

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

<TABLE>
<CAPTION>

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED	
<S>	<C>	<C>
Common Stock, par value $1.00 per Share	New York Stock Exchange	Boston Stock Exchange
	Pacific Stock Exchange	Philadelphia Stock Exchange
	Chicago Stock Exchange	

</TABLE>

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

Westinghouse Electric Corporation had 608,654,292 shares of common stock outstanding at February 28, 1997. As of that date, the aggregate market value of common stock held by non-affiliates was $10.0 billion.

DOCUMENT INCORPORATED BY REFERENCE INTO THE PARTS OF THIS REPORT INDICATED:

1. Portions of Westinghouse Electric Corporation's Notice of 1997 Annual Meeting and Proxy Statement filed with the Commission pursuant to Regulation 14A of the Securities and Exchange Act of 1934 (the Proxy Statement). (Parts I and III)

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The terms "Westinghouse" and "Corporation" as used in this Report on Form 10-K refer to Westinghouse Electric Corporation and its consolidated subsidiaries unless the context indicates otherwise.

PART I

ITEM 1. BUSINESS

General

Westinghouse Electric Corporation was founded in 1886 and operates under a corporate charter granted by the Commonwealth of Pennsylvania in 1872. Today, Westinghouse is a global company which operates its businesses through the Westinghouse/CBS Group and the Industries & Technology Group. In November 1996, Westinghouse announced a plan to separate its media and industries and technology businesses. See "Separation Plan" discussed below. The Corporation's Westinghouse/CBS Group combines the media operations of CBS Inc.(CBS) and Infinity Broadcasting Corporation (Infinity), which the Corporation acquired in 1995 and 1996, respectively, and Group W Broadcasting. The Westinghouse/CBS Group operates in the principal business areas of television and radio broadcasting and cable programming. The Industries & Technology Group operates in the principal business areas of power generation systems, transport temperature control, and chemical and nuclear materials management.

The Corporation dramatically redefined its business portfolio and future direction by acquiring CBS in November 1995. This repositioning was furthered by the acquisition of Infinity in December 1996, and the execution of a definitive merger agreement in February 1997 whereby the Corporation will acquire Gaylord Entertainment Company's two major cable networks: The Nashville Network (TNN) and Country Music Television (CMT). As a result of the acquisitions of CBS and Infinity, Westinghouse has become the largest television and radio broadcaster in the United States with 14 owned and operated television stations and 79 radio stations. As part of this strategic redirection, the Corporation divested The Knoll Group (Knoll), its office furniture unit, and the Corporation's defense and electronic systems business in February and March 1996, respectively. In addition, in December 1996, the Corporation divested Westinghouse Security Systems (its residential security business) and portions of its Scientific Ecology Group subsidiary. Financial results for 1996 and prior years include these and other divested businesses as Discontinued Operations. For information about principal acquisitions, pending acquisitions, and divestitures, see notes 1, 2, 3 and 23 to the financial statements included in Part II, Item 8 of this report.

For financial reporting purposes, the Corporation's Continuing Operations are aligned into four segments: Media, Power Systems, Thermo King and Government Operations. Except for Media, all of these reporting segments operate as part of the Industries & Technology Group. Results of international activities, including manufacturing, export sales, and foreign licensee income, are included in the financial information of the segment that has operating responsibility. Financial and other information by segment and geographic area is included in note 21 to the financial statements included in Part II, Item 8 of this report.

OPERATING SEGMENTS

WESTINGHOUSE/CBS GROUP

The Westinghouse/CBS Group combines the operations of CBS, Group W Broadcasting and, beginning on December 31, 1996, Infinity. Its principal businesses include the furnishing of network television services to affiliated television stations primarily throughout the United States, the production of news, sports and entertainment programming, and the operation, under licenses from the Federal Communications Commission (FCC), of 14 television broadcast stations and 79 radio stations.

Through the CBS Television Network, the Westinghouse/CBS Group distributes a comprehensive schedule of news and public affairs broadcasts, entertainment and sports programming and feature films to more than 200 domestic affiliates and to certain overseas affiliated stations. The CBS Television Network's domestic affiliates include independently-owned affiliated stations and the Westinghouse/CBS Group's 14 owned and operated television stations. These affiliates serve, in the aggregate, the 50 states and the District of Columbia. The CBS Television Network is responsible for sales of advertising time for the CBS Television Network broadcasts and related merchandising and sales promotion activities. It is also responsible for

managing the full range of ongoing activities and areas of mutual concern between the television network and the independently-owned affiliated stations.

CBS Entertainment produces and otherwise acquires entertainment series and other programs for all time periods and acquires feature films for broadcast by

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the CBS Television Network. CBS News operates a worldwide news gathering and production organization which produces regularly scheduled news and public affairs broadcasts and special reports for CBS Television Stations and CBS Radio. This unit also produces, for the CBS Television Network, certain news-oriented programming for broadcast in the early morning daypart and in designated hours during primetime. A unit of CBS News produces documentaries for sale to other media outlets. CBS Sports produces and otherwise acquires sports programs for broadcast by the CBS Television Network.

CBS Television Stations operates the 14 television stations owned by Westinghouse/CBS. The larger markets served by the owned television stations include New York, Los Angeles, Chicago, Philadelphia, San Francisco and Boston. CBS Television Stations operates in seven of the nation's ten largest markets and ten of the nation's top 20 markets, reaching approximately 33 percent of all U.S. households.

CBS Radio owns and operates 79 AM and FM radio stations in 16 markets (including 40 AM and FM radio stations that were acquired as part of the Infinity acquisition), with 64 stations in the nation's ten largest radio markets. CBS Radio believes that its presence in large markets makes it attractive to advertisers and that the overall diversity of its stations reduces its dependence on any single station, local economy or advertiser. CBS Radio stations include leading franchises in news, sports and personality programming. The CBS Radio Network serves approximately 585 affiliated stations nationwide. The Corporation also has an indirect minority equity investment in Westwood One, which Infinity manages pursuant to a management agreement. Westwood One is a leader in producing and distributing syndicated and network radio programming.

The Corporation also participates in the out-of-home media business through the Corporation's wholly-owned subsidiary TDI Worldwide, Inc. (TDI), which was acquired by Infinity in March 1996. TDI is one of the largest out-of-home media companies in the U.S., operating some 100 franchises, the majority of which are in large metropolitan areas. TDI sells space on various media including buses, trains, train platforms and terminals throughout commuter rail systems, painted billboards, thirty-sheet billboards, and phone booths. TDI also has the franchise to manage advertising space within the London Underground and on certain London buses and has the exclusive rights to all transit advertising in Ireland.

CBS Cable (formerly known as Group W Satellite Communications) provides programming and distribution services to the cable television industry, provides satellite distribution services, operates a 24-hour, Spanish-language news service (CBS TeleNoticias), and is developing a new cable information and entertainment channel, Eye on People. CBS Cable also provides regional sports programming and the marketing and advertising services for two country music entertainment networks, TNN and CMT, which are expected to be acquired by Westinghouse in 1997. See note 23 to the financial statements included in Part II, Item 8 of this report.

CBS TeleNoticias, which was acquired by Westinghouse in June 1996, is the world's leading Spanish-language news channel. It provides 24-hour news services in Latin America and Spain and is distributed to over 200 million homes in 22 countries.

Also part of CBS Cable, Group W Network Services is a global provider of production, post-production and satellite services to broadcast, cable and corporate networks.

EYEMARK Entertainment produces, markets and distributes first-run and off-network syndicated programming for the domestic and international television marketplace. EYEMARK Entertainment combines the activities of MAXAM Entertainment, a distribution and production company acquired in February 1996, and Group W Productions.

The network broadcast environment is highly competitive. The Telecommunications Act of 1996 provides both new opportunities and potential new competition for the Westinghouse/CBS Group. By deregulating station ownership limits, the Act will allow the Corporation to pursue strategic growth in its Radio and Television Station groups. The entry of telephone companies into the video programming and distribution

businesses will mean new competition in program sales, but will also provide new opportunities for the distribution of CBS programming.

The CBS Television Network and the CBS Television Stations compete for audiences with other television networks and television stations, as well as with other video media, including cable television, satellite television services and videocassettes. In the sale of advertising time, the CBS Television Network and the CBS Television Stations compete with other broadcast networks, other television stations, cable television systems, and other advertising media. The CBS Television Network and the CBS Television Stations also compete

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with other video media for distribution rights to television programming.

In addition, the CBS Television Network competes with other television networks to secure affiliations with independently-owned television stations in markets across the country, which are necessary to ensure the effective distribution of network programming to a nationwide audience. In recent years, competition among the networks for affiliates has intensified. More than 95 percent of CBS affiliates are under long-term agreements with the CBS Television Network.

Current and future technological developments may affect competition within the television marketplace. Developments in advanced digital technology may enable competitors to provide "high definition" pictures and sound qualitatively superior to what television stations now provide. Development of the technology to compress digital signals may also permit the same broadcast or cable channel or satellite transponder to carry multiple video and data services, and could result in an expanded field of competing services.

CBS Radio competes with other radio stations, other radio networks and suppliers of radio programming, and other advertising media. Developments in radio technology could affect competition in the radio marketplace. New radio technology, known as "digital audio broadcasting," can provide sound of the quality of compact discs, which is significantly higher than that now provided by radio stations and networks using analog technology.

All of the Corporation's television and radio stations operate under licenses from the FCC, which is empowered by the Communications Act of 1934, as amended, to, among other things, license and regulate television and radio broadcasting stations. The FCC has authority to grant or renew broadcast licenses for a maximum statutory term of eight years if it determines that the "public convenience, interest or necessity" will be served thereby. During a specified period after an application for renewal of a broadcast station license has been filed, persons objecting to the license renewal application may file petitions to deny.

The approval by the FCC of the Corporation's acquisition of Infinity contained a number of temporary waivers of the FCC's television and radio cross-ownership rules. These waivers were granted subject to the outcome of the pending ownership rulemaking in which certain deregulation of the television and radio cross-ownership rules has been proposed. In the event that any station divestitures are required at the conclusion of this rulemaking, the Corporation would be required to file applications with the FCC for consent to the necessary divestitures within six months of the rulemaking order. The order granting approval of the Infinity transaction made permanent the temporary waivers of the television and radio cross-ownership rules granted in connection with the Corporation's acquisition of CBS. The FCC orders approving both the CBS and Infinity acquisitions are subject to judicial appeals by certain third parties. The FCC has previously rejected the positions of these third parties, and the Corporation believes that such appeals are without merit.

INDUSTRIES & TECHNOLOGY GROUP

The Industries & Technology Group consists of the following businesses: Power Systems, Thermo King, and Government Operations.

Power Systems

The Power Systems segment designs, develops, manufactures and services nuclear and fossil-fueled power generation systems and is a leading supplier of reload nuclear fuel to the global electric utility market. In addition, Power Systems provides distributed control, communications, data acquisition, and information systems to nuclear and fossil-fuel electric utilities and to other industries.

The Energy Systems business unit serves the domestic and international electric power industry by supplying fuel and a wide range of other products and services to the owners and operators of nuclear power plants. Approximately 40% of the world's operating commercial nuclear power plants incorporate Westinghouse's technology. The business unit supplies a wide range of operating plant services, ranging from performance-based maintenance programs, including operational and safety upgrades, to new products and services that enhance plant performance. It also has complete capabilities for supplying customers with nuclear fuel for pressurized water reactors. The annual demand for operating plant services and fuel is over $10 billion in the United States and $30 billion globally. Energy Systems products and equipment are highly engineered and serve critical safety and operational missions in customer nuclear power plants. The business unit is marketing new nuclear power plants and components for new plants to the worldwide market. The business unit is also working with government agencies to develop a simplified nuclear power plant design that incorporates passive safety systems.

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The Process Control Division (PCD) provides distributed control, communications, data acquisition, and information systems to domestic and international nuclear and fossil-fuel electric utilities, and to chemical processors, water and waste water treatment facilities, and the steel industry. PCD financial results are included for reporting purposes as part of Energy Systems.

The Power Generation business unit designs, manufactures and services steam turbine-generators for nuclear and fossil-fueled power plants and combustion turbine-generators for natural gas and oil-fired power plants. Power Generation also constructs turn-key power plants worldwide. In addition to serving the electric utility industry, the business unit supplies, services and operates power plants for independent power producers and supplies power generator equipment and services to other non-utility customers. Growing demand for electrical energy has contributed to the business unit's increase in orders. In 1996, the business unit was awarded orders for approximately 4,579 megawatts of new power generating capacity. The domestic demand for new generating equipment over the next ten years is expected to be approximately 91 gigawatts; the international demand is expected to be over nine times the domestic demand. Power Generation is a participant in the development of emerging technologies that could impact the future power generation business.

In 1996, in excess of 80% of Power Generation's sales of new power generating equipment and plants were outside of the United States, and more than 65% of its dollar sales volume was outside the United States. The Power Generation business unit conducts business in more than 50 countries.

The United States electric utility industry is restructuring in response to a new competitive environment brought on by regulatory changes. Power Systems has a number of domestic and foreign competitors in the power generation industry where Westinghouse is recognized as a significant supplier. Positive factors with respect to competitive position are technology, product reliability, service capability, and worldwide presence. Potential negative factors include reduced opportunities for operating fleet products and services, continued softness in the domestic electric utility sector, and intense competition for new unit sales worldwide. In addition, the worldwide nuclear industry is a mature business with intense competition. The principal methods of competition for Power Systems are technology, product development and performance, responsiveness, customer service, pricing and financing.

Thermo King

Thermo King is a world leader in the $2.5 billion transport temperature control market. It designs, manufactures and distributes transport temperature control equipment, including units and their associated service parts, for trucks, trailers, seagoing containers, buses and rail cars. The transport refrigeration units are powered by diesel, gasoline or propane fueled engines, or electricity. These products provide air conditioning for people and preserve not only food, but pharmaceuticals, flowers, cosmetics, electronic gear and many other temperature-sensitive goods and products by heating and cooling as necessary. Thermo King supplies units for both long distance transportation and local distribution of all these cargoes.

As an industry leader in its product technology, Thermo King serves its customers through a network of 14 manufacturing operations and approximately 400 sales and service dealers as well as a network of authorized service locations throughout the world. International manufacturing facilities are located in

Ireland, Brazil, Spain, Germany, the Czech Republic, Denmark and the People's Republic of China. In 1996, more than 50% of Thermo King's sales were outside of the United States.

Thermo King is subject to competition worldwide for all its products. Thermo King's products compete on the basis of service, technology, warranty, product performance, and cost.

Government Operations

Westinghouse's Government Operations business unit includes management services for certain government-owned facilities under contracts with the Department of Energy (DOE), management of the nuclear reactors program for the U.S. Navy, and management of a chemical agent and weapons destruction program for the Department of Defense (DOD).

Government Operations manages three government-owned facilities under contracts with the DOE. Westinghouse Savannah River Company manages the Savannah River site in Aiken, South Carolina; West Valley Nuclear Services Company manages the West Valley Demonstration Project in New York; and the Waste Isolation Division manages the Waste Isolation Pilot Project in Carlsbad, New Mexico. In addition, Safe Sites of Colorado L.L.C., a company 65% owned by Westinghouse, performs nuclear waste management services and environmental

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cleanup under a major subcontract with Kaiser-Hill, L.L.C. at the DOE Rocky Flats facility. The principal mission at all of these sites is waste management, environmental cleanup, and the safe management of the nation's nuclear materials inventory. In March 1996, Westinghouse was awarded a nine-year DOD contract to destroy chemical weapons at the Anniston Chemical Agent Disposal Facility in Anniston, Alabama.

The U.S. Navy work of the Government Operations business unit includes new ship reactor plants and advanced designs, training and fleet support. The government-funded U.S. naval nuclear reactors program consists of Westinghouse's U.S. Navy nuclear and technical support businesses, including the Bettis Atomic Power Laboratory, the Plant Apparatus Division, and the Machinery Apparatus Operation Division.

The federal government reserves the right to terminate these contracts for convenience.

Competition for services provided by businesses in the Government Operations segment is based on safety, price, technology preference, environmental experience, and performance reputation. Government Operations competes primarily in the market for DOE operation and maintenance contracts.

DISCONTINUED OPERATIONS

During 1996, Discontinued Operations consisted of the Communication & Information Systems Company (CISCO), the environmental services business, Knoll, the defense and electronic systems business, and Financial Services. The largest component of the CISCO segment, Westinghouse Security Systems (the Corporation's residential security business), and portions of Westinghouse's Scientific Ecology Group subsidiary were sold in December 1996. Knoll and the defense and electronic systems business were divested in the first quarter of 1996.

During 1996, the Corporation continued to liquidate Financial Services. The remaining Financial Services assets consist of the leasing portfolio and are expected to liquidate in accordance with contractual terms. The remaining assets of Discontinued Operations generally are expected to be divested within the next year.

SEPARATION PLAN

In November 1996, Westinghouse announced that its Board of Directors had approved, subject to certain conditions, a plan to separate the Corporation's industries and technology businesses from its media businesses. This separation (the Separation) is expected to be effected by means of a tax-free dividend to shareholders of Westinghouse, forming a publicly-traded company to be called Westinghouse Electric Company (WELCO). In addition, the Corporation also announced that Thermo King, Westinghouse's transport temperature control company, was planning a public offering of up to 20 percent of its common stock. If the Separation is completed, shares of WELCO common stock (WELCO Common Stock) will be

distributed on a pro rata basis to the shareholders of record of Westinghouse common stock as of a date to be determined.

As currently contemplated, after the Separation, Westinghouse (the Media Company) will be renamed "CBS Corporation" and will consist primarily of the businesses in the Westinghouse/CBS Group and the TNN and CMT networks (assuming consummation of the merger discussed previously), and WELCO will consist primarily of Thermo King, Power Systems and Government Operations. Also, as currently contemplated, the Media Company will retain all debt obligations of the current Westinghouse as well as the approximately $1.5 billion tax net operating loss carryforward, and WELCO will assume most of the unfunded pension obligation and other non-debt obligations generated by Westinghouse's industrial businesses in earlier years.

Completion of the Separation is subject to a number of conditions, including a favorable ruling from the Internal Revenue Service that the transaction will not be taxable for U.S. federal income tax purposes to Westinghouse's shareholders or to Westinghouse and the registration of the WELCO Common Stock under the Securities Exchange Act of 1934. The Corporation estimates that the separation will be completed later in 1997. For a discussion of the results of each of the businesses comprising the Westinghouse/CBS Group and the Industries & Technology Group, see Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II, Item 7 of this report.

Notwithstanding the foregoing, there can be no assurance that the Separation will occur or as to the timing thereof. Furthermore, if the Separation does occur, there can be no assurance that all of the assets, liabilities and contractual obligations will be transferred as currently contemplated, or that changes will not be made to the Separation plan.

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RAW MATERIALS

The Corporation has experienced no significant difficulty with respect to sources and availability of raw materials essential to its businesses.

PATENTS AND TRADEMARKS

Westinghouse owns or is licensed under a large number of patents and patent applications in the United States and other countries that, taken together, are of material importance to its businesses. Such patent rights are, in the judgment of Westinghouse, adequate for the conduct of its business. No patents which Westinghouse considers material to its business as a whole will expire within the next five years.

Westinghouse has a world-wide trademark portfolio which it considers important in the marketing of its products and services, including, among others, the trademarks "WESTINGHOUSE," "CIRCLE W," "CBS," the CBS "Eye" logo, and "THERMO KING." Westinghouse believes that its rights in these trademarks are adequately protected and of unlimited duration.

BACKLOG

The backlog of firm orders of the Corporation's Continuing Operations was $5,591 million and $5,954 million at December 31, 1996 and 1995, respectively. Of the 1996 backlog $3,281 million is expected to be liquidated after 1997. In addition to the reported backlog, the Corporation provides certain non-Westinghouse products primarily for nuclear steam supply customers.

Backlog for the Corporation is as follows:

Power Systems backlog at year end 1996 and 1995 was $5,414 million and $5,699 million, respectively. Backlog of $3,214 million is expected to be liquidated after 1997. Energy Systems backlog at year end 1996 and 1995 was $2,744 million and $2,675 million, respectively. Power Generation backlog at year end 1996 and 1995 was $2,670 million and $3,024 million, respectively.

Thermo King backlog at year end 1996 and 1995 was $130 million and $174 million, respectively. Backlog of $65 million is expected to be liquidated after 1997.

Government Operations backlog at year end 1996 and 1995 was $16 million and $39 million, respectively. Backlog of $2 million is expected to be liquidated after 1997.

Also included in backlog at year end 1996 and 1995 was $31 million and $42 million, respectively, attributable to Corporate and Other. This backlog primarily relates to research activities for outside customers.

ENVIRONMENTAL MATTERS

Information with respect to Environmental Matters is incorporated herein by reference to Management's Discussion and Analysis--Environmental Matters included in Part II, Item 7 and in note 17 to the financial statements included in Part II, Item 8 of this report.

RESEARCH AND DEVELOPMENT

Data with respect to research and development is incorporated herein by reference to note 21 to the financial statements included in Part II, Item 8 of this report.

EMPLOYEE RELATIONS

During 1996, Westinghouse employed an average of 59,275 people, of whom 49,430 were located in the United States. Included in the 1996 average employees were 22,533 employees associated with government-owned facilities and the U.S. naval nuclear reactors program and 6,330 employees in Discontinued Operations. During the same period, 5,741 domestic employees were represented in collective bargaining by 36 labor organizations.

FOREIGN AND DOMESTIC OPERATIONS

Information with respect to foreign and domestic operations and export sales is incorporated herein by reference to note 21 to the financial statements included in Part II, Item 8 of this report.

ITEM 2. PROPERTIES.

At December 31, 1996, the Corporation's Continuing Operations owned or leased 850 locations totalling more than 24 million square feet of floor area in

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the United States and 38 foreign countries. Domestic locations of Continuing Operations comprised approximately 82% of the total space.

Facilities leased in the United States accounted for approximately 16% of the total space occupied by Continuing Operations and facilities leased in foreign countries accounted for approximately 7% of the total space occupied by Continuing Operations. No individual lease was material.

A number of manufacturing plants and other facilities formerly used in operations are either vacant, partially utilized, or leased to others. All of these plants are expected to be sold, leased, or otherwise utilized. Except for these facilities, the Corporation's physical properties are adequate and suitable, with an appropriate level of utilization, for the conduct of its businesses in the future.

ITEM 3. LEGAL PROCEEDINGS

(a) On February 27, 1996, suit was brought against the Corporation in the United States District Court (USDC) for the District of New Jersey by Public Service Electric & Gas Company, PECO Energy Company, Atlantic City Electric Company, and Delaware Power & Light Company, the owners of the Salem Generating Station. The suit alleges counts under the Racketeer Influenced and Corrupt Organization Act (RICO), for fraud and for negligent misrepresentation and for breach of contract in connection with the Corporation's supply of steam generators and for service orders in 1993 and 1995 related to these steam generators. The parties continue to engage in discovery.

(b) In August 1988, the Pennsylvania Department of Environmental Resources (PDER) filed a complaint against the Corporation alleging violations of the Pennsylvania Clean Streams Law at the Corporation's Gettysburg, Pennsylvania, elevator plant. The PDER requested that the Environmental Hearing Board assess a penalty in the amount of $9 million. The Corporation has denied these allegations. The parties

completed discovery and a portion of the hearing on the complaint began in 1991. The hearing resumed in 1992 and concluded in February 1993. In November 1996, the Board assessed a civil penalty of approximately $5.5 million. The Corporation timely filed an appeal with Commonwealth Court.

(c) The Corporation has been defending, in the USDC for the Western District of Pennsylvania (the District Court), consolidated class and derivative actions and an individual lawsuit brought by shareholders of the Corporation against the Corporation, Westinghouse Financial Services, Inc. (WFSI) and Westinghouse Credit Corporation (WCC), previously subsidiaries of the Corporation, and/or certain present and former directors and officers of the Corporation, as well as other unrelated parties. Together, these actions allege various federal securities law and common law violations arising out of alleged misstatements or omissions contained in the Corporation's public filings concerning the financial condition of the Corporation, WFSI and WCC in connection with a $975 million charge to earnings announced on February 27, 1991, a public offering of Westinghouse common stock in May 1991, a $1,680 million charge to earnings announced on October 7, 1991, and alleged misrepresentations regarding the adequacy of internal controls at the Corporation, WFSI and WCC. In July 1993, the court dismissed in its entirety the derivative claim and dismissed most of the class action claims, with leave to replead certain claims in both actions. Both actions were subsequently repled. On January 20, 1995, the court again dismissed the derivative complaint in its entirety with prejudice. On February 8, 1995, this dismissal was appealed. Also on January 20, 1995, the court dismissed the class action claims, but granted plaintiffs the right to replead certain of the class action claims. Plaintiffs, in the class action, did not replead the claims and on February 28, 1995, the court dismissed these claims in their entirety. Plaintiffs in both the derivative and class action suits appealed the rulings and dismissals of their claims by the District Court to the United States Court of Appeals for the Third Circuit. In July 1996, the Court of Appeals affirmed in part and reversed in part the class action claims. Pursuant to the ruling, this case has been remanded to the District Court, where the plaintiffs will proceed with their surviving claims against the Westinghouse defendants and others. In the derivative action, the Court of Appeals affirmed the dismissal of this action by the District Court.

In February 1997, a duplicative class action suit was brought against the Corporation in the USDC for the Western District of Pennsylvania. This case alleges similar facts and includes the same defendants named in the previous class action complaint filed in the USDC for the Western District of Pennsylvania.

(d) In February 1993, the Corporation was sued by 108 former employees who were laid off subsequent to the cancellation by the federal government of all contracts pertaining to the carrier-based A-12 aircraft program. The complaint alleges age discrimination on the part of the Corporation. The suit was filed in

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the USDC for the District of Maryland. The plaintiffs seek back pay with benefits and reinstatement of jobs or front pay. In April 1993, the Equal Employment Opportunity Commission (EEOC) filed a class-action, age discrimination suit against Westinghouse in the USDC for the District of Maryland on behalf of 388 former Westinghouse employees (which includes the aforementioned 108 employees) who were laid off or involuntarily terminated from employment subsequent to the federal government's cancellation of all contracts pertaining to the carrier-based A-12 aircraft program. The suit alleges age discrimination and discriminatory employment practices. The suit seeks back pay, interest, liquidated damages, reinstatement of jobs, court costs and other appropriate relief. In May 1993, these two cases were consolidated by the court. The court has adopted a trial structure which contemplates separate trials for plaintiffs in each of the 10 business segments within the Electronic Systems Group at the time of the February 1991 reduction-in-force. The parties have engaged in extensive discovery which was largely concluded in June of 1995. Currently, there is a stay in the proceedings as the parties attempt to effect a settlement which has been reached in principle.

(e) The Corporation is a defendant in numerous lawsuits claiming various asbestos-related personal injuries, which allegedly occurred from use or inclusion of asbestos in certain of the Corporation's products, generally in the pre-1970 time period. Typically, these lawsuits are brought against multiple defendants. The Corporation was neither a manufacturer nor a producer of asbestos and is oftentimes dismissed from these lawsuits on the basis that the Corporation has no relationship to the products in question or the claimant did not have exposure to the Corporation's product. At December 31, 1996, the Corporation had approximately 103,000 claims outstanding against it. In court actions that have been resolved, the Corporation has prevailed in the vast majority of the asbestos claims and has resolved others through settlement. Furthermore, the Corporation has brought suit against certain of its insurance carriers with respect to these asbestos claims.

Under the terms of a settlement agreement resulting from this suit, carriers that have agreed to the settlement are now reimbursing the Corporation for a substantial portion of its current costs and settlements associated with asbestos claims.

A number of the asbestos-related cases pending against the Corporation, including those pending in Mississippi, Baltimore and West Virginia, are consolidated or purported class action cases. In consolidated cases, the claims of a group of plaintiffs are tried together, and oftentimes limited findings with respect to common issues of fact and punitive damages are decided with respect to a representative grouping of plaintiffs and then applied to other individuals in the group. However, for the Corporation to be liable for damages to any particular claimant, that individual claimant must prove that he developed an asbestos-related disease, that he was exposed to a Westinghouse product, and that this exposure was a substantial factor in the development of the disease.

(f) In August of 1993, the bankruptcy Trustee for the Bonneville Pacific Corporation (Bonneville) sued over 70 defendants, including the Corporation, in federal district court in Salt Lake City, Utah. The Trustee's claims against the group of defendants, including the Corporation; Deloitte & Touche, Mayer, Brown & Platt; Piper Jaffray, Inc.; and Kidder Peabody and Company, were numerous, but consisted primarily of common law fraud and aiding and abetting in breaches of fiduciary duty on the part of former officers and directors of Bonneville. There were also claims by the Trustee for the tort of conspiracy and civil RICO violations. The Corporation's involvement with Bonneville consisted of four sale-leaseback transactions in co-generation projects through its former subsidiary, WCC. On December 3, 1996, the parties reached an agreement resolving all claims in this matter.

Litigation is inherently uncertain and always difficult to predict. Substantial damages are sought in certain of the foregoing matters and although management believes a significant adverse judgment is unlikely, any such judgment could have a material adverse effect on the Corporation's results of operations for a quarter or a year. However, based on its understanding and evaluation of the relevant facts and circumstances, management believes that the Corporation has meritorious defenses to the litigation described in items (a) through (e) above, and that the Corporation has adequately provided for costs arising from potential settlement of these matters when in the best interest of the Corporation. Management believes that the litigation should not have a material adverse effect on the financial condition of the Corporation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) A special meeting of shareholders of the Corporation was held on December 10, 1996.

(b) The following matters were submitted to a vote of the shareholders at the special meeting with the following results:

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(i) A management proposal regarding an amendment to the Restated Articles of Incorporation of the Corporation to increase the number of authorized shares of common stock from 630,000,000 to 1,100,000,000: 264,457,464 shares of common stock were voted for, 7,324,247 shares were voted against, and 2,833,278 shares abstained in connection with the adoption of this proposal.

(ii) A management proposal regarding the issuance of common stock of the Corporation in accordance with the terms of the Agreement and Plan of Merger among the Corporation, R Acquisition Corp., and Infinity Broadcasting Corporation, dated as of June 20, 1996, as amended: 259,491,956 shares of common stock were voted for, 5,936,426 shares were voted against, and 2,922,020 shares abstained in connection with the adoption of this proposal.

EXECUTIVE OFFICERS

The names, ages, offices, and positions held during the past five years by each of the executive officers of the Corporation as of March 5, 1997 are listed below. Officers are elected annually. There are no family relationships among any of the executive officers of the Corporation.

NAME, OFFICES, AND POSITIONS	AGE AT MARCH 5, 1997
Michael H. Jordan -- Chairman and Chief Executive Officer since June 30, 1993; Partner with Clayton, Dublier & Rice, Inc. from September 1992 to June 1993; Chairman of PepsiCo International Foods and Beverages Division from December 1990 to September 1992.	60
Gary M. Clark -- Vice Chairman and President since November 12, 1996; President from June 30, 1993 to November 1996; President and Acting Chief Executive Officer from January 27, 1993 to June 30, 1993; Member of President's Office from January 1, 1993 to January 27, 1993; Executive Vice President, Industries and Corporate Resources from December 1990 to January 1993.	61
Louis J. Briskman -- Senior Vice President and General Counsel since January 1994; Senior Vice President, Secretary and General Counsel from January 1993 to January 1994; Deputy General Counsel from January 1989 to January 1993.	48
Francis J. Harvey -- Executive Vice President and Chief Operating Officer, Industries & Technology Group since March 1, 1996; President, Electronic Systems from March 1, 1995 to February 29, 1996; President, Westinghouse Government and Environmental Services Co. from January 1994 to March 1, 1995; Vice President, Science and Technology from July 1993 to January 1994; General Manager, Marine Division from July 1986 to July 1993.	53
Mel Karmazin -- Chairman and Chief Executive Officer of CBS Radio since December 31, 1996; President and Chief Executive Officer, Infinity Broadcasting Corporation from 1986 to December 31, 1996.	53
Peter A. Lund -- President and Chief Executive Officer of the CBS Television and Cable Group since January 1997 and Chief Executive Officer and President of CBS Inc. since November 28, 1995; President, CBS/Broadcast Group, from February 1995 to November 27, 1995; President, CBS Television Network, from March 1994 to February 1995; Executive Vice President of CBS/ Broadcast Group, from October 1990 to March 1994.	56
Charles W. Pryor, Jr. -- President, Energy Systems, since March 5, 1997; management consultant within his own company in Lynchburg, Virginia from the end of 1995 to March 1997; President and Chief Executive Officer of B&W Nuclear Technologies (which became a subsidiary of Framatome, S.A. in 1993) from 1991 to the end of 1995.	52
Fredric G. Reynolds -- Executive Vice President and Chief Financial Officer since March 1994; Senior Vice President, Finance, and Chief Financial Officer, PepsiCo International Foods from December 1990 to March 1994.	46

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NAME, OFFICES, AND POSITIONS	AGE AT MARCH 5, 1997
Carol V. Savage -- Vice President and Chief Accounting Officer since July 30, 1996; Director, Corporate Reporting and Policies from November 1994 through July 1996; Controller, Nuclear and Advanced Technology Division, Energy Systems from June 1992 through October 1994; Assistant Controller, Westinghouse Financial Services, Inc., from August 1989 through May 1992.	46
James F. Watson -- President, Thermo King since February 1993; Vice President and General Manager, North American Division of Thermo King from October 1983 to February 1993.	59
Randy H. Zwirn -- President, Power Generation since December 20, 1996; Executive Vice President and Chief Operating Officer of Power Generation from January 1996 to December 20, 1996; General Manager, Power Generation Systems Division from 1994 to January 1996; General Manager, Power Generation Projects Division from 1990 to 1994.	43

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The principal markets for the Corporation's common stock are identified on page 1 of this report. The remaining information required by this item appears on page 64 of this report and is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA.

The information required by this item appears on pages 63 and 64 of this report and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by this item appears on pages 14 through 30 of this report and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this item, together with the reports of KPMG Peat Marwick LLP dated January 29, 1997 and Price Waterhouse LLP dated February 12, 1996, except for the restatements discussed in notes 1 and 3, for which the dates are March 31, 1996 and November 13, 1996, appears on pages 31 through 64 of this report and is incorporated herein by reference.

	PAGE
Report of Management	31
Reports of Independent Auditors and Accountants	32
Consolidated Statement of Income for each of the three years in the period ended December 31, 1996	33
Consolidated Balance Sheet at December 31, 1996 and 1995	34
Consolidated Statement of Cash Flows for each of the three years in the period ended December 31, 1996	35
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Quarterly Financial Information (unaudited)	63
Five-Year Summary Selected Financial and Statistical Data (unaudited)	64

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

The information required by Item 304(a) of Regulation S-K was previously reported in a Current Report on Form 8-K (Items 4 and 7) dated June 5, 1996 to report a change in the Corporation's independent accountants.

There were no reportable events as described in Item 304(b).

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

For most of 1996, the Corporation operated essentially as two separate companies--a media company and an industries and technology company--joined only by a shared capital structure, certain common overhead functions, and senior management.

Following the acquisition of CBS in late 1995, the media company focused on integrating its radio and television stations, improving its network operations, and expanding its radio and cable programming operations. On December 31, 1996, the Corporation completed an acquisition of Infinity Broadcasting Corporation (Infinity), thus creating the premier radio group consisting of 79 radio stations. The total purchase price of $4.7 billion consisted of $3.8 billion of equity and $.9 billion of debt. In exchange for Infinity's shares, Westinghouse issued 183 million new common shares which, when the merger agreement was reached, had a market value of $18.875 each. These new shares, together with the options outstanding, resulted in an increase in shareholders' equity of $3.8 billion. In addition, the Corporation repaid $936 million of Infinity's debt by replacing it with Westinghouse revolver debt.

The industries and technology company focused on strengthening its operations through increased market penetration and continued cost improvement efforts. Thermo King Corporation (Thermo King) built on its strength in domestic markets and expanded its international presence, particularly in Europe, Latin America and Asia. It made two strategic acquisitions--a Danish manufacturer of container refrigeration units and a German manufacturer of air conditioning units for buses. Power Generation also continued its global expansion. Of its $2.5 billion of new orders, nearly 65% originated outside the United States. Its joint venture investments in China are expected to provide unique opportunities to develop that market. Cost reduction efforts throughout the industries and technology company continued with improvements in supply management and production efficiencies as well as through workforce reductions.

In early 1996, the Corporation completed the sales of The Knoll Group (Knoll), its office furniture business, and its defense and electronic systems business for cash proceeds totalling $3.6 billion. A combined after-tax gain of $1.2 billion was recorded on the sales of these Discontinued Operations. The proceeds were used to repay a portion of the debt incurred to finance the acquisition of CBS. The debt repayment enabled the Corporation to complete a new $5.5 billion credit facility with more favorable terms to replace its $7.5 billion credit facility. The repayment of the outstanding debt under the previous facility resulted in a $93 million after-tax extraordinary loss from a non-cash write-off of deferred financing fees for the early extinguishment of debt.

In determining the core businesses that would comprise its industries and technology company, the Corporation decided to exit both its environmental services and its communication and information systems businesses. Both of these segments have been accounted for as Discontinued Operations. On December 31, 1996, the Corporation completed the sale of Westinghouse Security Systems, its residential security business, for approximately $425 million, including the assumption of certain liabilities by the buyer.

In November 1996, the Board of Directors approved a plan to separate the industries and technology businesses by way of a tax-free dividend to shareholders, forming a new publicly traded company to be called Westinghouse Electric Company (WELCO). The plan also provides that Thermo King will conduct a public offering of up to 20% of its common stock and will become a majority-owned subsidiary of WELCO. Completion of the plan is subject to a number of conditions, including a favorable ruling from the Internal Revenue Service and the registration of the WELCO common stock under the Securities Exchange Act of 1934. There can be no assurance that the separation will occur or as to the related timing. Furthermore, if the separation does occur, there can be no assurance that all of the assets, liabilities and contractual obligations will be transferred as currently contemplated or that changes will not be made to the separation plan.

On February 10, 1997, the Corporation announced that it reached a definitive merger agreement with Gaylord Entertainment Company (Gaylord) whereby the Corporation will acquire Gaylord's two major cable networks--The Nashville Network (TNN) and Country Music Television (CMT). The acquisition includes domestic and international operations of TNN, the U.S. and Canadian operations of CMT, and approximately $50 million of working capital. The purchase price of $1.55 billion will be paid in Westinghouse common stock. The number of shares to be issued will depend on the average closing price of the Corporation's stock during a trading period just prior to closing the transaction, subject to certain limits on the total number of shares to be issued and certain

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termination rights under the merger agreement. The transaction is subject to several conditions, including regulatory approvals, the receipt of a favorable ruling from the Internal Revenue Service, and the approval of Gaylord's shareholders.

CONSOLIDATED OPERATING RESULTS

The Corporation reported net income for 1996 of $30 million compared to $15 million for 1995 and $77 million for 1994. On a per-share basis, net income was $.07 for 1996, a loss of $.05 for 1995, and income of $.07 for 1994. The per-share amounts for 1995 and 1994 reflect a reduction for dividend requirements on the Series B preferred stock, which converted to common stock in September 1995. Net income includes results from Continuing Operations, Discontinued Operations, and the extraordinary loss on early extinguishment of debt, as presented below.

COMPONENTS OF NET INCOME (in millions)

YEAR ENDED DECEMBER 31	1996	1995	1994
Loss from Continuing Operations	$(838)	$(19)	$ (8)
Income from Discontinued Operations	961	34	85
Extraordinary loss	(93)	-	-
Net income	$ 30	$ 15	$77

The results for Continuing Operations included a number of special items, summarized in the following table:

IMPACT OF SPECIAL ITEMS (in millions)

YEAR ENDED DECEMBER 31	1996	1995	1994
Restructuring	$ (273)	$ (83)	$ (19)
Litigation matters	(486)	(236)	-
Impairment of assets	(15)	-	-
Environmental remediation activities	(175)	-	-
Contract accounting adjustments	(128)	-	-
Other	(30)	-	-
Total impact on operating profit	$(1,107)	$ (319)	$ (19)
Gain on sale of investment	-	115	-
Pension settlement loss	-	-	(308)
Loss on assets held for sale	(152)	-	-
Total impact on other income and expenses	$ (152)	$ 115	$ (308)
Total pre-tax impact on Continuing Operations	$(1,259)	$ (204)	$ (327)
After-tax impact on Continuing Operations	$ (814)	$ (132)	$ (207)
Per-share impact on Continuing Operations	$ (1.84)	$(0.32)	$(0.54)

Excluding the after-tax impact of the special items included in the table above, income from Continuing Operations for 1996 was a loss of $24 million, or $.05 per share, compared to income of $113 million, or $.19 per share, for 1995 and $199 million, or $.39 per share, for 1994. Performance improvements by some of the businesses were more than offset by higher interest expense in each of the last two years, arising substantially from CBS acquisition debt and goodwill amortization resulting from the CBS acquisition.

RESULTS OF OPERATIONS--CONTINUING OPERATIONS

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RESULTS OF OPERATIONS--CONTINUING OPERATIONS (in millions)
<TABLE>
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	SALES OF PRODUCTS AND SERVICES			OPERATING PROFIT (LOSS)			OPERATING PROFIT (LOSS) EXCLUDING SPECIAL CHARGES		
YEAR ENDED DECEMBER 31	1996	1995	1994	1996	1995	1994	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Media:									
Television	$ 809	$ 405	$ 325	$ 295	$ 149	$ 130	$ 295	$ 149	$ 130
Network	2,581	230	-	25	12	-	25	12	-
Radio	554	216	175	161	55	47	161	55	47
Other Media Businesses	227	164	150	7	10	21	7	10	21
Other Media	(26)	1	-	(178)	(14)	(1)	(137)	(14)	(3)
Total Media	4,145	1,016	650	310	212	197	351	212	195
Industries & Technology:									
Power Systems:									
Energy Systems	1,234	1,369	1,364	(30)	114	114	94	130	140
Power Generation (a)	2,016	1,769	1,715	(183)	(16)	130	18	12	125
Other Power Systems	(172)	(138)	(149)	(362)	(305)	(79)	(73)	(69)	(79)
Total Power Systems (a)	3,078	3,000	2,930	(575)	(207)	165	39	73	186
Thermo King	1,013	1,065	877	180	176	135	186	176	135
Government Operations	121	155	133	63	81	77	71	81	77
Total Industries & Technology (a)	4,212	4,220	3,940	(332)	50	377	296	330	398
Corporate & Other	133	393	674	(734)	(161)	(165)	(296)	(122)	(165)
Intersegment Sales	(41)	(30)	(54)	-	-	-	-	-	-
Total (a)	$8,449	$5,599	$5,210	$(756)	$ 101	$ 409	$ 351	$ 420	$ 428

</TABLE>

(a) Sales for 1996 were reduced by a $180 million one-time adjustment to previous accounting for certain long-term contracts.

During 1996, the Corporation made several changes to its reported business segments. The environmental services line of business and the Communication & Information Systems (CISCO) segment were reclassified to Discontinued Operations in March and November 1996, respectively, in accordance with the Corporation's plan to exit these businesses. Previously, the environmental services business was reported as part of the Government & Environmental Services business segment. The remaining line of business comprising that segment is now reported as Government Operations. The previously reported Other Businesses segment, which consisted of non-strategic businesses that have been divested or closed over the last three years, has been combined with Corporate & Other. Segment information for 1995 and 1994 has been restated to reflect these changes.

The Corporation's consolidated revenues from sales of products and services increased $2,850 million in 1996 compared to 1995 and increased $389 million in 1995 compared to 1994, primarily due to the November 1995 acquisition of CBS.

Operating profit for each of the last three years included special charges related to restructuring activities, which totalled $273 million in 1996, $83 million in 1995, and $19 million in 1994. Operating profit for 1996 also included special charges of $486 million for litigation matters, $15 million for asset impairment based on the modification of projected recoverability of certain long-lived assets, and $175 million for environmental remediation matters. Also included in 1996 operating profit was a special charge of $128 million for contract accounting adjustments and $30 million for other costs related to previously divested businesses. See notes 1, 17, and 20 to the financial statements. Other special charges of $236 million for litigation matters were included in operating profit in 1995.

Excluding special charges, the 1996 increases in profits for the media businesses were more than offset by a 10% decline in profits for the industries and technology businesses and a significant increase in Corporate & Other costs. Subsequent to the sale of the defense and electronic systems business in February 1996, retiree pension and postretirement benefit costs previously absorbed by the operations of that business were included in Corporate & Other.

Results for the Corporation continue to be unfavorably affected by pension costs related to the unfunded pension obligation. Although the Corporation's objective is to reduce this earnings constraint over the next few years, management expects that it will continue to negatively affect operating results in 1997.

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MEDIA

The results for CBS subsequent to the completion of the acquisition on November 24, 1995 are included in the results for Media. Sales and operating profit for CBS for the last 37 days of 1995 included in the Corporation's 1995 results were $305 million and $9 million, respectively.

The television group owned 14 television stations at year-end 1996 compared to 15 television stations and 5 television stations at December 31, 1995 and 1994, respectively. The radio group owned 79 radio stations at year-end 1996, including 40 radio stations acquired with Infinity on December 31, 1996, compared to 37 stations and 16 stations at December 31, 1995 and 1994, respectively. No results of operations are included in 1996 for Infinity. See note 2 to the financial statements.

The approval by the Federal Communications Commission (FCC) of the Corporation's acquisition of Infinity contained a number of temporary waivers of the FCC's television and radio cross-ownership rules. These waivers were granted subject to the outcome of the pending ownership rulemaking in which certain deregulation of the television and radio cross-ownership rules has been proposed. In the event that any station divestitures are required at the conclusion of this rulemaking, the Corporation would be required to file applications with the FCC for consent to the necessary divestitures within six months of the rulemaking order.

The order granting approval of the Infinity transaction made permanent the temporary waivers of the television and radio cross-ownership rules granted in connection with the Corporation's acquisition of CBS. The FCC orders approving both the CBS and Infinity acquisitions are subject to judicial appeals by certain third parties. The FCC has previously rejected the positions of these third parties, and the Corporation believes that such appeals are without merit.

The reported results for television, radio and the network include depreciation and amortization of specifically identifiable assets based on their fair values when acquired. Amortization of goodwill arising from the CBS acquisition, which approximates $120 million per year, is included in the results of Other Media. Where appropriate, the separate business discussions that follow provide a comparison of the actual 1996 results with the pro forma combined Group W and CBS actual results for 1995 and 1994.

For the entire Media group, earnings before interest, taxes, depreciation, and amortization (EBITDA) and the restructuring charge totalled $628 million for 1996. On a pro forma combined basis, EBITDA for 1995 was $536 million and $728 million for 1994. EBITDA differs from operating cash flows for the group primarily because it does not consider changes in assets and liabilities from period to period, and it includes the impact of purchase price accounting adjustments related to program rights of $164 million and $24 million for 1996 and 1995, respectively.

TELEVISION

On a pro forma combined basis, revenues for the television stations fell slightly for 1996 compared to 1995 due to lower ratings and affiliation changes at certain stations. Operating profit on a pro forma combined basis also declined slightly reflecting the lower revenues, although cost improvements at the stations reduced that impact. Also in 1996, WPRI, the television station in Providence, Rhode Island, was sold. No gain or loss was reported on this sale. A decline in pro forma combined performance for 1995 compared to 1994 generally was attributable to the CBS stations.

NETWORK

The network, on a pro forma basis, experienced a 3% increase in revenues in 1996 compared to 1995. Higher prices, revenues from the addition of college football, and increased syndication revenues were the primary factors. Operating profit on a pro forma basis increased to $25 million reflecting the favorable effects of higher prices and increased syndication revenues as well as lower demographic ratings and higher costs associated with coverage of the presidential election, advertising and promotion for the new primetime season, programming, and affiliate compensation. In addition, operating profit included the favorable effect of purchase accounting adjustments related to program rights totalling $131 million in 1996 and $24 million in 1995. Network results were strong in 1994 due to the broadcast of the Olympic Winter Games.

RADIO

Performance for 1996, which included results for two Chicago radio stations acquired January 2, 1996, was strong. On a pro forma combined basis, revenues grew 11% for 1996 compared to 1995. Operating profit on a pro forma combined basis increased 51% during the same period, reflecting increased revenues and

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significant benefits from cost reduction activities. Revenues and profits increased approximately 5% on a pro forma combined basis for 1995 compared to 1994.

OTHER MEDIA BUSINESSES

Other Media Businesses includes operating results for Group W Satellite Communications (GWSC) and EYEMARK Entertainment (EYEMARK). EYEMARK combines the activities of Group W Productions and MAXAM, a distribution and production company acquired in February 1996. Revenues for GWSC increased in 1996 compared to the prior year as a result of certain cable channel and network services acquired from CBS, increased advertising revenues, and the acquisition of TeleNoticias, a 24-hour, Spanish-language news service. Operating profit for GWSC was flat with 1995 as the increased revenues were offset by startup costs for TeleNoticias and a new cable channel, Eye on People. GWSC reported strong results in 1995. While revenues for production operations increased in 1996 compared to 1995, operating losses also increased due to absorbing MAXAM's operations. Operating results for 1995 and 1994 included significant program development costs at Group W Productions.

OTHER MEDIA

Costs for the Media group's headquarters and amortization of all goodwill arising from the CBS acquisition comprised Other Media. For 1996, Other Media included a $41 million restructuring charge for Group W's actions to obtain operational synergies between CBS and Group W. The cost of the CBS actions was recorded in connection with the CBS acquisition. Goodwill amortization related to the CBS acquisition totalled approximately $120 million for 1996.

INDUSTRIES & TECHNOLOGY

POWER SYSTEMS

Power Systems consists of Energy Systems and Power Generation, the Corporation's manufacturing and service businesses for the nuclear and fossil-fueled power generation industry. The results for the Power Systems segment in total reflect the impact of discounts on goods and services provided to customers under litigation settlements. However, the results for Energy Systems and Power Generation are presented as if the sales had been made at normal commercial rates. The effect of these discounts is presented in Other Power Systems.

Sales for Power Systems increased slightly over the last three years while operating profit declined significantly. However, excluding a one-time accounting adjustment for certain long-term contracts at Power Generation discussed below, sales for Power Systems in 1996 increased $258 million, or 9%, over 1995 due to a strong sales increase of $427 million from Power Generation, partially offset by a sales decrease of $135 million at Energy Systems.

In general, Power Systems has been unfavorably affected by the uncertainties caused by deregulation of the U.S. utility industry and price compression globally. In the United States, new power generation capacity additions have been modest. In addition, pressures on utilities to reduce spending for capital improvements and minimize outages for nuclear and fossil-fueled plants have adversely impacted the U.S. market. Internationally, new capacity additions are growing, but price compression continues to impact profitability.

ENERGY SYSTEMS Energy Systems sales were $1,234 million in 1996, a 10% decrease from 1995. Sales remained constant from 1994 to 1995. The decrease in sales in 1996 was due primarily to lower parts and service volume associated with utilities' spring power plant outages and a decline in simulator sales.

The operating loss for 1996 included $113 million for restructuring activities, including the separation of approximately 1,200 employees and $11 million for environmental remediation activities. Operating profit for 1995 and 1994 included $16 million and $26 million, respectively, for restructuring activities. Excluding restructuring charges in all years, 1996 operating profit of $94 million declined 28%, or $36 million, from 1995. This decrease in 1996 operating profit was primarily the result of lower volume from spring outages and a reduced level of income from project close-outs. Operating profit decreased 7% to $130 million in 1995 compared to 1994, primarily due to lower licensee income. Cost savings from restructuring activities have been partially offset by price compression.

Energy Systems orders were approximately $1.2 billion for both 1996 and 1995 and $1.3 billion in 1994 reflecting continued strong demand despite operating in a shrinking market. Year-end backlog remained stable at approximately $3.2 billion for all three years.

POWER GENERATION In 1996, in recognition of changing market conditions and pricing pressures at Power Generation, the business unit modified its

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application of contract accounting principles to reflect a more conservative approach. A one-time accounting adjustment was recognized in the first quarter to reduce 1996 sales by $180 million and operating profit by $128 million.

Approximately half of this amount was recognized as profit in 1996 under the revised application. Excluding the special adjustment, the difference between operating profit as reported and operating profit that would have been reported under the previous method is not significant.

Excluding this adjustment, Power Generation sales were $2,196 million in 1996, a 24% increase from 1995. This sales increase resulted primarily from greater volume for combustion and steam turbines and large projects, particularly in the international market. In addition, slightly higher service volume contributed to the sales increase. Sales for 1995 increased 3% due to increased volume for combustion and steam turbines.

The operating loss for 1996 included $68 million for restructuring costs related to the separation of approximately 900 employees and the closing of a manufacturing plant, as well as the $128 million one-time accounting adjustment. The operating loss for 1995 included $28 million for restructuring activities while 1994's results included a favorable adjustment of $5 million for a modification of previous restructuring plans.

Excluding the impact of these special items, 1996 operating profit increased $6 million to $18 million; operating profit in 1995 decreased $113 million to $12 million compared to 1994. A shift in product mix from higher margin service and parts sales to lower margin new apparatus and project sales has depressed profits in recent years. Service and parts sales were affected by a combination of improved equipment reliability and deferral of maintenance by utilities. The severe price compression experienced in 1995 in the new apparatus business appeared to moderate in 1996. The reduced service and parts volume combined with the price compression on new apparatus more than offset the cost improvements made as a result of restructuring activities. Power Generation continues to respond to the significant market pressures through aggressive cost reduction measures in both direct product cost and overhead.

Power Generation orders of $2.5 billion for 1996 were slightly higher than 1995. The focus on international orders has grown dramatically over the last several years. In 1996, nearly 65% of new orders originated outside the United States. Also in 1996, Power Generation adjusted backlog by approximately $650 million for project cancellations, delays, or other uncertainties. Backlog was $2.8 billion at the end of 1996 compared to $3.1 billion at year-end 1995.

OTHER POWER SYSTEMS Other Power Systems includes eliminations of sales between Energy Systems and Power Generation, as well as activities related to uranium, steam generator and Philippines litigation matters, including legal fees incurred, estimated losses for settlements, and discounts. Other Power Systems operating losses excluding special charges primarily represent discounts from commercial prices on goods and services supplied under previous settlement arrangements when discounted prices exceed costs. Special charges for litigation matters reflect discounts that exceed profit margins. In 1996 and 1995, special charges of $289 million and $236 million, respectively, were recognized for estimated costs in excess of discounted prices related to litigation and other matters. Excluding these special charges, the operating losses in 1996, 1995 and 1994 were $73 million, $69 million and $79 million, respectively.

THERMO KING

Orders for 1996 totalling $1 billion were flat with 1995. Strong orders for service parts offset a downturn in the North American truck and trailer business and reduced container volume. Orders in 1995 exceeded 1994 by $20 million, or 2%, due to strong international demand, particularly in Europe. International orders accounted for nearly 52% of Thermo King's total orders for 1996.

Sales in 1996 declined $52 million, or 5%, from 1995, primarily driven by the slowdown in the North American truck and trailer market. This reduction was offset in part by strong sales of service parts. Total international sales remained consistent with the prior year in part because of two fourth-quarter 1996 acquisitions-Sabroe Reefer Cool, a Danish manufacturer of container refrigeration units, and Thermal, a German manufacturer of air conditioning units for buses. Sales in 1995 exceeded 1994 by $188 million, or 21%, due to strong international demand.

Despite downturns in the North American truck and trailer market, Thermo King reported record profit in 1996. Operating profit reached $180 million, which was $4 million, or 2%, higher than 1995. The impact of reduced sales levels was more than offset by a significant reduction in operating costs and higher margin on service parts. Substantial cost reductions were achieved through

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improvements on material procurement and productivity. In addition, operating profit for 1996 included $6 million of

restructuring costs related to a plant closing in the United Kingdom and the exit of the heavy rail refrigeration business. Operating profit was also strong in 1995, exceeding 1994 by $41 million, or 30%. This was primarily a result of the higher 1995 sales volume.

The Corporation's current plan to separate its industries and technology businesses and its media businesses includes a public offering by Thermo King of up to 20% of its common stock.

GOVERNMENT OPERATIONS

Government Operations supplies nuclear services to the U.S. Department of Energy (DOE), U.S.Army, and the U.S. naval nuclear reactors program. Sales in 1996 decreased 22% from 1995 due to losses of a Navy engineering contract and reduced government spending. The loss of the maintenance and operations contract for the DOE's Hanford site did not materially impact results in 1996 although future results will be affected. The lost revenue from the Navy engineering contract was partially replaced by a new five-year contract with the U.S. Army for a chemical demilitarization project and a one-year contract for the nuclear maintenance planning and control activities at a DOE laboratory. Government Operations was also awarded the DOE's Savannah River contract for an additional five-year period.

Sales for the management of government sites were strong for 1995, with sales up 17% compared to 1994. Benefits from the DOE's new performance based contracts were partially offset by the loss of a management contract at a DOE facility in Idaho.

The Corporation intends to aggressively pursue retention of its current government contracts and to selectively bid for sites not currently managed by the Corporation. This has resulted in increased bid and proposal costs, particularly in 1996.

The 1996 operating profit included $8 million for restructuring activities related to the separation of approximately 30 employees associated with terminated contracts. Excluding the restructuring charge, operating profit decreased 12% to $71 million in 1996 compared to 1995. Operating profit for 1995 increased 5% to $81 million compared to 1994 as a result of the new DOE performance based contracts, partially offset by the loss of operating profit from the Idaho DOE facility.

CORPORATE & OTHER

During 1996, the Corporation completed the sale of Wittnauer International, Inc., a previously identified non-strategic business. In 1995, several other non-strategic businesses were sold as well as the Corporation's majority interest in MICROS Systems, Inc. (MICROS). In addition, the Corporation closed a plant in Abingdon, Virginia. Controlmatic and Gladwin were divested in 1994. The decline in revenues over the last three years reflects these divestitures.

Included in the operating loss for 1996 is $37 million for restructuring costs, $164 million for environmental remediation matters related primarily to businesses previously divested, $192 million for litigation contingencies, $15 million for asset impairment, and $30 million for other matters. Included in the 1995 operating loss was $39 million for restructuring.

Corporate costs excluding special charges increased dramatically in 1996. Nearly $150 million of this increase represents pension and other benefits associated with previously divested businesses. These costs increased in part because of a reduction in the pension discount rate from 8.5% to 6.75%, all of which is reflected in corporate costs. Upon the sale of the defense and electronic systems business in February 1996, Corporate & Other absorbed the retiree pension and postretirement benefit costs that previously were included in the results of operations for that business. In addition, corporate overheads were higher, in part, because of significant systems reengineering activities. Under the current plan to separate the media businesses from the industries and technology businesses, approximately 15% of costs for Corporate & Other would be allocated to the media businesses.

RESTRUCTURING OF OPERATIONS

The Corporation is committed to strengthening its businesses and improving its profitability through restructuring actions ranging from changes in business and product-line strategies to downsizing for process reengineering and productivity improvements. To the extent possible, the Corporation is committed to reducing its workforce through normal attrition. See note 20 to the financial statements.

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During the last three years, the Corporation has undertaken restructuring programs at its corporate headquarters as well as at several of its major businesses. In particular, Power Systems has identified initiatives at both its Power Generation and Energy Systems business units in an effort to remain competitive in light of a reduction in the demand for services and intense pricing pressures. Restructuring actions for Continuing Operations, including corporate headquarters, have resulted in the recognition of restructuring costs net of adjustments of prior plans totalling $273 million in 1996, $83 million in 1995, and $19 million in 1994.

The most significant cost component of the Corporation's restructuring plans generally involves the elimination of positions and the separation of employees. Approximately 4,200 positions were eliminated from Continuing Operations during the last three years resulting in employee separation costs totalling $319 million, including pension and postretirement curtailment costs. Other cost elements of these plans consisted of asset writedowns of $40 million and costs for facility closure or rationalization of $40 million. As of December 31, 1996, cash expenditures totalled $134 million for these plans. Cash expenditures of $146 million and $19 million are projected for 1997 and 1998, respectively. Employee separation costs generally are paid over a period of up to two years following the separation.

The annual savings expected from these restructuring initiatives approximates $100 million for the 1996 plan, $40 million for the 1995 plan, and $35 million for the 1994 plan. Cost savings realized approximated $80 million in 1996 and $40 million in 1995. Because an announced closing of a major plant is scheduled to occur later in 1997, the full benefit from these plans will not be realized until 1998. Also, competitive pressures causing price compression in certain of the Corporation's markets have absorbed a significant portion of the savings achieved through restructuring actions.

Results of operations for the Corporation's Discontinued Operations included restructuring actions, principally for the defense and electronic systems business and Knoll, which resulted in costs totalling $2 million in 1996, $52 million in 1995, and $52 million in 1994. These actions involved the separation of approximately 1,400 employees and the exiting of various product lines and closure of facilities.

In conjunction with the CBS acquisition, a plan was developed to integrate the CBS headquarters and the radio and television operations with those of the Corporation. The estimated cost for restructuring the CBS organization, including separating employees and closing facilities, is $100 million, of which $24 million had been spent as of year-end 1996. Total expenditures for 1997 and 1998 are anticipated to be $40 million and $25 million, respectively. Restructuring costs associated with the integration of Group W are included in the 1996 corporate restructuring plan discussed previously. No significant restructuring costs are anticipated for the Infinity acquisition.

Cost reduction initiatives are undertaken when the expected benefits are substantial in relation to the cost of the programs and are realizable in the near term. The Corporation expects to continue to implement restructuring initiatives as competitive conditions dictate in an ongoing effort to reduce its overall cost structure and improve its competitiveness.

1994 PENSION SETTLEMENT LOSS

The Corporation's restructuring activities contributed to a high level of lump-sum cash distributions from the Corporation's pension fund during 1994. The magnitude of these cash distributions required that the Corporation apply the provisions of Statement of Financial Accounting Standards (SFAS) No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," and recognize a settlement loss of $308 million. This noncash charge to income represents the pro rata portion of unrecognized losses associated with the pension obligation that was settled. Lump-sum cash distributions during 1996 and 1995 did not reach the threshold for recognition of a settlement loss.

The settlement loss in 1994 did not affect shareholders' equity because the decrease resulting from the income statement provision was fully offset by a reduction in the charge to shareholders' equity related to the minimum pension liability. See note 4 to the financial statements.

OTHER INCOME AND EXPENSES

Year-to-year fluctuations in other income and expenses were dramatic. A net expense of $86 million was recorded in 1996 compared to income of $137 million

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in 1995 and expense of $285 million in 1994.

In 1996, the net expense included an estimated loss of $152 million resulting from a decision to sell certain miscellaneous non-strategic assets. A $17 million gain from the sale of equity investments partially offset this loss.

Other income for 1995 of $137 million included a pre-tax gain of $115 million from the sale of the Corporation's 62% interest in MICROS. The Corporation recorded an additional $7 million provision for the estimated loss on disposition of non-strategic businesses related to the disposition of Aptus, Inc. (Aptus).

For 1994, other income and expense, which was a net expense of $285 million, consisted primarily of the $308 million charge for the settlement of a portion of the Corporation's pension obligation as discussed previously. The Corporation recorded a $17 million provision for the estimated loss on disposition of non-strategic businesses to reflect changes in estimates related to previous divestiture decisions. These charges were partially offset by a gain of $32 million from the sale of two radio stations.

INTEREST EXPENSE

Interest expense for Continuing Operations increased $220 million in 1996 due to higher debt attributable to the CBS acquisition. The entire acquisition price of $5.4 billion was financed with debt. The Corporation repaid $3.6 billion of this debt in the first quarter of 1996 through proceeds from the divestitures of Knoll and the defense and electronic systems business. Average debt increased from $3,506 million in 1995 to $5,841 million in 1996.

On August 29, 1996, the Corporation prepaid $3.2 billion of debt under its then-existing credit facility and replaced it with borrowings under a new revolving credit facility with more favorable borrowing rates (see Revolving Credit Facility). Weighted average interest rates were slightly lower in 1996 compared to 1995.

In conjunction with the presentation of Knoll and the defense and electronic systems business as Discontinued Operations, interest expense on Continuing Operations debt totalling $8 million in 1996, $48 million in 1995, and $37 million in 1994 was allocated to Discontinued Operations. See note 3 to the financial statements.

INCOME TAXES

The Corporation's 1996 provision for income taxes in total was 92% of the income before taxes and minority interest. The 1996 total provision of $399 million consisted of a $466 million benefit from Continuing Operations, $925 million expense from Discontinued Operations, and a $60 million benefit from an extraordinary item.

The Corporation's 1995 provision for income taxes in total was 63% of the income before taxes and minority interest. The 1995 total provision of $44 million consisted of $10 million from Continuing Operations and $34 million from Discontinued Operations.

The Corporation's 1994 provision for income taxes in total was 45% of the income before taxes and minority interest. The 1994 net provision totalled $71 million, consisting of an $11 million benefit from Continuing Operations and an $82 million expense from Discontinued Operations.

The Corporation's tax provision or benefit has fluctuated dramatically from the statutory tax of 35% of pre-tax income for 1996, 1995 and 1994. The items that caused the fluctuations for Continuing Operations are set forth in note 6 to the financial statements. Amortization of intangible assets has a significant effect on the relationship between income taxes and pre-tax income. No tax benefit is recognized on the goodwill amortization recorded as a result of the CBS acquisition. In future years, the effect will be more dramatic because of increased goodwill amortization that will result from the Infinity acquisition.

The net deferred tax asset at December 31, 1996 totalled $1,411 million. This amount consisted of a net deferred tax asset of $1,591 million from Continuing Operations partially offset by a net deferred tax liability of $180 million from Discontinued Operations. The temporary differences that give rise to deferred income taxes are shown in the Consolidated Deferred Income Taxes by Source table in note 6 to the financial statements.

The three significant sources of the net deferred tax asset are: (i) the tax effect of net operating loss carryforwards of $1,502 million, of which $1,401 million will expire by the year 2008 and the balance by 2010; (ii) the tax effect of cumulative net temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes of $1,583 million representing future net income tax

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deductions; and (iii) alternative minimum tax credit carryforwards of $252 million that have no expiration date. Of the net temporary difference of $1,583 million, approximately $1,027 million relates to a net pension obligation, $1,285 million relates to an obligation for postretirement and postemployment benefits, and $1,938 million relates to reserves for restructuring, litigation and other matters. These are partially offset by temporary differences of approximately $1,569 million and $637 million related primarily to FCC licenses and to tax depreciation in excess of book depreciation, respectively.

Management believes that the Corporation will have sufficient future taxable income to make it more likely than not that the net deferred tax asset will be realized. In making this assessment, management considered the net losses generated in recent years as aberrations caused in part by the liquidation of a substantial portion of Financial Services assets and by other unusual actions. The reversal of temporary differences may cause tax losses in future years. Each tax-loss year would receive a new 15-year carryforward period. Under a conservative assumption that all net cumulative temporary differences other than net operating loss carryforwards had reversed in 1996, the Corporation would have through the year 2011 to recover the tax asset. This would require the Corporation to generate average annual taxable income of at least $230 million.

The following table shows a reconciliation of income or loss from Continuing Operations before income taxes to taxable income from Continuing Operations:

RECONCILIATION OF PRE-TAX INCOME (LOSS) FROM CONTINUING OPERATIONS
TO U.S. FEDERAL TAXABLE INCOME (LOSS) (in millions)

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31	1996	1995	1994
Pre-tax income (loss) from Continuing Operations	$(1,298)	$ 2	$ (10)
Permanent differences:			
Foreign and Puerto Rico	(191)	(167)	(136)
State income tax	114	-	4
Goodwill	130	26	16
Other	(83)	9	(29)
Net permanent differences	(30)	(132)	(145)
Temporary differences:			
Pensions	(49)	(33)	270
Long-term contracts	87	(31)	(57)
Depreciation	(12)	92	14
Provision for restructuring and other actions	932	154	(87)
Other	(161)	(59)	155
Net temporary differences	797	123	295
U.S. federal taxable income (loss)	$ (531)	$ (7)	$ 140

</TABLE>

DISCONTINUED OPERATIONS

In recent years, the Corporation has adopted several separate plans to dispose of major segments of its business. These businesses have been accounted for as discontinued operations in accordance with Accounting Principles Board (APB) Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions."

The table on the following page summarizes each of the Corporation's segment disposal plans as well as the assets remaining as of December 31, 1996:

DISCONTINUED OPERATIONS

<TABLE>
<CAPTION>

PLAN DATE	LINE OF BUSINESS	REMAINING ASSETS
November 1996	CISCO	Several businesses
March 1996	Environmental Services	Several businesses
December 1995	Knoll	-

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December 1995	Defense and Electronic Systems	-
July 1995	Land Development (WCI)	Mortgage notes receivable and miscellaneous securities
November 1992	Financial Services	Leasing receivables
November 1992	Distribution and Control (DCBU)	-
November 1992	Westinghouse Electric Supply Company (WESCO)	Miscellaneous securities

</TABLE>

In December 1996, the Corporation completed the sale of its residential security business, the largest component of the CISCO segment, for approximately $425 million, including the assumption of certain liabilities by the buyer. The gain realized on this sale was offset by estimated losses for disposal of other businesses comprising this segment as well as additional estimated losses for other components of Discontinued Operations. The remaining businesses in this segment generally are expected to be divested during 1997.

In the first quarter of 1996, the Corporation recorded an after-tax charge of $146 million for the estimated loss on disposal of the environmental services businesses. In December 1996, an additional after-tax loss of $100 million for disposal of these businesses was recognized for additional expected divestiture costs but was offset by gains related to other components of Discontinued Operations. Also in December 1996, the Corporation sold a portion of its hazardous waste disposal business for $31 million. The remaining businesses are generally expected to be divested during 1997.

In the first quarter of 1996, the Corporation completed the sale of Knoll and its defense and electronic systems business for a combined after-tax gain of $1.2 billion. The purchase price totalled $3.6 billion of cash plus the assumption by the buyer of certain pension and postretirement liabilities associated with the active employees of the defense and electronic systems business. The net proceeds from these transactions were used to repay debt of Continuing Operations.

In July 1995, the Corporation sold WCI for $430 million of cash and retained approximately $125 million of mortgage notes receivable with maturities through 1997 and other securities. In addition, the buyer assumed $19 million of debt. Concurrently, the Corporation invested $48 million for a 24% equity interest in the new business. The Corporation is actively pursuing the divestiture of this investment. The net cash proceeds from the divestiture of WCI were used to repay debt of Discontinued Operations. A net loss of $76 million was recognized on the disposal.

The exit from the Financial Services business involved the sale of the real estate and corporate finance portfolios over a three-year period and the liquidation of the leasing portfolio through the year 2015 in accordance with contractual terms. The real estate and corporate finance portfolio investments essentially have been liquidated.

In the first quarter of 1994, the Corporation completed the sale of DCBU for a purchase price of $1.1 billion of cash and the assumption by the buyer of certain liabilities. During the same quarter, the Corporation also sold WESCO for a purchase price of approximately $340 million. The proceeds from the sale of WESCO consisted of approximately $275 million of cash, approximately $50 million of first mortgage notes, and the remainder of stock and options of the new company.

At December 31, 1996, the assets and liabilities of Discontinued Operations included those related to the remaining operating businesses from the CISCO segment and the environmental services business, the remaining securities from WCI, other miscellaneous securities, the leasing portfolio, and deferred income taxes. Liabilities also included debt and the estimated losses and divestiture costs associated with all Discontinued Operations, including estimated results of operations through divestiture.

Other than the leasing portfolio, the Corporation is actively pursuing the sale of assets, which are generally expected to be divested within the next year. Deferred income taxes, which result from temporary differences between book and tax bases of the assets and liabilities of Discontinued Operations, generally will be transferred to Continuing Operations upon reversal and will not result in the receipt or payment of cash by Discontinued Operations. Liabilities associated with divestitures are expected to be satisfied over the next several years. Debt will be repaid using cash proceeds from the liquidation of assets of Discontinued Operations. Cash proceeds in excess of those required to repay the debt and satisfy the divestiture liabilities of Discontinued Operations will be transferred to Continuing Operations.

Management believes that the net proceeds anticipated from the continued liquidation of assets of Discontinued Operations will be sufficient to fund the liabilities of Discontinued Operations, including the repayment of its debt. Management further believes that the liability for the estimated loss on disposal of Discontinued Operations of $672 million at December 31, 1996 is

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adequate to cover future operating costs, estimated losses, and the remaining divestiture costs associated with all discontinued businesses.

The following table presents sales and operating profit (loss) for Discontinued Operations for each of the three years in the period ended December 31, 1996:

RESULTS OF OPERATIONS (in millions)

YEAR ENDED DECEMBER 31	1996	1995	1994
Sales of products and services:			
DCBU and WESCO	$ -	$ -	$ 319
Financial Services	26	31	41
WCI	-	108	248
Defense and Electronic Systems	262	2,549	2,189
Knoll	90	621	562
Environmental Services	237	299	335
CISCO	337	361	314
Operating profit (loss):			
DCBU and WESCO	-	-	4
Financial Services	(16)	(52)	(204)
WCI	-	29	69
Defense and Electronic Systems	(11)	195	207
Knoll	9	60	(61)
Environmental Services	(100)	(56)	(17)
CISCO	(77)	(1)	12

DCBU and WESCO

Operating results for 1994 included revenues and the operating profits of DCBU for the month ended January 31, 1994 and of WESCO for the two months ended February 28, 1994, their respective dates of sale.

FINANCIAL SERVICES

Operating results of Financial Services reflect the continued liquidation of the portfolio investments. At December 31, 1996, portfolio investments totalled $845 million, a decrease of $56 million from $901 million at year-end 1995. Portfolio investments at December 31, 1996 and 1995, included $800 million and $822 million, respectively, of receivables, and $45 million and $79 million, respectively, of other portfolio investments. The receivables at year-end 1996 and 1995 consisted primarily of leasing receivables, while other portfolio investments included real estate properties and investments in leasing and real estate partnerships. With the divestiture of real estate and corporate finance assets essentially completed, future operating results generally will reflect the performance of the leasing portfolio.

Leasing receivables consist of direct financing and leveraged leases. At December 31, 1996 and 1995, 84% related to aircraft and 16% related to cogeneration facilities.

WCI

Operating results for 1995 included revenues and the operating profit of WCI until its sale in July 1995.

DEFENSE AND ELECTRONIC SYSTEMS

Operating results for 1996 included revenues and the operating loss of the defense and electronic systems business until its sale on March 1, 1996. Revenues for 1995 increased 16% to $2,549 million compared to 1994 as a result of increased volume from the defense electronics operations, including the Norden Systems acquisition, air traffic control, and mail processing systems.

Operating profit included restructuring charges of $49 million and $11 million in 1995 and 1994, respectively. Excluding these charges in both years, operating profit increased 12% in 1995 as a result of the higher revenues.

KNOLL

In 1996, revenues and the operating loss for Knoll represented its operating results until its sale on February 29, 1996. In 1995, revenues increased 10% to $621 million compared to 1994, reflecting increases in Knoll North America orders.

Knoll's operating profit of $60 million for 1995 represented a dramatic turnaround of this business. A major restructuring program, resulting in restructuring charges totalling $40 million in 1994, was implemented beginning in mid-1994 and was substantially completed in 1995. The results of this

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program were evident in both the North American and European results for 1995. Excluding these restructuring charges, Knoll's operating profit increased $81 million in 1995 compared to 1994. New products, strong sales across all product lines, and quick delivery programs contributed to the improvement.

ENVIRONMENTAL SERVICES

In 1996, revenues for the environmental services businesses decreased $62 million, or 21%, primarily due to a downturn in commercial and government activity. For 1995, sales decreased $36 million, or 11%, primarily as a result of the sale of Aptus in March 1995.

The operating loss increased $44 million in 1996, primarily due to the decline in sales and higher than anticipated waste disposal costs. For 1995, the operating loss increased $39 million due to higher costs for disposal of secondary waste.

The remaining businesses are expected to be divested in 1997.

CISCO

Sales in 1996 decreased $24 million, or 7%, compared to 1995. In 1995, sales increased $47 million, or 15%, compared to 1994. The decrease in sales in 1996 was primarily attributable to contracts won in 1995, which did not recur in 1996, partially offset by increased market penetration in the communication and residential security businesses.

The operating loss for 1996 of $77 million included $41 million for restructuring activities and impaired asset writedowns, while the operating loss for 1995 of $1 million included $3 million for restructuring. Excluding special charges in all years, the operating loss increased $38 million in 1996 and $10 million in 1995. The decrease in operating profit in 1996 is primarily the result of the decline in sales and higher strategic expenses. The decrease in operating profit in 1995 is attributable primarily to reduced margins on wireless communications contracts.

The Corporation is actively pursuing the disposition of the remaining businesses in this segment and generally expects the disposals to be completed within the next year.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

The Corporation continues to manage its liquidity as a consolidated enterprise without regard to whether assets or debt are classified for balance sheet purposes as part of Continuing Operations or Discontinued Operations. As a result, the discussion below focuses on the Corporation's consolidated cash flows and capital structure.

On December 31, 1996, the Corporation completed the acquisition of Infinity for a purchase price of $4.7 billion consisting of $3.8 billion of equity and $.9 billion of debt. The issuance of 183 million new common shares and the conversion of Infinity stock options into approximately 22 million Westinghouse stock options resulted in an increase to shareholders' equity of $3.8 billion. In addition, the Corporation repaid $936 million of Infinity revolver debt by replacing it with Westinghouse revolver debt.

On February 10, 1997, the Corporation announced an agreement to acquire two major cable networks--TNN and CMT. The purchase price of $1.55 billion will be paid in Westinghouse common stock, which will further increase the Corporation's equity. No debt will be assumed in conjunction with this transaction.

As discussed previously, the Corporation intends to separate its media businesses from its industries and technology businesses through a tax-free dividend of the industries and technology businesses to shareholders. As currently contemplated, the media company will retain all debt obligations of the current Westinghouse as well as the $1.5 billion tax net operating loss carryforward. The industries and technology company will assume most of the unfunded pension obligation and other non-debt obligations generated by the Corporation's industrial businesses in earlier years. There can be no assurance that all of the assets, liabilities and contractual obligations will be transferred as currently contemplated or that changes will not be made to the separation plan.

In late 1995, the Corporation acquired CBS for $5.4 billion and financed the entire purchase price with debt. In early 1996, the Corporation completed the sales of Knoll and the defense and electronic systems business and repaid approximately 65% of the acquisition debt.

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The Corporation has and will continue to monetize non-strategic assets. In 1996, the Corporation adopted plans to exit its environmental services and communication and information systems businesses. In addition to the $3.6 billion of cash generated by the sale of Knoll and the defense and electronic systems business, sales of various non-strategic assets in 1996 generated cash proceeds of approximately $550 million. During 1997, sales of non-strategic assets are expected to generate additional cash of $300 million to $400 million.

Total debt for the Corporation was $6.1 billion at December 31, 1996, a decrease of $2.3 billion from December 31, 1995. Consistent with prior years, the Corporation's indebtedness during the first half of 1997 is expected to increase over year-end 1996 debt levels.

Management expects that the Corporation will have sufficient liquidity to meet ordinary future business needs. Sources of liquidity generally available to the Corporation include cash from operations, proceeds from sales of non-strategic assets, cash and cash equivalents, availability under its credit facility, borrowings from other sources, including funds from the capital markets, and the issuance of additional capital stock.

OPERATING ACTIVITIES

The operating activities of Continuing Operations used $50 million of cash during 1996, a decrease of $506 million from the amount provided in 1995. Major factors contributing to the additional use of cash were higher interest payments and certain contractual prepayments for program rights and program development.

Interest payments for Continuing Operations during 1996 were $446 million compared to $214 million during 1995. This increase was primarily attributable to the higher debt associated with the CBS acquisition.

During 1996, CBS, in its drive to improve programming and ratings, successfully negotiated several long-term contracts requiring the Corporation to make prepayments for future program rights and program development.

Cash contributions to all of the Corporation's pension plans totalled $250 million in 1996. Cash contributions during 1995 totalled $315 million, which was consistent with the 1994 cash contribution level. The 1996 decrease in the amount of cash contributions is primarily a result of the divestiture of the defense and electronic systems business and the assumption of certain pension liabilities by the buyer. The Corporation's contribution level for 1997, which is expected to be approximately $250 million to $300 million, is consistent with the Corporation's goal to fully fund its qualified pension plans over the next several years.

The operating activities of Discontinued Operations used $401 million of cash during 1996, provided cash of $237 million during 1995, and used $102 million during 1994. These cash flows consist primarily of cash provided by the operations of the defense and electronic systems business, Knoll, and WCI, offset by cash used in the operations of the environmental services businesses, Financial Services, and the communication and information systems businesses, and for divestiture costs associated with these transactions. The increase in the use of cash during 1996 primarily related to the divestiture costs of Knoll and the defense and electronic systems business as well as the cash use d in the operations of these businesses through the date of their disposal and in the operations of the environmental services and the communication and information systems businesses.

Future cash requirements of Discontinued Operations will consist primarily of interest costs on debt, remaining costs associated with completed divestitures, and operating and disposal costs associated with the environmental services and the communication and information systems businesses. Management believes that the future cash receipts of Discontinued Operations will be sufficient to satisfy the divestiture liabilities of Discontinued Operations and the remaining debt. Any cash in excess of that required to satisfy those liabilities will be transferred to Continuing Operations.

INVESTING ACTIVITIES

Investing activities provided $2.9 billion of cash during 1996 after using $4.3 billion of cash in 1995 and providing $1.4 billion in 1994. The sale of Knoll and the defense and electronic systems business during 1996 for $3.6 billion and the completion of the CBS acquisition in 1995 for $5.4 billion caused this significant change.

Acquisitions of $1.1 billion completed during 1996 included the cash investment associated with the repayment of Infinity debt, as well as purchases of two Chicago radio stations, TeleNoticias, a 24-hour, Spanish-language news service, several smaller businesses, and investments in several joint ventures primarily

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in China. CBS was the only major acquisition in 1995. In 1994, acquisitions included Norden Systems, which was divested with the defense and electronic systems business; the KPIX-AM and FM radio stations in San Francisco; and a minority interest in Group W radio for total cash expenditures of $109 million.

The Corporation completed the sales of Knoll and its defense and electronic systems business in 1996, generating $3.6 billion of cash. Remaining 1996 divestiture cash proceeds resulted primarily from the sales of certain non-strategic businesses, including Westinghouse Security Systems, the residential security business; Wittnauer International, Inc., a marketer of fine watches; WPRI,

a Providence, Rhode Island television station acquired with CBS; and an environmental services business. During 1995, divestitures generated cash proceeds of $683 million and included the sale of the Corporation's WCI segment, an interest in MICROS, Aptus, and several smaller businesses. During 1994, the Corporation sold DCBU and WESCO, two radio stations, and two non-strategic businesses for total cash proceeds of $1.5 billion.

The Corporation generated $41 million of cash in 1996 through the continued liquidation of assets of Financial Services representing the majority of the remaining real estate portfolio investments. Cash proceeds from portfolio investment liquidations in 1995 and 1994 totalled $362 million and $323 million, respectively. The remaining Financial Services assets, which generally consist of the leasing portfolio, are expected to liquidate in accordance with their contractual terms.

The Corporation's total capital expenditures declined in 1996 primarily because of major divestitures of capital intensive businesses. Capital expenditures for Continuing Operations remained relatively stable over the three-year period at approximately $150 million to $200 million per year.

In 1996 and 1995, the Corporation generated $44 million and $305 million of cash, respectively, through the sales of investments held in two trusts that were established to fund executive benefit plans. The trust investments were replaced with the Corporation's common stock.

The Corporation expects to continue to liquidate assets of Discontinued Operations as well as its non-strategic assets.

FINANCING ACTIVITIES

Cash used by financing activities during 1996 totalled $2.4 billion compared to cash provided of $3.5 billion in 1995 and cash used of $2.2 billion in 1994. Financing cash outflows in 1996 included $3.6 billion of debt prepaid upon the sales of Knoll and the defense and electronic systems business. Also in 1996, the Corporation prepaid outstanding debt under its $7.5 billion credit facility and replaced it with borrowings under a new $5.5 billion credit facility with more favorable terms (see Revolving Credit Facility). Cash provided by financing activities in 1995 included $5.4 billion of borrowings to finance the CBS acquisition.

Total borrowings under the Corporation's $5.5 billion revolving credit facility were $3.3 billion at year-end 1996 (see Revolving Credit Facility). These borrowings were subject to a floating interest rate of 6.6% at December 31, 1996, which was based on the London Interbank Offer Rate (LIBOR), plus a margin based on the Corporation's senior unsecured debt rating and leverage.

Dividends paid in 1996 included approximately $47 million for Series C preferred stock, with the remaining $80 million representing common stock dividends. Dividends paid in 1995 included approximately $47 million for Series C preferred stock, $38 million for Series B preferred stock, which converted to common stock in the third quarter of 1995, and approximately $74 million representing common stock dividends. Dividends paid during 1994 included those for the Series C preferred stock issued in March 1994, the Series B preferred stock, and common stock.

In March 1994, the Corporation sold in a private placement depository shares representing 3,600,000 shares of Series C preferred stock for net proceeds of $505 million. These shares convert to common shares on or about June 1, 1997. The Series B preferred stock, sold in June 1992, converted to 32,890,000 shares of common stock on September 1, 1995.

As a result of the stock issued in conjunction with the Infinity acquisition and the financing activities described above, the Corporation's net debt decreased from 84% of consolidated net capitalization at December 31, 1995 to 50% at December 31, 1996.

At year-end 1996, the Corporation had a shelf registration statement for debt securities with an unused amount of $400 million.

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REVOLVING CREDIT FACILITY

On August 29, 1996, the Corporation completed a new bank credit agreement with a total commitment of $5.5 billion. Of this commitment, $4.0 billion became available on the closing date of the credit agreement. The balance became available on December 31, 1996, the closing date of the Infinity acquisition. The new agreement was structured as a revolving credit facility with a bullet maturity in five years. It contains more favorable terms than the previous seven-year $7.5 billion facility, including lower borrowing rates and the elimination of collateral, subsidiary guarantees, and mandatory prepayment provisions.

The unused capacity under the revolving credit facility equaled $2.2 billion at December 31, 1996. Borrowing availability under the revolver is subject to compliance with certain covenants, representations and warranties, including a no material adverse change provision with respect to the Corporation taken as a whole, restrictions on liens incurred, a maximum leverage ratio, minimum interest coverage ratio, and minimum consolidated net worth. Certain of these covenants become more restrictive over the term of the agreement. At December 31, 1996, the Corporation was in compliance with these covenants.

HEDGING ACTIVITIES

The Corporation enters into interest rate agreements to manage interest rate risk associated with various debt instruments. No transactions were speculative or leveraged. Given their nature, these agreements have been accounted for as hedging transactions. The notional amount of interest rate exchange agreements outstanding at December 31, 1996 was $130 million, with a weighted average fixed rate paid of 8.91%, all of which was associated with long-term debt of Continuing Operations. The average remaining maturity of these agreements was slightly longer than two years.

The Corporation's credit exposure under these agreements is limited to the cost of replacing an agreement in the event of non-performance by its counterparty. To minimize this risk, the Corporation selects high credit quality counterparties. At December 31, 1996, the Corporation had no net credit exposure under its interest rate exchange agreements.

For 1996, outstanding interest rate exchange agreements resulted in a net increase in interest expense of Continuing Operations of approximately $5 million with a de minimis impact on the average borrowing rate. In 1995, outstanding interest rate agreements resulted in a net increase in the average borrowing rate for Continuing Operations of 0.2% and a net decrease in the average borrowing rate of Discontinued Operations of 0.2%. Corresponding interest expense for 1995 increased approximately $6 million for Continuing Operations and decreased approximately $1 million for Discontinued Operations.

The Corporation continually monitors its economic exposure to changes in foreign exchange rates and enters into foreign exchange forward or option contracts to hedge its transaction exposure when appropriate. As a result, the Corporation's unhedged foreign exchange exposure is not significant. Furthermore, changes in foreign exchange rates, whether favorable or unfavorable, are not expected to have a significant impact on the Corporation's financial results or operating activities.

With respect to the Corporation's operations in highly inflationary and unstable economies that are accounted for in accordance with SFAS No. 52, "Foreign Currency Translation," the combined total sales for those operations were less than 0.5% of the Corporation's sales for 1996.

ENVIRONMENTAL MATTERS

Compliance with federal, state and local laws and regulations relating to the discharge of pollutants into the environment, the disposal of hazardous wastes, and other related activities affecting the environment have had and will continue to have an impact on the Corporation. It is difficult to estimate the timing and ultimate costs to be incurred in the future due to uncertainties about the status of laws, regulations and technology, the adequacy of information available for individual sites, the extended time periods over which site remediation occurs, and the identification of new sites. See note 17 to the financial statements.

In the second quarter of 1996, the Corporation and its external consultants completed a study to evaluate the Corporation's environmental remediation strategies. Based on the costs associated with the most probable alternative remediation strategy for each of its approximately 90 sites, including the sites located in Bloomington, Indiana, the Corporation has an accrued liability of $466 million. This amount includes $175 million that was recognized in the second quarter of 1996. Depending on the remediation alternatives ultimately selected, the costs related to these sites could differ from the amounts currently accrued. The accrued liability, measured in current dollars, includes

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$345 million for site investigation and remediation and $121 million for post-closure and monitoring activities. Management anticipates that the majority of expenditures for site investigation and remediation will occur during the next five to ten years. Expenditures for post-closure and monitoring activities will be made over periods up to 30 years. The Corporation recognizes changes in estimates as new remediation requirements are defined or as more information becomes available.

Annual environmental costs include approximately $6 million for estimated future environmental closure costs at operating sites and approximately $6 million related to current management of hazardous waste and pollutants. Capital expenditures for environmental compliance, which totalled $8 million in 1996, may vary from year to year.

Management believes, based on its best estimate, that the Corporation has adequately provided for its present environmental obligations and that complying with existing government regulations will not materially impact the Corporation's financial position, liquidity or results of operations.

LEGAL MATTERS

The Corporation is defending a number of lawsuits on various matters. See note 17 to the financial statements. The Corporation recorded special charges for litigation matters during 1996 and 1995 of $486 million and $236 million, respectively. These amounts represent management's best estimate of incremental costs associated with potential settlements.

Since 1993, the Corporation has entered into agreements to resolve ten litigation claims in connection with alleged tube degradation in steam generators sold by the Corporation as components for nuclear steam supply systems. These agreements generally require the Corporation to provide certain products and services at prices discounted at varying rates. Certain of these discounts will impact future operating results primarily over the next nine years.

The Corporation is a defendant in numerous lawsuits claiming various asbestos-related personal injuries. The Corporation was neither a manufacturer nor a producer of asbestos and is oftentimes dismissed from these lawsuits on this basis. In court actions resolved, the Corporation has prevailed in the vast majority of these claims and has resolved others through settlement. The Corporation is reimbursed for a substantial portion of its current costs and settlements through its insurance carriers. The Corporation has provided for its share of estimated costs associated with outstanding claims; however, it cannot reasonably estimate costs for unasserted asbestos claims.

Litigation is inherently uncertain and always difficult to predict. Substantial damages are sought in certain of the Corporation's pending cases and although management believes a significant adverse judgment is unlikely, any such judgment could have a material adverse effect on the Corporation's results of operations for a quarter or a year. However, based on its understanding and evaluation of the relevant facts and circumstances, management believes that the Corporation has meritorious defenses to the litigation referenced in note 17 and that the Corporation has adequately provided for costs arising from potential settlement of these matters when in the best interest of the Corporation. Management believes that the litigation should not have a material adverse effect on the financial condition of the Corporation.

REPORT OF MANAGEMENT

The Corporation has prepared the consolidated financial statements and related financial information included in this report. Management has the primary responsibility for the financial statements and other financial information and for ascertaining that the data fairly reflect the financial position, results of operations, and cash flows of the Corporation. The financial statements were prepared in accordance with generally accepted accounting principles appropriate in the circumstances, and necessarily include amounts that are based on best estimates and judgments with appropriate consideration given to materiality. Financial information included elsewhere in this report is presented on a basis consistent with the financial statements.

The Corporation maintains a system of internal accounting controls, supported by adequate documentation, to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Corporation. Limitations exist in any system of internal accounting controls based on the recognition that the cost of the system should not exceed the benefits derived. Westinghouse believes its system of internal accounting controls, augmented by its corporate auditing function, appropriately balances

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the cost/benefit relationship.

The independent auditors provide an objective assessment of the degree to which management meets its responsibility for fair financial reporting. They regularly evaluate elements of the internal control structure and perform such tests and procedures as they deem necessary to express an opinion on the fairness of the financial statements.

The Board of Directors pursues its responsibility for the Corporation's financial statements through its Audit Review Committee composed of directors who are not officers or employees of the Corporation. The Audit Review Committee meets regularly with the independent auditors, management, and the corporate auditors. The independent auditors and the corporate auditors have direct access to the Audit Review Committee, with and without the presence of management representatives, to discuss the scope and results of their audit work and their comments on the adequacy of internal accounting controls and the quality of financial reporting.

We believe that the Corporation's policies and procedures, including its system of internal accounting controls, provide reasonable assurance that the financial statements are prepared in accordance with the applicable securities laws and with a corresponding standard of business conduct.

INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF WESTINGHOUSE ELECTRIC CORPORATION

We have audited the accompanying consolidated balance sheet of Westinghouse Electric Corporation and subsidiaries as of December 31, 1996, and the related consolidated statements of income and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Westinghouse Electric Corporation and subsidiaries as of December 31, 1996, and the results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles.

KPMG Peat Marwick LLP
Pittsburgh, Pennsylvania
January 29, 1997

REPORT OF INDEPENDENT ACCOUNTANTS
TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF WESTINGHOUSE ELECTRIC CORPORATION

In our opinion, the accompanying consolidated financial statements appearing on pages 33 through 62 of this Annual Report on Form 10-K present fairly, in all material respects, the financial position of Westinghouse Electric Corporation and its subsidiaries at December 31, 1995, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Corporation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above. We have not audited the consolidated financial statements of the Corporation and its subsidiaries for any period subsequent to December 31, 1995.

Price Waterhouse LLP

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Pittsburgh, Pennsylvania
February 12, 1996 except for the
restatements discussed in notes 1 and 3, for
which the dates are March 31, 1996 and November 31, 1996

CONSOLIDATED STATEMENT OF INCOME (in millions except per-share amounts)

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31	1996	1995	1994
<S>	<C>	<C>	<C>
Service sales	$ 5,204	$ 2,398	$ 2,084
Product sales	3,245	3,201	3,126
Sales of services and products	8,449	5,599	5,210
Cost of services sold	(3,015)	(1,412)	(1,193)
Cost of products sold	(2,805)	(2,444)	(2,316)
Costs of services and products sold	(5,820)	(3,856)	(3,509)
Restructuring, litigation and other matters (notes 1, 17 and 20)	(979)	(319)	(19)
Marketing, administration and general expenses	(2,406)	(1,323)	(1,273)
Operating profit (loss)	(756)	101	409
Other income and expenses, net (note 19)	(86)	137	(285)
Interest expense	(456)	(236)	(134)
Income (loss) from Continuing Operations before income taxes and minority interest in income of consolidated subsidiaries	(1,298)	2	(10)
Income tax benefit (expense) (note 6)	466	(10)	11
Minority interest in income of consolidated subsidiaries	(6)	(11)	(9)
Loss from Continuing Operations	(838)	(19)	(8)
Discontinued Operations, net of income taxes (notes 1 and 3):			
Income (loss) from operations	(57)	110	85
Estimated gain (loss) on disposal of Discontinued Operations	1,018	(76)	-
Income from Discontinued Operations	961	34	85
Extraordinary item:			
Loss on early extinguishment of debt	(93)	-	-
Net income	$ 30	$ 15	$ 77
Earnings (loss) per common share (note 15):			
Continuing Operations	$ (1.89)	$ (.13)	$ (.15)
Discontinued Operations	2.17	.08	.22
Extraordinary item	(.21)	-	-
Earnings (loss) per common share	$ .07	$ (.05)	$ .07
Cash dividends per common share	$ .20	$ .20	$ .20

</TABLE>

The Notes to the Financial Statements are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET (in millions)

<TABLE>
<CAPTION>

AT DECEMBER 31	1996	1995
<S>	<C>	<C>
ASSETS:		
Cash and cash equivalents (note 1)	$ 220	$ 196
Customer receivables (note 7)	1,561	1,431
Inventories (note 8)	783	839
Uncompleted contracts costs over related billings (note 8)	686	542
Program rights	431	301
Deferred income taxes (note 6)	817	544
Prepaid and other current assets	289	257

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Total current assets	4,787	4,110
Plant and equipment, net (note 9)	1,866	1,908
FCC licenses, net (note 10)	2,199	1,242
Goodwill, net (note 10)	8,776	5,244
Other intangible and noncurrent assets (note 10)	2,261	2,152
Net assets of Discontinued Operations (note 3)	-	1,950
Total assets	$19,889	$16,606
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Short-term debt (note 11)	$ 497	$ 306
Current maturities of long-term debt (note 13)	4	330
Accounts payable	887	796
Uncompleted contracts billings over related costs (note 8)	334	318
Other current liabilities (note 12)	2,578	2,112
Total current liabilities	4,300	3,862
Long-term debt (note 13)	5,149	7,226
Pension liability (note 4)	1,069	1,426
Other noncurrent liabilities (note 14)	3,619	2,573
Total liabilities	14,137	15,087
Contingent liabilities and commitments (note 17)		
Minority interest in equity of consolidated subsidiaries	10	11
Shareholders' equity (note 15):		
Preferred stock, $1.00 par value (25 million shares authorized):		
Series C conversion preferred (4 million shares issued)	4	4
Common stock, $1.00 par value (1,100 million shares authorized, 609 million and 426 million shares issued)	609	426
Capital in excess of par value	5,376	1,848
Common stock held in treasury	(546)	(720)
Minimum pension liability adjustment (note 4)	(796)	(1,220)
Cumulative foreign currency translation adjustments	11	(11)
Retained earnings	1,084	1,181
Total shareholders' equity	5,742	1,508
Total liabilities and shareholders' equity	$19,889	$16,606

</TABLE>

The Notes to the Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (in millions)

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31	1996	1995	1994
<S>	<C>	<C>	<C>
Cash flows from operating activities of Continuing Operations:			
Loss from Continuing Operations	$ (838)	$ (19)	$ (8)
Adjustments to reconcile loss from Continuing Operations to net cash provided (used) by operating activities:			
Depreciation and amortization	405	193	180
Pension settlement loss	-	-	308
Noncash restructuring charges	65	6	-
Losses (gains) on asset dispositions	135	(114)	(11)
Other noncash provisions and accounting adjustments	(21)	212	-
Changes in assets and liabilities, net of effects of acquisitions and divestitures of businesses:			
Receivables, current and noncurrent	38	215	(173)
Inventories	(82)	5	(79)
Progress payments net of costs on uncompleted contracts	(128)	(282)	(218)
Accounts payable	61	109	132
Deferred and current income taxes	125	(19)	(244)
Program rights	(148)	-	-
Other assets and liabilities	338	150	161
Cash provided (used) by operating activities of Continuing Operations	(50)	456	48
Cash provided (used) by operating activities of Discontinued Operations (note 3)	(401)	237	(102)
Cash flows from investing activities:			
Business acquisitions	(1,110)	(5,411)	(109)

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Business divestitures	4,124	683	1,462
Liquidation of assets of Financial Services	41	362	323
Asset fundings of Financial Services	-	-	(86)
Capital expenditures (note 21)	(206)	(290)	(259)
Asset liquidations of trust investments	44	305	-
Other	-	15	22
Cash provided (used) by investing activities	2,893	(4,336)	1,353
Cash flows from financing activities:			
Bank revolver borrowings	21,067	7,480	9,143
Bank revolver repayments	(18,122)	(8,294)	(11,079)
Net reduction in other short-term debt	(403)	(416)	(599)
Repayments of long-term debt	(5,012)	(9)	(81)
Long-term borrowings	-	5,009	16
Sale of equity securities	-	-	505
Treasury stock reissued	174	89	58
Debt issue costs	(12)	(176)	(15)
Dividends paid	(127)	(159)	(153)
Other	-	1	2
Cash provided (used) by financing activities	(2,435)	3,525	(2,203)
Increase (decrease) in cash and cash equivalents	7	(118)	(904)
Cash and cash equivalents at beginning of period (notes 1 and 3)	226	344	1,248
Cash and cash equivalents at end of period (notes 1 and 3)	$ 233	$ 226	$ 344
Supplemental disclosure of cash flow information:			
Interest paid--Continuing Operations	$ 446	$ 214	$ 134
Interest paid--Discontinued Operations	52	139	259
Total interest paid	$ 498	$ 353	$ 393
Income taxes (refunded) paid	$ (34)	$ 61	$ 123

</TABLE>

The Notes to the Financial Statements are an integral part of these financial statements and include descriptions of noncash transactions.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION

The consolidated financial statements include the accounts of Westinghouse Electric Corporation (Westinghouse) and its subsidiary companies (together, the Corporation) after elimination of intercompany accounts and transactions. Investments in joint ventures and other companies in which the Corporation does not control but has the ability to exercise significant management influence over operating and financial policies are accounted for by the equity method.

Certain previously reported amounts have been reclassified to conform to the 1996 presentation.

SEPARATION PLAN

On November 13, 1996, the Corporation announced that the Board of Directors had approved, subject to certain conditions, a plan to separate the Corporation's industries and technology businesses from its media businesses. This separation is expected to be effected by way of a tax-free dividend to shareholders, forming a publicly-traded company to be called Westinghouse Electric Company (WELCO). The plan also provides that Thermo King Corporation, Westinghouse's transport temperature control company, will conduct a public offering of up to 20% of its common stock and will become a majority-owned subsidiary of WELCO. If the separation is completed, shares of WELCO common stock will be distributed on a pro rata basis to the shareholders of record of Westinghouse common stock as of a date to be determined.

As currently contemplated, after the separation, Westinghouse (Media Company) will consist primarily of CBS Inc., Group W Satellite Communications Company and Infinity Broadcasting Corporation (Infinity), and WELCO will consist primarily of Power Systems, Thermo King, and Government Operations. Also, as currently contemplated, the Media Company will retain all debt obligations of the current Westinghouse as well as the $1.5 billion tax net operating loss carryforward, and WELCO will assume most of the unfunded pension obligation and other non-debt obligations generated by the Corporation's industrial businesses in earlier years. For segment financial information, see note 21 to the financial statements.

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Completion of the separation is subject to a number of conditions, including a favorable ruling from the Internal Revenue Service that the transaction will not be taxable for U.S. federal income tax purposes to Westinghouse or its shareholders and the registration of the WELCO common stock under the Securities Exchange Act of 1934.

There can be no assurance that the separation will occur or as to the related timing. Furthermore, if the separation does occur, there can be no assurance that all of the assets, liabilities and contractual obligations will be transferred as currently contemplated or that changes will not be made to the separation plan.

DISCONTINUED OPERATIONS

In November 1996, the Corporation adopted a plan to exit its Communication & Information Systems (CISCO) segment, and in March 1996, adopted a plan to exit its environmental services line of business included in its former Government & Environmental Services segment. These businesses were reclassified as Discontinued Operations in 1996.

In December 1995, the Corporation announced a plan to divest its defense and electronic systems business and The Knoll Group (Knoll), its office furniture unit. In July 1995, the Corporation sold WCI Communities, Inc. (WCI), its land development subsidiary. The Corporation's defense and electronic systems business represented a separate major line of business that comprised approximately 90% of the former Electronic Systems segment. These businesses were reclassified as Discontinued Operations in 1995.

The Corporation previously classified as Discontinued Operations its Distribution and Control Business Unit (DCBU), Westinghouse Electric Supply Company (WESCO) and its Financial Services business in conjunction with a 1992 plan to exit these businesses.

As a result, certain financial information previously issued has been restated to give effect to the classification of these businesses as discontinued operations in accordance with Accounting Principles Board (APB) Opinion No. 30, "Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." See note 3 to the financial statements.

REVENUE RECOGNITION

Sales are recorded primarily as products are shipped, services are rendered, or advertisements are broadcast. The percentage-of-completion method of accounting is used for major power generation projects with a cycle time in excess of one year and major nuclear fuel and related equipment orders.

AMORTIZATION OF INTANGIBLE ASSETS

Identifiable intangible assets related to the Corporation's media businesses primarily include Federal Communications Commission (FCC) licenses, which are limited as to availability and have historically appreciated in value with the passage of time. Identifiable intangible assets and goodwill are amortized using the straight-line method over their estimated lives but not in excess of 40 years.

For the Corporation's industries and technology businesses, goodwill and other acquired intangible assets are amortized using the straight-line method over their estimated lives but not in excess of 40 years for assets acquired prior to January 1, 1994 and not in excess of 15 years for assets acquired after December 31, 1993.

CASH AND CASH EQUIVALENTS

The Corporation considers all investment securities with a maturity of three months or less when acquired to be cash equivalents. All cash and temporary investments are placed with high credit quality financial institutions, and the amount of credit exposure to any one financial institution is limited. At December 31, 1996 and 1995, cash and cash equivalents included restricted funds of $11 million and $20 million, respectively.

INVENTORIES

Inventories are stated at the lower of standard cost, which approximates actual cost on a first-in, first-out (FIFO) basis or market. The elements of cost included in inventories are direct labor, direct material, and certain overheads including factory depreciation. Long-term contracts in process include costs incurred plus estimated profits on contracts accounted for using the percentage-of-completion method.

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PLANT AND EQUIPMENT

Plant and equipment assets are recorded at cost and depreciated over their estimated useful lives. Depreciation is generally computed on the straight-line method based on useful lives of 27.5 to 60 years for buildings, 20 years for land improvements, 3 to 10 years for office equipment, and 3 to 12 years for machinery and transportation equipment. Leasehold improvements are amortized over the terms of the respective leases. Expenditures for additions and improvements are capitalized, and costs for repairs and maintenance are charged to operations as incurred. The Corporation limits capitalization of newly acquired assets to those assets with cost in excess of $1,500.

PROGRAM RIGHTS

Costs incurred in connection with the production of, or the purchase of rights to, programs to be broadcast within one year are classified as current assets while costs of those programs to be broadcast subsequently are considered noncurrent. Program costs are amortized as the respective programs are broadcast. Program rights are carried at the lower of cost less accumulated amortization or estimated net realizable value.

ENVIRONMENTAL COSTS

The Corporation expenses or capitalizes, if appropriate under the Corporation's capitalization policy, environmental expenditures that relate to current operations. Expenditures that do not extend the service lives of assets or otherwise benefit future years are expensed. The Corporation records liabilities when environmental assessments or remedial efforts are probable, and the costs can be reasonably estimated. Such estimates are adjusted if necessary as new remediation requirements are defined or as more information becomes available.

The Corporation accrues over their estimated remaining useful lives the anticipated future costs of environmental closure activities and decommissioning of nuclear licensed sites.

OFF-BALANCE SHEET HEDGING

DEBT INSTRUMENTS

The Corporation has entered into interest rate and currency exchange agreements to manage exposure to fluctuations in interest and foreign exchange rates. Interest rate exchange agreements generally involve the exchange of interest payments without exchange of the underlying principal amounts. The Corporation does not enter into speculative or leveraged derivative transactions.

The differentials paid or received on interest rate swap agreements are accrued and recognized as adjustments to interest expense. Gains and losses realized upon early settlement of these agreements are deferred and amortized to interest expense over the term of the original agreement if the underlying hedged debt instrument remains outstanding or expensed immediately if the underlying hedged instrument is settled. At December 31, 1996 and 1995, the Corporation had no deferred gains or losses from terminated interest rate swaps recorded on its balance sheet.

FOREIGN EXCHANGE

The Corporation's foreign exchange policy includes matching purchases and sales in national currencies when possible and hedging unmatched transactions when appropriate. In accordance with this policy, the Corporation enters into various foreign exchange agreements to hedge receivables or payables. These agreements may be either foreign exchange forward or option contracts.

Gains and losses on foreign currency contracts offset gains and losses resulting from currency fluctuations inherent in the underlying transactions. Gains and losses on contracts that hedge specific foreign currency commitments are deferred and recognized in net income in the period in which the transaction is consummated. The notional value of these contracts at December 31, 1996 was $149 million.

In limited cases, foreign exchange contracts may be used to hedge anticipated cash flows. Realized and unrealized gains and losses on these contracts are included in the determination of net income. The notional value of these contracts at December 31, 1996 was $22 million.

EXTRAORDINARY ITEM

In 1996, the Corporation extinguished prior to maturity $6.8 billion of debt under the then-existing $7.5 billion credit facility. These prepayments represented all outstanding borrowings under this facility. As a result of the early extinguishment of debt and the write-off of related debt issue costs, the

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Corporation recognized an extraordinary loss of $93 million, net of a tax benefit of $60 million, in 1996. See notes 11 and 13 to the financial statements.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates, including those related to litigation, environmental liabilities, contracts, pensions, and Discontinued Operations, based on currently available information. Changes in facts and circumstances may result in revised estimates.

IMPAIRMENT OF LONG-LIVED ASSETS AND LONG-LIVED ASSETS TO BE DISPOSED OF

During the first quarter of 1996, the Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The adoption of SFAS 121 did not have a material effect on the results of Continuing Operations.

Subsequent to the acquisition of an intangible or other long-lived asset, the Corporation continually evaluates whether later events and circumstances indicate the remaining estimated useful life of that asset may warrant revision or that the remaining carrying value of such an asset may not be recoverable. If definitive cash flows are not available for a specific intangible or other long-lived asset, the Corporation evaluates recoverability of the specific business to which the asset relates. When factors indicate that an intangible or other long-lived asset should be evaluated for possible impairment, the Corporation uses an estimate of the related asset's undiscounted future cash flows over the remaining life of that asset in measuring recoverability. If such an analysis indicates that impairment has in fact occurred, the Corporation writes down the book value of the intangible or other long-lived asset to its fair value.

STOCK-BASED COMPENSATION

On January 1, 1996, the Corporation adopted SFAS No. 123, "Accounting for Stock-Based Compensation," which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, SFAS 123 allows entities to continue to measure compensation cost for stock-based awards using the intrinsic value based method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees," and to provide pro forma net income and pro forma earnings per share disclosures as if the fair value based method defined in SFAS 123 had been applied. The Corporation has elected to continue to apply the provisions of APB 25 and provide the pro forma disclosure provisions of SFAS 123. See note 16 to the financial statements.

NOTE 2: ACQUISITIONS

On June 20, 1996, the Corporation executed a merger agreement with Infinity, whereby each issued and outstanding share of Infinity common stock was to be converted into 1.71 shares of Westinghouse common stock.

The acquisition was consummated on December 31, 1996, and was accounted for under the purchase method. Accordingly, the purchase price was allocated to assets

acquired and liabilities assumed based on their estimated fair values as of the date of acquisition. The purchase price of $4.7 billion includes $3.8 billion of equity and $.9 billion of debt. The equity includes the issuance of 183 million shares of Westinghouse common stock at a value of $18.875 per share, based on the closing price of the stock on June 19, 1996 (the last trading day prior to the execution of the merger agreement), the conversion of Infinity options into options to acquire approximately 22 million Westinghouse common shares based on the fair value of the options, and transaction costs. The debt represents $936 million of Infinity debt that Westinghouse repaid immediately prior to closing.

The excess of the consideration paid over the estimated fair value of the net assets acquired, totalling $3.6 billion, was recorded as goodwill and is being amortized on a straight-line basis over 40 years.

On November 24, 1995, pursuant to the terms of a merger agreement, the Corporation acquired CBS Inc. (CBS) for a purchase price of approximately $5.4 billion. The acquisition was financed by borrowings under a $7.5 billion

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credit agreement executed in September 1995.

This acquisition was accounted for under the purchase method. The excess of the consideration paid over the estimated fair value of net assets acquired, totalling $4.8 billion, was recorded as goodwill and is being amortized on a straight-line basis over 40 years.

The estimated fair values of assets acquired and liabilities assumed are summarized in the table below:

FAIR VALUES OF ASSETS ACQUIRED AND LIABILITIES ASSUMED (in millions)

	INFINITY AT DEC. 31, 1996	CBS AT NOV. 24, 1995
Receivables	$ 180	$ 643
Program rights	-	301
Investments	107	233
Assets held for sale	70	-
Plant and equipment	39	777
Identifiable intangible assets:		
FCC licenses	996	994
Film library and other	277	162
Goodwill	3,630	4,794
Other assets	31	25
Liabilities for talent, program rights and similar contracts	-	(716)
Debt	(149)	(850)
Deferred income taxes	(328)	(270)
Pension, postretirement and postemployment benefits	-	(244)
Accrued restructuring costs	-	(100)
Other liabilities	(146)	(398)
Total purchase price	$4,707	$5,351

The Corporation's Consolidated Statement of Income for the years ended December 31, 1996 and 1995 include the operating results of CBS from November 24, 1995. The operating results of Infinity will be included beginning January 1, 1997. The following unaudited pro forma information combines the consolidated results of operations of the Corporation with those of CBS and Infinity as if these acquisitions had occurred at the beginning of 1995. The pro forma results give effect to certain purchase accounting adjustments, including additional depreciation expense resulting from a step-up in the basis of fixed assets, additional amortization expense from goodwill and other identified intangible assets, increased interest expense from acquisition debt, related income tax effects, and the issuance of additional shares in connection with the Infinity acquisition.

PRO FORMA RESULTS (Unaudited, in millions except per-share amounts)

YEAR ENDED DECEMBER 31	1996	1995
Sales	$9,200	$9,286
Interest expense	(537)	(814)
Loss from Continuing Operations	(856)	(548)
Loss per common share-- Continuing Operations	(1.35)	(.96)

This pro forma financial information is presented for comparative purposes only and is not necessarily indicative of the operating results that actually would have occurred had the CBS and Infinity acquisitions been consummated on January 1, 1995. In addition, these results are not intended to be a projection of future results and do not reflect any synergies that might be achieved from combined operations.

NOTE 3: DISCONTINUED OPERATIONS

In November 1996, the Corporation adopted a plan to exit its CISCO segment. The sale of the residential security business, the largest component of this segment, was completed in December 1996 for approximately $425 million, including the assumption of certain liabilities by the buyer. The gain realized on this sale was offset by estimated losses for disposal of other businesses comprising this segment as well as additional estimated losses for other components of Discontinued Operations.

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In March 1996, the Corporation adopted a plan to exit its environmental services line of business. During the first quarter of 1996, the Corporation recorded an after-tax charge of $146 million for the estimated loss on disposal. In December 1996, an additional after-tax loss of approximately $100 million for disposal of these businesses was recognized for additional expected divestiture costs but was offset by gains related to other components of Discontinued Operations.

In December 1995, the Corporation announced its intention to sell Knoll and its defense and electronic systems business and use the proceeds to reduce the debt incurred for the acquisition of CBS. During 1996, the Corporation completed the sales of these businesses and recognized a combined after-tax gain of $1.2 billion. The cash proceeds from these transactions, which totalled $3.6 billion, were used to repay debt of Continuing Operations. In addition, the buyer of the Corporation's defense and electronic systems business assumed certain pension and postretirement benefit liabilities associated with the active employees of the business.

In July 1995, the Corporation sold WCI, its land development business, for $430 million of cash and retained approximately $125 million of mortgage notes receivable with maturities through 1997 and other securities. In addition, the buyer assumed $19 million of debt. Concurrently, the Corporation invested $48 million for a 24% equity interest in the new business. The Corporation is actively pursuing the divestiture of this investment. The net cash proceeds from the divestiture of WCI were used to repay debt of Discontinued Operations. A net loss of $76 million was recognized on the disposal.

In November 1992, the Corporation announced a plan that included exiting Financial Services through the disposition of its $9 billion asset portfolios and the sales of DCBU, its distribution and control business, and WESCO, its electric supply business. The disposition of Financial Services assets involved the sale of the real estate and corporate finance portfolios over a three-year period and the liquidation of the leasing portfolio in accordance with contractual terms, which extend through 2015. The sales of DCBU and WESCO for proceeds in excess of $1.1 billion and approximately $340 million, respectively, were completed in 1994. Liquidation of the real estate and corporate finance portfolios of Financial Services has been essentially completed.

The assets and liabilities of Discontinued Operations have been separately classified on the balance sheet as net assets of Discontinued Operations. A summary of these assets and liabilities follows:

NET ASSETS OF DISCONTINUED OPERATIONS (in millions)

<TABLE>
<CAPTION>

AT DECEMBER 31	1996	1995
<S>	<C>	<C>
Assets:		
Cash and cash equivalents	$ 13	$ 30
Customer receivables	90	512
Inventories	32	268
Uncompleted contracts costs over related billings	-	192
Plant and equipment, net	96	677
Portfolio investments	845	901
Deferred income taxes (note 6)	-	423
Other assets	342	955
Total assets--Discontinued Operations	1,418	3,958
Liabilities:		
Accounts payable	79	206
Uncompleted contracts billings over related costs	10	125
Other current liabilities	49	440
Short-term debt (note 11)	5	84
Current maturities of long-term debt (note 13)	2	265
Liability for estimated loss on disposal	672	212
Deferred income taxes (note 6)	180	-
Postretirement benefits liability (note 5)	-	108
Pension liability (note 4)	-	398
Other noncurrent liabilities	4	13
Long-term debt (note 13)	417	157
Total liabilities--Discontinued Operations	1,418	2,008
Net assets of Discontinued Operations	$ -	$1,950

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</TABLE>

At December 31, 1996, the assets and liabilities of Discontinued Operations included those related to the remaining operating businesses from the CISCO segment and the environmental services business, the remaining securities from WCI, other miscellaneous securities, the leasing portfolio, and deferred income taxes. Liabilities also include debt and the estimated losses and divestiture costs associated with all Discontinued Operations, including estimated results of operations through divestiture.

Except for the leasing portfolio, the assets generally are expected to be divested within the next year. Deferred income taxes, which result from temporary differences between book and tax bases of the assets and liabilities of Discontinued Operations, generally will be transferred to Continuing Operations upon reversal and will not result in the receipt or payment of cash by Discontinued Operations. Liabilities associated with divestitures are

expected to be satisfied over the next several years. Debt will be repaid using cash proceeds from the liquidation of assets of Discontinued Operations. Cash proceeds in excess of those required to repay the debt and satisfy the divestiture liabilities of Discontinued Operations will be transferred to Continuing Operations.

Management believes that the net proceeds anticipated from the continued liquidation of assets of Discontinued Operations will be sufficient to fund the liabilities of Discontinued Operations, including the repayment of its debt. Management further believes that the liability for the estimated loss on disposal of Discontinued Operations is adequate to cover future operating costs, estimated losses, and the remaining divestiture costs associated with all discontinued businesses. The adequacy of this liability is evaluated each quarter.

INVENTORIES

Inventories of Discontinued Operations consisted of the following:

INVENTORIES (in millions)
<TABLE>
<CAPTION>

AT DECEMBER 31	1996	1995
<S>	<C>	<C>
Raw materials	$ 6	$ 47
Work in process	4	283
Finished goods	16	38
	26	368
Long-term contracts in process	2	269
Progress payments to subcontractors	3	53
Recoverable engineering and development costs	5	214
	36	904
Inventoried costs related to contracts with progress billing terms	(4)	(636)
Inventories	$32	$ 268

</TABLE>

COSTS AND BILLINGS ON UNCOMPLETED CONTRACTS (in millions)

<TABLE>
<CAPTION>

AT DECEMBER 31	1996	1995
<S>	<C>	<C>
Costs included in inventories	$ -	$ 571
Progress billings on contracts	-	(379)
Uncompleted contracts costs over related billings	$ -	$ 192
Progress billings on contracts	$14	$ 190
Costs included in inventories	(4)	(65)
Uncompleted contracts billings over related costs	$10	$ 125

</TABLE>

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Substantially all inventories at December 31, 1995 related to long-term contracts. Inventoried costs do not exceed realizable values.

PORTFOLIO INVESTMENTS

Portfolio investments of $845 million at December 31, 1996 included $800 million of leasing receivables and $43 million of investments in leasing partnerships. At December 31, 1995, portfolio investments of $901 million included $820 million of leasing receivables, $45 million of investments in leasing partnerships, and $34 million of real estate properties. Other portfolio investments totalled $2 million at December 31, 1996 and 1995.

Leasing receivables consist of direct financing and leveraged leases. At December 31, 1996 and 1995, 84% related to aircraft and 16% related to co-generation facilities. The components of the Corporation's net investment in leases at December 31, 1996 and 1995 are as follows:

NET INVESTMENT IN LEASES (in millions)

AT DECEMBER 31	1996	1995
Rental payments receivable (net of principal and interest on nonrecourse loans)	$ 737	$ 775
Estimated residual value of leased assets	366	373
Unearned and deferred income	(303)	(328)
Investment in leases (leasing receivables)	800	820
Deferred taxes and deferred investment tax credits arising from leases	(575)	(584)
Investment in leases, net	$ 225	$ 236

At December 31, 1996 and 1995, deferred investment tax credits totalled $21 million and $23 million, respectively. These deferred investment tax credits are amortized over the contractual terms of the respective leases.

Contractual maturities for the Corporation's leasing rental payments receivable at December 31, 1996 are as follows:

CONTRACTUAL MATURITIES FOR LEASING RENTAL PAYMENTS RECEIVABLE (in millions)

AT DECEMBER 31, 1996	YEAR OF MATURITY					
	TOTAL	1997	1998	1999	2000	2001	AFTER 2001
Leasing	$737	$43	$45	$44	$58	$63	$484

In accordance with APB 30, the consolidated financial statements reflect the operating results of Discontinued Operations separately from Continuing Operations. Interest expense on Continuing Operations debt totalling $8 million, $48 million, and $37 million for 1996, 1995 and 1994, respectively, was allocated to Discontinued Operations based on the ratio of the net assets of Knoll and the defense and electronic systems business to the sum of total consolidated net assets plus consolidated debt. Summarized operating results of Discontinued Operations appear on the following page:

OPERATING RESULTS OF DISCONTINUED OPERATIONS--1996 AND 1995 MEASUREMENT DATES (in millions)

	CISCO	ENVIRONMENTAL SERVICES	WCI	DEFENSE AND ELECTRONIC SYSTEMS	KNOLL	TOTAL
YEAR ENDED DECEMBER 31, 1996						
Sales of products and services	$337	$237	$ -	$ 262	$ 90	$ 926
Loss before income taxes	(77)	(101)	-	(19)	(59)	(256)
Income tax benefit (expense)	7	33	-	-	(4)	36
Net loss prior to measurement date	(46)	(11)	-	-	-	(57)
Operating losses after measurement date charged						

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to liability for estimated loss on disposal	(24)	(57)	-	(19)	(63)	(163)
YEAR ENDED DECEMBER 31, 1995						
Sales of products and services	$361	$299	$108	$2,549	$621	$3,938
Income (loss) before income taxes	11	(52)	23	163	30	175
Income tax benefit (expense)	(4)	20	(8)	(57)	(16)	(65)
Net income (loss) prior to measurement date	7	(32)	15	106	14	110
YEAR ENDED DECEMBER 31, 1994						
Sales of products and services	$314	$335	$248	$2,189	$562	$3,648
Income (loss) before income taxes	13	(20)	71	187	(84)	167
Income tax benefit (expense)	(6)	8	(26)	(68)	10	(82)
Net income (loss) prior to measurement date	7	(12)	45	119	(74)	85

</TABLE>

OPERATING RESULTS OF DISCONTINUED OPERATIONS--NOVEMBER 1992 MEASUREMENT DATE
(in millions)

<TABLE>
<CAPTION>

<S>	FINANCIAL SERVICES <C>	DCBU & WESCO <C>	TOTAL <C>
YEAR ENDED DECEMBER 31, 1996			
Sales of products and services	$ 26	$ -	$ 26
Net loss	(16)	-	(16)
YEAR ENDED DECEMBER 31, 1995			
Sales of products and services	$ 31	$ -	$ 31
Net loss	(52)	-	(52)
YEAR ENDED DECEMBER 31, 1994			
Sales of products and services	$ 41	$319	$ 360
Net income (loss)	(204)	4	(200)

</TABLE>

Operating cash flows from Discontinued Operations are presented separately from operating cash flows from Continuing Operations in the consolidated financial statements. Total operating cash flows from Discontinued Operations consist of the following:

CASH FLOWS FROM OPERATING ACTIVITIES OF DISCONTINUED OPERATIONS (in millions)

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31 <S>	1996 <C>	1995 <C>	1994 <C>
Financial Services	$ 3	$(81)	$(187)
DCBU and WESCO	-	-	(170)
WCI	-	18	113
Knoll and Defense and Electronic Systems	(328)	306	167
Environmental Services and CISCO	(76)	(6)	(25)
Cash provided (used) by operating activities	$(401)	$237	$(102)

</TABLE>

The cash flows presented above include cash flows from the operations of the businesses as well as payments for disposition-related costs.

NOTE 4: PENSIONS

The Corporation has a number of defined benefit pension plans covering substantially all employees. Most plan benefits are based on either years of service and compensation levels at the time of retirement or a formula based on career earnings. Pension benefits are paid primarily from trusts funded by the Corporation and employee contributions. The Corporation funds its qualified U.S. pension plans at amounts equal to or greater than the minimum funding requirements of the Employee Retirement Income Security Act of 1974. Substantially all plan assets are invested in equity and fixed income securities. The Corporation also participates in various multi-employer, union-administered defined benefit plans that cover certain broadcast

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employees as a result of the acquisition of CBS. Pension expense related to these plans for 1996 was $10 million and for 1995 was not material.

NET PERIODIC PENSION COST (in millions)

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31	1996	1995	1994
<S>	<C>	<C>	<C>
Service cost	$ 70	$ 53	$ 79
Interest cost on projected benefit obligation	371	391	404
Amortization of unrecognized net obligation	25	35	36
Amortization of unrecognized prior service cost (benefit)	(7)	(11)	6
Amortization of unrecognized net loss	108	68	112
	567	536	637
Return on plan assets:			
Actual return on plan assets	(437)	(584)	(18)
Deferred gain (loss)	90	245	(385)
Recognized return on plan assets	(347)	(339)	(403)
Net periodic pension cost	$ 220	$ 197	$ 234

</TABLE>

The Corporation's restructuring activities contributed to a high level of lump-sum cash distributions from the Corporation's pension fund during 1994. The magnitude of these cash distributions required that the Corporation apply the provisions of SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," and recognize a settlement loss of $308 million in 1994. This noncash charge to income represents the pro rata portion of unrecognized losses associated with the pension obligation that was settled. The recognition of this settlement loss in 1994 reduced the amortization of unrecognized net loss included in net periodic pension cost in subsequent years.

SIGNIFICANT PENSION PLAN ASSUMPTIONS
<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Discount rate:			
Periodic pension cost	6.75%	8.5%	7.25%
Pension benefit obligation	7.75%	6.75%	8.5%
Compensation increase rate	4%	4%	4%
Long-term rate of return on plan assets	9.5%	9.75%	9.75%

</TABLE>

Based on the requirements of SFAS No. 87, "Employers' Accounting for Pensions," the Corporation adjusts the discount rate to reflect current and expected-to-be available interest rates on high quality fixed income investments at the end of each year.

The table on the following page sets forth the funded status of the defined benefit plans and amounts recognized in the Corporation's balance sheet at December 31, 1996 and 1995:

FUNDED STATUS--PENSION PLANS (in millions)

<TABLE>
<CAPTION>

AT DECEMBER 31	1996		1995	
	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS	ASSETS EXCEED ACCUMULATED BENEFITS	ACCUMULATED BENEFITS EXCEED ASSETS
<S>	<C>	<C>	<C>	<C>
Actuarial present value of benefit obligation:				
Vested	$(693)	$(3,875)	$(561)	$(4,944)

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Nonvested	(47)	(265)	(31)	(328)
Accumulated benefit obligation	(740)	(4,140)	(592)	(5,272)
Effect of projected future compensation levels	(116)	(198)	(122)	(261)
Projected benefit obligation for service rendered to date	(856)	(4,338)	(714)	(5,533)
Plan assets at fair value	879	3,051	730	3,407
Projected benefit obligation in excess of plan assets	23	(1,287)	16	(2,126)
Unrecognized net (gain) loss	(1)	1,402	25	2,120
Prior service cost (benefit) not yet recognized in net periodic pension cost	9	(86)	-	(95)
Unrecognized net (asset) obligation	(11)	128	-	161
Prepaid pension cost	20	157	41	60
Minimum pension liability	-	(1,246)	-	(1,925)
Pension asset (liability) included in consolidated balance sheet	$ 20	$(1,089)	$ 41	$(1,865)

</TABLE>

At December 31, 1996 and 1995, included in the balance sheet of Continuing and Discontinued Operations are the following pension assets and liabilities:

BALANCE SHEET STATUS (in millions)

<TABLE>
<CAPTION>

AT DECEMBER 31	1996		1995	
	NET PENSION LIABILITY	INTANGIBLE ASSET	NET PENSION LIABILITY	INTANGIBLE ASSET
<S>	<C>	<C>	<C>	<C>
Continuing Operations	$(1,069)	$40	$(1,426)	$63
Discontinued Operations	-	-	(398)	3
Total	$(1,069)	$40	$(1,824)	$66

</TABLE>

Included in plan assets at December 31, 1996 are 5,612,600 shares of the Corporation's common stock having a market value of $112 million. Dividends paid by the Corporation during 1996 on shares held by the pension fund totalled $1 million.

During 1996 and 1995, respectively, the Corporation contributed $250 million and $315 million of cash to its pension plans.

The accumulated benefit obligation in excess of assets at December 31, 1996 decreased $776 million compared to December 31, 1995. This decrease represents the net effect of numerous factors but was driven primarily by the change in the discount rate assumption from 6.75% to 7.75% and by the sale of the Corporation's defense and electronic systems business.

The Corporation sponsors various non-qualified supplemental pension plans that provide additional benefits to certain employees and are paid from the Corporation's assets held in rabbi trusts. For financial reporting purposes, these plans are treated as non-funded pension plans. The unfunded accumulated benefit obligation under these plans included in the table above at December 31, 1996 and 1995 was $260 million and $286 million, respectively.

For financial reporting purposes, a pension plan is considered unfunded when the fair value of plan assets is less than the accumulated benefit obligation. When that is the case, a minimum pension liability is recognized for the sum of the unfunded amount plus any prepaid pension cost. In recognizing such a liability, an intangible asset is usually recorded up to the sum of the prior service cost not yet recognized and the unrecognized transition obligation. When the liability to be recognized is greater than the intangible asset limit, a charge is made to shareholders' equity for the difference, net of any tax effects.

At December 31, 1996, a minimum pension liability of $1,246 million was recognized for the sum of the unfunded amount of $1,089 million plus the prepaid pension cost of $157 million. An intangible asset of $40 million and a charge to shareholders' equity of $1,206 million, which was reduced to $796 million due to deferred tax effects of $4 10 million, offset the pension liability. As a result of the year-end 1996 remeasurement, shareholders' equity was increased by $424 million from December 31, 1995.

At December 31, 1995, a minimum pension liability of $1,925 million was recognized for the sum of the unfunded amount of $1,865 million plus the prepaid pension cost of $60 million. An intangible asset of $66 million and a charge to shareholders' equity of $1,859 million, which was reduced to $1,220 million due to deferred tax effects of $639 million, offset the

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pension liability. As a result of the year-end 1995 remeasurement, shareholders' equity was decreased by $258 million from December 31, 1994.

NOTE 5: POSTRETIREMENT BENEFITS OTHER THAN PENSIONS, AND POSTEMPLOYMENT BENEFITS

The Corporation has postretirement plans that provide defined medical, dental and life insurance benefits for eligible retirees and dependents.

The components of net periodic postretirement benefit cost follow:

NET PERIODIC POSTRETIREMENT BENEFIT COST (in millions)

YEAR ENDED DECEMBER 31	1996	1995	1994
Service cost	$ 11	$ 13	$ 20
Interest cost on accumulated postretirement benefit obligation	97	100	93
Amortization of unrecognized net (gain) loss	4	(4)	4
Recognized return on plan assets	(5)	(1)	(1)
Net periodic postretirement benefit cost	$107	$108	$116

The assumptions used to develop the net periodic postretirement benefit cost and the present value of benefit obligations are shown below:

SIGNIFICANT POSTRETIREMENT BENEFIT PLAN ASSUMPTIONS

AT DECEMBER 31	1996	1995	1994
Discount rate	7.75%	6.75%	8.5%
Health care cost trend rates	10%*	10.5%*	11%*
Compensation increase rate	4%	4%	4%
Long-term rate of return on plan assets	7%	7%	7%

*At December 31, 1996, the rate was assumed to decrease ratably to 6% in 2004, decrease to 5.75% in 2005 and remain at that level thereafter. At December 31, 1995, the rate was assumed to decrease ratably to 5% in 2006, decrease to 4.75% in 2007 and remain at that level thereafter. At December 31, 1994, the rate was assumed to decrease ratably to 6.5% in 2003 and remain at that level thereafter.

Net periodic postretirement benefit cost is determined using the assumptions as of the beginning of the year. The funded status is determined using the assumptions as of the end of the year.

The funded status and amounts recognized in the Corporation's balance sheet at December 31, 1996 and 1995 were as follows:

FUNDED STATUS--POSTRETIREMENT BENEFITS (in millions)

AT DECEMBER 31	1996	1995
Accumulated postretirement benefit obligation:		
Retirees	$(1,099)	$(1,215)
Fully eligible, active plan participants	(61)	(40)
Other active plan participants	(245)	(352)
Total accumulated postretirement benefit obligation	(1,405)	(1,607)
Unrecognized net loss	152	257
Unrecognized prior service benefit	(33)	(45)
Plan assets at fair value	68	72
Accrued postretirement benefit cost	$(1,218)	$(1,323)

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</TABLE>

The accrued postretirement benefit cost for Discontinued Operations at December 31, 1995 was $108 million, which is included in the net assets of Discontinued Operations at that date. These liabilities were assumed by the buyers of the Corporation's defense and electronic systems business and Knoll.

The funded assets consist primarily of interest-bearing securities. The effect of a 1% annual increase in the assumed health care cost trend rates would increase the accumulated postretirement benefit obligation by approximately $27 million and would increase net periodic postretirement benefit cost by approximately $3 million.

Certain of the Corporation's non-U.S. subsidiaries have private and government-sponsored plans for retirees. The cost for these plans is not significant to the Corporation.

The Corporation provides certain postemployment benefits to former or inactive employees and their dependents during the time period following employment but before retirement. At December 31, 1996 and 1995, the Corporation's liability for postemployment benefits totalled $67 million and $81 million, respectively. The liability for postemployment benefits included in the net assets of Discontinued Operations was $2 million at December 31, 1995.

NOTE 6: INCOME TAXES

Income tax expense (benefit) included in the consolidated financial statements follows:

COMPONENTS OF CONSOLIDATED INCOME TAX EXPENSE (BENEFIT) (in millions)

YEAR ENDED DECEMBER 31	1996	1995	1994
Continuing Operations	$(466)	$10	$(11)
Discontinued Operations	925	34	82
Extraordinary item	(60)	-	-
Income tax expense	$ 399	$44	$ 71

INCOME TAX EXPENSE (BENEFIT) FROM CONTINUING OPERATIONS (in millions)

YEAR ENDED DECEMBER 31	1996	1995	1994
Current:			
Federal	$(653)	$ 2	$(77)
State	(116)	1	6
Foreign	32	22	28
Total current income tax expense (benefit)	(737)	25	(43)
Deferred:			
Federal	269	(30)	54
State	2	(1)	(10)
Foreign	-	16	(12)
Total deferred income tax expense (benefit)	271	(15)	32
Income tax expense (benefit)	$(466)	$ 10	$(11)

CONSOLIDATED INCOME TAX EXPENSE (BENEFIT) (in millions)

YEAR ENDED DECEMBER 31	1996	1995	1994
Current:			

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Federal	$ 88	$ 18	$ 18
State	52	7	24
Foreign	27	27	28
Total current income tax expense	167	52	70
Deferred:			
Federal	234	(21)	28
State	(10)	(2)	(13)
Foreign	8	15	(14)
Total deferred income tax expense (benefit)	232	(8)	1
Income tax expense	$399	$ 44	$ 71

</TABLE>

In addition to the amounts in the tables above, during 1996, 1995 and 1994, $229 million of income tax expense, $138 million of income tax benefit, and $132 million of income tax expense, respectively, were recorded in shareholders' equity as part of the pension liability adjustment. See note 4 to the financial statements.

The foreign portion of income or loss before income taxes and minority interest in income of consolidated subsidiaries included in the consolidated statement of income was income of $32 million in 1996 and $128 million in 1995 and a loss of $34 million in 1994. Such income or loss consisted of profits and losses generated from foreign operations, both Continuing and Discontinued, that can be subject to both U.S. and foreign income taxes.

Deferred federal income taxes have not been provided on cumulative undistributed earnings from foreign subsidiaries totalling $476 million at December 31, 1996, which have been reinvested for an indefinite time. It is not practicable to determine the income tax liability that would result were such earnings repatriated.

Income from Continuing Operations includes income of certain manufacturing operations in Puerto Rico, which are eligible for tax credits against U.S. federal income tax and partially exempt from Puerto Rican income tax under grants of industrial tax exemptions. These tax exemptions provided net tax benefits of $17 million in 1996, $17 million in 1995, and $14 million in 1994. The exemptions will expire at various dates from 2002 through 2007.

Deferred income taxes result from temporary differences in the financial bases and tax bases of assets and liabilities. The types of differences that give rise to significant portions of deferred income tax liabilities or assets are shown in the following table:

CONSOLIDATED DEFERRED INCOME TAXES BY SOURCE (in millions)

<TABLE>
<CAPTION>

AT DECEMBER 31	1996	1995
<S>	<C>	<C>
Deferred tax assets:		
Provision for expenses and losses	$ 1,352	$ 1,133
Long-term contracts in process	38	41
Minimum pension liabilities	360	474
Operating losses and carryforwards	796	1,405
Postretirement and postemployment benefits	450	590
Other	276	170
Total deferred tax assets	3,272	3,813
Valuation allowance	(52)	(98)
Net deferred tax asset	3,220	3,715
Deferred tax liabilities:		
Accelerated depreciation and amortization	(992)	(814)
Leasing activities	(575)	(584)
Other	(242)	(129)
Total deferred tax liabilities	(1,809)	(1,527)
Deferred income taxes, net asset	$ 1,411	$ 2,188

</TABLE>

The valuation allowance for deferred taxes reflects foreign tax credits not anticipated to be utilized and operating loss carryforwards of certain foreign subsidiaries. The net balance of deferred income taxes is intended to offset income taxes on future taxable income expected to be earned by the

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Corporation's Continuing Operations.

At December 31, 1996, for federal income tax purposes, there were regular tax net operating loss carryforwards of $1,401 million that expire by the year 2008 and $101 million that expire by the year 2010. At December 31, 1996, for alternative minimum tax purposes, there were loss carryforwards of $783 million that expire by the year 2008 and alternative minimum tax credit carryforwards of $252 million that have no expiration date. At December 31, 1996, there were $54 million of net operating loss carryforwards attributable to foreign subsidiaries. Of this total, approximately $17 million has no expiration date. The remaining amount will expire not later than 2003. A valuation allowance has been established for $15 million of the deferred tax benefit related to those loss carryforwards for which it is considered likely that the benefit will not be realized.

INCOME TAX EXPENSE (BENEFIT) FROM CONTINUING OPERATIONS (in millions)

YEAR ENDED DECEMBER 31	1996	1995	1994
Federal income tax expense (benefit) at statutory rate	$(454)	$ 1	$ (3)
Increase (decrease) in tax resulting from:			
Income taxes of prior years	-	11	6
Amortization of goodwill	46	9	6
Interest on prior years' federal income tax, net of federal effect	-	-	(12)
State income tax, net of federal effect	(73)	(1)	(4)
Lower tax rate on income of foreign sales corporations	(9)	(3)	(5)
Lower tax rate on net income of Puerto Rican operations	(17)	(17)	(14)
Gain on sale of stock of subsidiary and affiliate	-	12	-
Valuation allowance for deferred taxes	(14)	(2)	(4)
Loss of foreign tax credit	3	3	8
Foreign rate differential	(12)	(10)	(8)
Nondeductible expenses	8	6	6
Dividends from foreign investments	8	2	7
Other differences, net	48	(1)	6
Income tax expense (benefit) from Continuing Operations	$(466)	$ 10	$(11)

The federal income tax returns of the Corporation and its wholly owned subsidiaries are settled through the year ended December 31, 1989. The Corporation has reached an agreement with the Internal Revenue Service regarding intercompany pricing adjustments applicable to operations in Puerto Rico for the years 1990 through 1992 and a tentative agreement for 1993. Management believes that adequate provisions for taxes have been made through December 31, 1996.

NOTE 7: CUSTOMER RECEIVABLES

Customer receivables at December 31, 1996 included $120 million representing the sales value of material under long-term contracts not billed to the customer. Billings will occur upon shipment of major components of the contract. Collection of these receivables is expected to be substantially completed within one year.

Allowances for doubtful accounts of $33 million and $32 million at December 31, 1996 and 1995, respectively, were deducted from customer receivables. The Corporation performs ongoing credit evaluations of its customers and generally does not require collateral.

NOTE 8: INVENTORIES AND COSTS AND BILLINGS ON UNCOMPLETED CONTRACTS

INVENTORIES (in millions)

AT DECEMBER 31	1996	1995

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Raw materials	$ 127	$ 85
Work in process	493	419
Finished goods	125	123
	745	627
Long-term contracts in process	986	995
Progress payments to subcontractors	45	21
Recoverable engineering and development costs	68	52
	1,844	1,695
Inventoried costs related to contracts with progress billing terms	(1,061)	(856)
Inventories	$ 783	$ 839

</TABLE>

COSTS AND BILLINGS ON UNCOMPLETED CONTRACTS (in millions)

<TABLE>
<CAPTION>

AT DECEMBER 31	1996	1995
<S>	<C>	<C>
Costs included in inventories	$ 841	$ 729
Progress billings on contracts	(155)	(187)
Uncompleted contracts costs over related billings	$ 686	$ 542
Progress billings on contracts	$ 554	$ 445
Costs included in inventories	(220)	(127)
Uncompleted contracts billings over related costs	$ 334	$ 318

</TABLE>

Raw materials, work in process, and finished goods included contract-related costs of $525 million at December 31, 1996 and $367 million at December 31, 1995. Substantially all costs in long-term contracts in process, progress payments to subcontractors, and recoverable engineering and development costs were contract-related.

Inventories other than those related to long-term contracts are generally realized within one year. Inventoried costs do not exceed realizable values.

NOTE 9: PLANT AND EQUIPMENT

PLANT AND EQUIPMENT (in millions)

<TABLE>
<CAPTION>

AT DECEMBER 31	1996	1995
<S>	<C>	<C>
Land and buildings	$ 1,068	$ 929
Machinery and equipment	2,391	2,398
Construction in progress	146	165
Plant and equipment, at cost	3,605	3,492
Accumulated depreciation	(1,739)	(1,584)
Plant and equipment, net	$ 1,866	$ 1,908

</TABLE>

For the years ended December 31, 1996, 1995, and 1994, depreciation expense totalled $225 million, $159 million, and $161 million, respectively. Of these amounts, $160 million, $113 million, and $115 million, respectively, were included in costs of products and services, and $65 million, $46 million, and $46 million, respectively, were included in marketing, administration and general expenses.

NOTE 10: OTHER INTANGIBLE AND NONCURRENT ASSETS

OTHER INTANGIBLE AND NONCURRENT ASSETS (in millions)

<TABLE>

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<CAPTION>

AT DECEMBER 31	1996	1995
Deferred income taxes (note 6)	$ 774	$1,221
Other intangible assets	425	152
Intangible pension asset (note 4)	40	63
Deferred charges	39	231
Joint ventures and other affiliates	232	68
Noncurrent receivables	384	161
Program rights	142	21
Other	225	235
Other intangible and noncurrent assets	$2,261	$2,152

</TABLE>

Other intangible assets are shown in the preceding table net of accumulated amortization of $34 million at December 31, 1996 and $23 million at December 31, 1995.

FCC licenses and goodwill are shown on the balance sheet net of accumulated amortization of $252 million at December 31, 1996 and $87 million at December 31, 1995.

Joint ventures and other affiliates include investments in companies over which the Corporation exercises significant influence but does not control.

NOTE 11: SHORT-TERM DEBT

In August 1996, the Corporation replaced its $7.5 billion credit facility with a new $5.5 billion credit facility with a consortium of lenders under more favorable terms. The $5.5 billion credit facility provides for short-term money market loans and revolver borrowings. Borrowing rates under the current facility are determined at the time of each borrowing and are based generally on a floating rate index, the London Interbank Offer Rate (LIBOR), plus a margin based on the Corporation's senior unsecured debt rating and leverage. The cost of the facility includes commitment fees, which are based on the unutilized facility and vary with the Corporation's debt ratings. For financial reporting purposes, revolver borrowings are classified as long term. See note 13 to the financial statements.

There are no compensating balance requirements under this facility.

SHORT-TERM DEBT (in millions)

<TABLE>
<CAPTION>

	AT DECEMBER 31		DURING THE YEAR		
	BALANCE	COMPOSITE RATE	MAX. OUT-STANDING	AVG. OUT-STANDING	WEIGHTED AVG. RATE
1996					
Credit facility	$295	7.6%	$ 440	$264	6.5%
Short-term foreign bank loans	76	4.5%	119	51	5.5%
Other	131	7.4%	253	72	6.3%
Total short-term debt	502				
Short-term debt-- Discontinued Operations	(5)				
Short-term debt- Continuing Operations	$497				
1995					
Credit facility	$263	7.2%	$1,039	$809	6.8%
Short-term foreign bank loans	17	6.8%	100	75	5.8%
Other	110	7.1%	183	42	6.0%
Total short-term debt	390				
Short-term debt-- Discontinued Operations	(84)				
Short-term debt-- Continuing Operations	$306				

</TABLE>

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Average outstanding borrowings for Continuing Operations were determined based on daily amounts outstanding for the credit facilities and on monthly balances outstanding for short-term foreign bank loans.

NOTE 12: OTHER CURRENT LIABILITIES

OTHER CURRENT LIABILITIES (in millions)

AT DECEMBER 31	1996	1995
Accrued employee compensation	$ 248	$ 241
Income taxes currently payable	189	176
Liabilities for talent and program rights	308	254
Accrued product warranty	59	57
Accrued restructuring costs	184	150
Liability for business dispositions	79	93
Accrued interest and insurance	210	202
Accrued expenses	875	800
Environmental liabilities	62	47
Other	364	92
Other current liabilities	$2,578	$2,112

NOTE 13: LONG-TERM DEBT

LONG-TERM DEBT (in millions)

AT DECEMBER 31	1996	1995
Term Loans I & II	$ -	$5,000
Revolver (note 11)	3,050	-
8 3/8% notes due 2002	348	348
7 7/8% debentures due 2023	325	325
7 3/4% notes due 1996	-	300
6 7/8% notes due 2003	275	275
8 5/8% debentures due 2012	273	273
8 7/8% notes due 2001	250	250
8 7/8% notes due 2014	150	150
7 5/8% notes due 2002	150	150
10 3/8% debentures due 2002	149	-
7 3/4% notes due 1999	125	125
7 1/8% notes due 2023	97	97
8 7/8% debentures due 2022	92	92
Medium-term notes due through 2001	234	436
Other	54	157
	5,572	7,978
Current maturities--Continuing Operations	(4)	(330)
Current maturities--Discontinued Operations	(2)	(265)
Total long-term debt	5,566	7,383
Long-term debt--Discontinued Operations	(417)	(157)
Long-term debt--Continuing Operations	$5,149	$7,226

Included in the previous table is $149 million of debentures issued by Infinity. The Corporation has given irrevocable notice to Infinity noteholders of the Corporation's intent to call the debentures. Also included in the previous table is senior debt of $464 million and $491 million at December 31, 1996 and 1995, respectively, issued by CBS prior to the acquisition.

At December 31, 1996, medium-term notes had interest rates ranging from 7.9% to 9.4%, with an average interest rate of 9.0% and an average remaining maturity of two years.

In 1996, the Corporation entered into a new $5.5 billion credit facility to replace its $7.5 billion credit facility. See note 11 to the financial statements. The prepayment of Term Loans I & II under the previous facility resulted in a $93 million after-tax extraordinary loss from a write-off of deferred financing fees for the early extinguishment of debt.

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The CBS 8-7/8% debentures due 2022 may be redeemed after June 1, 2002 at specified redemption prices. Except for these debentures, the revolver borrowings, and the $149 million of debentures assumed in connection with the acquisition of Infinity, the remaining long-term debt outstanding at December 31, 1996 may not be redeemed prior to maturity.

To manage interest costs on its debt, the Corporation has entered into various types of interest rate exchange agreements. A summary of the notional amounts and maturity characteristics of the agreements outstanding at December 31, 1996 and 1995 is presented in the table below:

CONTRACTUAL MATURITIES OF INTEREST RATE SWAPS (in millions)

FIXED RATE SWAPS (PAY FIXED)	TOTAL	YEAR OF MATURITY 1996	1997	1998	1999	2000
Notional amount at Dec. 31, 1996	$ 130	-	-	$50	$55	$25
Weighted average fixed rate paid	8.91%	-	-	8.73%	8.86%	9.36%
Notional amount at Dec. 31, 1995	$3,208	$3,078	-	$50	$55	$25
Weighted average fixed rate paid	5.68%	5.54%	-	8.73%	8.86%	9.36%

For Discontinued Operations, an interest rate swap with a notional amount of $74 million at December 31, 1995 matured in February 1996.

The Corporation has a shelf registration for debt securities with an unused amount of $400 million as of December 31, 1996.

The scheduled maturities of long-term debt outstanding at December 31, 1996 for each of the next five years are as follows:

SCHEDULED MATURITIES OF LONG-TERM DEBT (in millions)

AT DECEMBER 31, 1996	YEAR OF MATURITY 1997	1998	1999	2000	2001
Continuing Operations	$4	$ 59	$314	$ 1	$2,958
Discontinued Operations	2	96	45	11	264
Total long-term debt	$6	$155	$359	12	$3,222

NOTE 14: OTHER NONCURRENT LIABILITIES

OTHER NONCURRENT LIABILITIES (in millions)

AT DECEMBER 31	1996	1995
Postretirement benefits (note 5)	$1,218	$1,215
Postemployment benefits (note 5)	67	79
Accrued restructuring costs	94	8
Liability for business dispositions	87	19
Liabilities for talent and program rights	51	47
Accrued expenses	1,112	661
Environmental liabilities	404	237
Other	586	307
Other noncurrent liabilities	$3,619	$2,573

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NOTE 15: SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY (in millions)

	1996	1995	1994
Preferred stock:			
Balance at January 1	$ 4	$ 12	$ 8
Series B preferred shares converted	-	(8)	-
Series C preferred shares issued	-	-	4
Balance at December 31	$ 4	$ 4	$ 12
Common stock:			
Balance at January 1	$ 426	$ 393	$ 393
Shares issued	183	33	-
Balance at December 31	$ 609	$ 426	$ 393
Capital in excess of par value:			
Balance at January 1	$ 1,848	$ 1,932	$ 1,475
Series B preferred shares converted	-	(25)	-
Series C preferred shares issued	-	-	501
Shares issued under various compensation and benefit plans	(42)	(55)	(37)
Shares issued under dividend reinvestment plan	(3)	(4)	(7)
Shares issued under Infinity merger agreement	3,573	-	-
Balance at December 31	$ 5,376	$ 1,848	$ 1,932
Common stock held in treasury:			
Balance at January 1	$ (720)	$ (870)	$ (972)
Shares issued under various compensation and benefit plans	161	139	87
Shares issued under dividend reinvestment plan	13	11	15
Balance at December 31	$ (546)	$ (720)	$ (870)
Minimum pension liability:			
Balance at January 1	$(1,220)	$ (962)	$(1,215)
Pension liability adjustments, net of deferred taxes (note 4)	424	(258)	253
Balance at December 31	$ (796)	$(1,220)	$ (962)
Cumulative foreign currency translation adjustments:			
Balance at January 1	$ (11)	$ (15)	$ (28)
Currency translation activity	22	4	13
Balance at December 31	$ 11	$ (11)	$ (15)
Retained earnings:			
Balance at January 1	$ 1,181	$ 1,325	$ 1,401
Net income	30	15	77
Dividends paid	(127)	(159)	(153)
Balance at December 31	$ 1,084	$ 1,181	$ 1,325
Shareholders' equity	$ 5,742	$ 1,508	$ 1,815

On December 31, 1996, the Corporation issued 183,002,086 shares of common stock for the acquisition of Infinity. The common stock was issued at a price of $18.875 per share, which was the closing price on June 19, 1996, the last trading day prior to the execution of the merger agreement. The issuance of the common stock and the conversion of outstanding Infinity options into options to acquire 22,226,484 Westinghouse common shares resulted in an increase in capital in excess of par value of $3,573 million, net of registration costs.

On September 1, 1995, the Corporation's 8,222,500 shares of Series B Conversion Preferred Stock (Series B Preferred), outstanding since 1992, mandatorily

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converted into 32,890,000 shares of common stock.

In March 1994, the Corporation sold, in a private placement, 36,000,000 depository shares (the $1.30 Depository Shares) at $14.44 per share. Each of the $1.30 Depository Shares represents ownership of one-tenth of a share of the Corporation's $1.00 par value Series C Conversion Preferred Stock (Series C Preferred) and entitles the owner to all of the proportionate rights, preferences and privileges of the Series C Preferred. A total of 3,600,000 Series C Preferred shares was deposited, all of which were outstanding at December 31, 1996, 1995 and 1994.

The net proceeds to the Corporation, after commissions, fees and out-of-pocket expenses, totalled $505 million. As a result, the par value of Series C Preferred was established for $4 million, and capital in excess of par was increased by $501 million.

The annual dividend rate for each $1.30 Depository Share is $1.30 (equivalent to $13.00 for each Series C Preferred), payable quarterly in arrears on the first day of March, June, September and December. Dividends are cumulative and must be declared by the Board of Directors to be payable. Payments commenced on June 1, 1994.

Each $1.30 Depository Share will automatically convert into one share of common stock on June 1, 1997 unless called on May 30, 1997 by the Corporation or converted at any time prior to June 1, 1997 by the holder. Conversion will also occur upon certain mergers, consolidations or similar extraordinary transactions involving the Corporation or in certain other events.

COMMON SHARES (shares in thousands)

	ISSUED	IN TREASURY	OUTSTANDING
Balance at January 1, 1994	393,080	40,904	352,176
Shares issued for dividend reinvestment plan	-	(621)	621
Shares issued for employee plans	-	(3,975)	3,975
Other	-	(20)	20
Balance at December 31, 1994	393,080	36,288	356,792
Shares issued for dividend reinvestment plan	-	(450)	450
Shares issued for employee plans	-	(5,886)	5,886
Shares issued for conversion of Series B Preferred	32,890	-	32,890
Balance at December 31, 1995	425,970	29,952	396,018
Shares issued for dividend reinvestment plan	-	(1,071)	1,071
Shares issued for employee plans	-	(6,254)	6,254
Shares issued under Infinity merger agreement	183,002	-	183,002
BALANCE AT DECEMBER 31, 1996	608,972	22,627	586,345

Of the common stock held in treasury at December 31, 1996, 21,606,897 shares were held by the Corporation's rabbi trusts for the payment of benefits under executive benefit plans.

Earnings (loss) per common share was computed by dividing income or loss available to common shareholders by the weighted average number of common shares outstanding during the year plus the weighted average common stock equivalents. Common stock equivalents consist of shares subject to stock options, shares potentially issuable under deferred compensation programs, and as discussed below, the Series B Preferred.

Prior to their conversion, the Series B Preferred were considered common stock equivalents at a rate of four Series B Preferred to one common share. Because such treatment has an anti-dilutive effect on earnings per share for 1995 and 1994, these common stock equivalent shares were excluded from weighted average shares outstanding, and the dividend requirement was deducted from net income in computing earnings available to common shareholders. The common shares issued upon conversion of the Series B Preferred were included in weighted average shares outstanding from the conversion date, September 1, 1995. As of December 31, 1996, there were no Series B Preferred outstanding.

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Consistent with prevalent practice at the time of issuance, the Series C Preferred were considered outstanding common stock at a rate of ten Series C Preferred to one common share for the computation of earnings per share. If the Series C Preferred had been treated as common stock equivalents for the calculation of earnings per share, the Corporation's 1996, 1995 and 1994 per-share results would have been losses of $.04, $.18, and $.02, respectively.

The weighted average number of common shares used for computing earnings or loss per share was 443,399,000 in 1996; 410,138,000 in 1995; and 383,736,000 in 1994.

On December 29, 1995, the Board of Directors adopted a shareholder rights plan providing for the distribution of one right for each share of common stock outstanding on January 9, 1996. The rights become exercisable only in the event, with certain exceptions, that an acquiring party accumulates 15% or more of the Corporation's voting stock or a party announces an offer to acquire 30% or more of the voting stock. The rights have an exercise price of $64 per share and expire on January 9, 2006. Upon the occurrence of certain events, holders of the rights will be entitled to purchase either Westinghouse preferred shares or shares in an acquiring entity at half of market value. The Corporation is entitled to redeem the rights at a value of $.01 per right at any time until the tenth day following the acquisition of a 15% position in its voting stock.

NOTE 16: STOCK-BASED COMPENSATION PLANS

At December 31, 1996, the Corporation had five stock-based compensation plans, which are described below.

The 1993 and 1991 Long-Term Incentive Plans (1993 and 1991 Plans) provide for the granting of stock options, restricted stock, and other performance awards to employees of the Corporation. At December 31, 1996 and 1995, approximately 15.3 million and 11.1 million shares, respectively, had been authorized for awards under the 1993 Plan. Shares available for awards under the 1993 Plan at December 31, 1996 and 1995 totalled 3,097,093 and 3,249,228, respectively. At December 31, 1996 and 1995, a total of 21.5 million and 16.5 million shares, respectively, had been authorized for awards under the 1991 Plan. Shares available for awards under the 1991 Plan at December 31, 1996 and 1995 totalled 3,393,578 and 3,407,931, respectively.

The Deferred Compensation and Stock Plan for Directors (Director Plan) provides for the granting of stock options, restricted stock, and other awards to non-employee directors of the Corporation. At December 31, 1996 and 1995, 600,000 and 500,000 shares, respectively, had been authorized for awards under the Director Plan. Shares available for awards under the Director Plan at December 31, 1996 and 1995 totalled 470,859 and 406,806, respectively.

In 1996 and 1995, the Corporation granted 49,174 and 17,000 shares, respectively, of restricted stock to employees and directors with weighted-average grant date fair values of $18.41 and $14.88, respectively, under the 1993, 1991, and Director Plans. The vesting periods of these shares vary with a weighted average vesting period of two years for both 1996 and 1995 grants.

With the acquisition of Infinity, the Corporation assumed the Infinity Broadcasting Corporation Stock Option Plan (Infinity Plan). The outstanding options under this Plan as well as certain other one-time awards were converted to options for Westinghouse common stock on December 31, 1996. The converted options are included in the subsequent table as awards assumed in 1996. These options have exercise prices ranging from $.0002 to $19.66. No additional grants will be made under the Infinity Plan.

Stock options are also outstanding under the 1984 Long-Term Incentive Plan (1984 Plan); however, no additional grants are permitted under that Plan.

Under the 1993, 1991, and 1984 Plans, the options were granted for terms of 10 years or less and generally become exercisable in whole or in part after the commencement of the second year of the term. Under the Infinity Plan, the options generally were granted for terms of 10 years and become exercisable ratably over a five-year period.

Generally, options outstanding under the 1993, 1991, Director, and 1984 Plans, except those granted during 1996, were exercisable at December 31, 1996. Options granted during 1996 under these Plans generally will become exercisable in 1997. Under the Infinity Plan, approximately 17 million of the awards assumed were exercisable at December 31, 1996.

Of the options granted by the Corporation in 1995, 2,423,060 were performance stock options. The vesting of these options was contingent on attainment of specific performance targets. One-half of these options terminated in January 1996 because the performance target for 1995 was not met. The remaining performance options terminated in January 1997 because the performance target for 1996 was not met.

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STOCK OPTION INFORMATION (shares in thousands)

<TABLE>
<CAPTION>

	1996		1995		1994	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1	28,384	$17.41	20,504	$18.66	16,082	$20.70
Options granted	10,990	19.09	8,945	14.17	5,079	11.89
Options exercised	(1,728)	13.22	(481)	11.75	(24)	10.40
Options forfeited	(1,750)	15.93	(584)	16.15	(633)	16.59
Options expired	(306)	27.41	-	-	-	-
Awards assumed (Infinity)	22,226	5.18	-	-	-	-
Balance at December 31	57,816	$13.15	28,384	$17.41	20,504	$18.66
Exercisable at December 31	41,251	$12.07	18,456	$18.92	-	-

</TABLE>

<TABLE>
<CAPTION>

	1996		1995	
	WEIGHTED AVERAGE FAIR VALUE	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE FAIR VALUE	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>
Options granted:				
Exercise price equaled grant date stock price	$7.41	$18.86	$5.95	$14.31
Exercise price exceeded grant date stock price	5.92	20.74	4.81	18.67

</TABLE>

STOCK OPTIONS OUTSTANDING AT DECEMBER 31, 1996 (shares in thousands)

<TABLE>
<CAPTION>

RANGE OF EXERCISE PRICES	OPTIONS AT DECEMBER 31, 1996	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)	EXERCISABLE AT DECEMBER 31, 1996	WEIGHTED AVERAGE EXERCISE PRICE OF EXERCISABLE
<S>	<C>	<C>	<C>	<C>	<C>
$.0002- 4.99	12,158	$ 0.74	3.2	11,523	$ 0.66
5- 9.99	5,823	7.01	7.5	3,519	7.05
10-14.99	10,505	13.19	8.0	8,864	13.09
15-19.99	22,572	17.13	7.8	11,901	16.11
20-29.99	5,559	25.84	5.0	4,245	27.42
30-36.53	1,199	34.60	2.3	1,199	34.60
TOTAL	57,816			41,251	

</TABLE>

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1996 and 1995, respectively; risk-free interest rates of 6.1% and 7.2%; expected dividend yields of 1.1% and 1.4%; expected volatility of 30% and 31%; and expected lives of 7.4 years and 7.3 years.

The Corporation accounts for its stock-based compensation plans under APB 25. For stock options granted, the option price is not less than the market value of shares on the grant date; therefore, no compensation cost has been recognized for stock options granted.

Had compensation cost for these plans been determined under the provisions of SFAS 123, the Corporation's net income and earnings per share would have been reduced to the following pro forma amounts:

RESULTS OF OPERATIONS

<TABLE>
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	1996	1995

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	AS REPORTED	PRO FORMA	AS REPORTED	PRO FORMA
Net income (loss) (in millions)	$30	$ (8)	$ 15	$ (4)
Earnings (loss) per common share	.07	(.02)	(.05)	(.09)

</TABLE>

NOTE 17: CONTINGENT LIABILITIES AND COMMITMENTS

URANIUM SETTLEMENTS

In the late seventies, the Corporation provided for the estimated future costs for the resolution of all uranium supply contract suits and related litigation. The remaining uranium reserve balance includes assets required for certain settlement obligations and reserves for estimated future costs. The reserve balance at December 31, 1996, is deemed adequate considering all facts and circumstances known to management. The future obligations require providing the remainder of the fuel deliveries through 2013. The supply of equipment and services is essentially complete. Variances from estimates that may occur are considered in determining if an adjustment of the liability is necessary.

LEGAL MATTERS

STEAM GENERATORS

The Corporation has been defending various lawsuits brought by utilities claiming a substantial amount of damages in connection with alleged tube degradation in steam generators sold by the Corporation as components of nuclear steam supply systems. Since 1993, settlement agreements have been entered resolving ten litigation claims. These agreements generally require the Corporation to provide certain products and services at prices discounted at varying rates. Two cases were resolved in favor of the Corporation after trial or arbitration. One steam generator lawsuit remains.

The Corporation is also a party to five tolling agreements with utilities or utility plant owners' groups that have asserted steam generator claims. The tolling agreements delay initiation of any litigation for various specified periods of time and permit the parties time to engage in discussions.

SECURITIES CLASS ACTIONS--FINANCIAL SERVICES

The Corporation has been defending derivative and class action lawsuits alleging federal securities law and common law violations arising out of purported misstatements or omissions contained in the Corporation's public filings concerning the financial condition of the Corporation and certain of its former subsidiaries in connection with charges to earnings of $975 million in 1990 and $1,680 million in 1991 and a public offering of Westinghouse common stock in 1991. The court dismissed both the derivative claim and the class action claims in their entirety. In 1996, the United States Court of Appeals for the Third Circuit affirmed the dismissal of the derivative claim and affirmed in part and reversed in part the dismissal of the class action claims. Those class action claims that were not dismissed by the Third Circuit have been remanded to the lower court for further proceedings.

ASBESTOS

The Corporation is a defendant in numerous lawsuits claiming various asbestos-related personal injuries, which allegedly occurred from use or inclusion of asbestos in certain of the Corporation's products, generally in the pre-1970 time period. Typically, these lawsuits are brought against multiple defendants. The Corporation was neither a manufacturer nor a producer of asbestos and is oftentimes dismissed from these lawsuits on the basis that the Corporation has no relationship to the products in question or the claimant did not have exposure to the Corporation's product. At December 31, 1996, the Corporation had approximately 103,000 claims outstanding against it.

In court actions that have been resolved, the Corporation has prevailed in the vast majority of the asbestos claims and has resolved others through settlement. Furthermore, the Corporation has brought suit against certain of its insurance carriers with respect to these asbestos claims. Under the terms of a settlement agreement resulting from this suit, carriers that have agreed to the settlement are now reimbursing the Corporation for a substantial portion of its current costs and settlements associated with asbestos claims. The Corporation has recorded a liability for asbestos-related matters that are deemed probable and can be reasonably estimated, and has separately recorded an asset equal to the amount of such estimated liabilities that will be recovered pursuant to agreements with insurance carriers. The Corporation cannot

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reasonably estimate costs for unasserted asbestos claims.

GENERAL

Litigation is inherently uncertain and always difficult to predict. Substantial damages are sought in the steam generator claims, the securities class action and certain groupings of asbestos claims and, although management believes a significant adverse judgment is unlikely, any such judgment could have a material adverse effect on the Corporation's results of operations for a quarter or a year. However, based on its understanding and evaluation of the relevant facts and circumstances, management believes that the Corporation has meritorious defenses to the litigation described previously, and that the Corporation has adequately provided for costs arising from potential settlement of these matters when in the best interest of the Corporation. Management believes that the litigation should not have a material adverse effect on the financial condition of the Corporation.

ENVIRONMENTAL MATTERS

Compliance with federal, state and local laws and regulations relating to the discharge of pollutants into the environment, the disposal of hazardous wastes, and other related activities affecting the environment have had and will continue to have an impact on the Corporation. It is difficult to estimate the timing and ultimate costs to be incurred in the future due to uncertainties about the status of laws, regulations and technology; the adequacy of information available for individual sites; the extended time periods over which site remediation occurs; and the identification of new sites. The Corporation has, however, recognized an estimated liability, measured in current dollars, for those sites where it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Corporation recognizes changes in estimates as new remediation requirements are defined or as more information becomes available.

With regard to remedial actions under federal and state Superfund laws, the Corporation has been named a potentially responsible party (PRP) at numerous sites located throughout the country. At many of these sites, the Corporation is either not a responsible party or its site involvement is very limited or de minimis. However, the Corporation may have varying degrees of cleanup responsibilities at approximately 90 sites, including the sites located in Bloomington, Indiana. The Corporation believes that any liability incurred for cleanup at these sites will be satisfied over a number of years, and in many cases, the costs will be shared with other responsible parties. These sites include certain sites for which the Corporation, as part of an agreement for sale, has retained obligations for remediation of environmental contamination and for other Comprehensive Environmental Response Compensation and Liability Act (CERCLA) issues.

In the second quarter of 1996, the Corporation and its external consultants completed a study to evaluate the Corporation's environmental remediation strategies. Based on the costs associated with the most probable alternative remediation strategy for the above-mentioned sites, including Bloomington, the Corporation has an accrued liability of $466 million, of which $175 million was recognized in the second quarter of 1996. Depending on the remediation alternatives ultimately selected, the costs related to these sites could differ from the amounts currently accrued. The accrued liability includes $345 million for site investigation and remediation, and $121 million for post-closure and monitoring activities. Management anticipates that the majority of expenditures for site investigation and remediation will occur during the next five to ten years. Expenditures for post-closure and monitoring activities will be made during periods of up to 30 years.

OTHER

The Corporation is involved with several administrative actions alleging violations of federal, state or local environmental regulations. For these matters, the Corporation has estimated its remaining reasonably possible costs and determined them to be immaterial.

The Corporation currently manages under contract several government-owned facilities that, among other things, are engaged in the remediation of hazardous and nuclear wastes. To date, under the terms of the contracts, the Corporation is not responsible for costs associated with environmental liabilities, including environmental cleanup costs, except under certain circumstances associated with the willful misconduct or lack of good faith of its managers or their failure to exercise prudent business judgment. There are currently no material claims for which the Corporation believes it is responsible.

The Corporation has or will have responsibilities for environmental closure activities or decommissioning of nuclear licensed sites. The Corporation has estimated that the total potential cost to be incurred for these actions is

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approximately $91 million, of which $23 million was accrued at December 31, 1996. The Corporation's policy is to accrue these costs over the estimated life of the individual facilities, which in most cases approximates 20 years. The anticipated annual costs currently being accrued are $6 million.

Capital expenditures related to environmental compliance in 1996 and 1995 totalled $8 million and $6 million, respectively. Operating expenses that are recurring and associated with managing hazardous waste and pollutants in ongoing operations totalled $6 million in 1996 and 1995.

Management believes, based on its best estimate, that the Corporation has adequately provided for its present environmental obligations and that complying with existing government regulations will not materially impact the Corporation's financial position, liquidity or results of operations.

FINANCING COMMITMENTS

CONTINUING OPERATIONS

In the ordinary course of business, standby letters of credit and surety bonds are issued on behalf of the Corporation related to performance obligations primarily under contracts with customers.

The Corporation routinely enters into commitments to purchase the rights to broadcast programs, including feature films and sports events. These contracts permit the broadcast of such properties for various periods ending no later than April 2002. As of December 31, 1996, the Corporation was committed to make payments under such broadcasting contracts, along with commitments for talent contracts, of $3,601 million.

The Corporation's other commitments consist primarily of those for the purchase of plant and equipment totalling approximately $54 million at December 31, 1996.

DISCONTINUED OPERATIONS

At December 31, 1996, Financial Services commitments, consisting primarily of guarantees, totalled $38 million compared to $45 million at year-end 1995. The remaining commitments have fixed expiration dates from 1997 through 2002. Management expects these commitments to expire unfunded.

NOTE 18: LEASES

The Corporation has commitments under operating leases for certain machinery and equipment and facilities used in various operations. Rental expense for Continuing Operations in 1996, 1995 and 1994 was $130 million, $95 million and $105 million, respectively. These amounts include immaterial amounts for contingent rentals. Rental expense included sublease income totalling $11 million, $17 million and $16 million for 1996, 1995 and 1994, respectively.

Additionally, the Corporation's transit advertising business has franchise rights entitling it to display advertising on buses, taxis, trains, bus shelters, terminals and phone kiosks. Under most of these franchise agreements, the franchiser is entitled to receive the greater of a percentage of the relevant advertising revenues, net of advertising agency fees, or a specified guaranteed minimum annual payment.

MINIMUM RENTAL PAYMENTS--CONTINUING OPERATIONS (in millions)

AT DECEMBER 31, 1996	LEASE OBLIGATIONS	GUARANTEED MINIMUM FRANCHISE PAYMENTS
1997	$ 95	$120
1998	76	106
1999	68	97
2000	69	59
2001	53	17
Subsequent years	189	10
Minimum rental payments	$550	$409

NOTE 19: OTHER INCOME AND EXPENSES, NET

OTHER INCOME AND EXPENSES, NET (in millions)

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<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31	1996	1995	1994
<S>	<C>	<C>	<C>
Interest on securities	$ 9	$ 11	$ 12
Miscellaneous interest income	33	7	4
Gain (loss) on disposition of other assets	(135)	121	28
Operating results-- non-consolidated affiliates	9	3	(2)
Foreign currency transaction and high-inflation translation effect	(13)	(8)	(6)
Estimated loss on disposition of non-strategic businesses	-	(7)	(17)
Pension settlement loss (note 4)	-	-	(308)
Other	11	10	4
Other income and expenses, net	$ (86)	$137	$(285)

</TABLE>

The net loss on disposition of assets for 1996 includes an estimated loss of $152 million resulting from a decision to sell certain miscellaneous non-strategic assets and a gain of $17 million from the sale of equity investments. The gain on disposition of other assets for 1995 includes a gain of $115 million from the sale of the Corporation's 62% interest in MICROS Systems, Inc. The gain on disposition of other assets for 1994 includes a gain of $32 million from the sale of two California radio stations.

NOTE 20: RESTRUCTURING, LITIGATION AND OTHER MATTERS

The Corporation has undertaken a number of actions to streamline its businesses and recognize the financial impact of certain matters. Certain of these actions resulted in the recognition of charges to operating profit.

RESTRUCTURING, LITIGATION AND OTHER MATTERS (in millions)

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31	1996	1995	1994
<S>	<C>	<C>	<C>
Restructuring	$273	$ 83	$19
Litigation matters	486	236	-
Impairment of assets	15	-	-
Environmental remediation activities	175	-	-
Other	30	-	-
Total	$979	$319	$19

</TABLE>

In recent years, the Corporation has restructured many of its businesses and its corporate headquarters in an effort to reduce its cost structure and remain competitive in its markets. Restructuring activities primarily involve the separation of employees, the closing of facilities, the termination of leases, and the exiting of product lines. Costs for restructuring activities are limited to incremental costs that directly result from the restructuring activities and that provide no future benefit to the Corporation.

A summary of restructuring charges by business segment follows:

RESTRUCTURING COSTS BY SEGMENT (in millions)

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31	1996	1995	1994
<S>	<C>	<C>	<C>
Media	$ 41	$ -	$ (2)
Power Systems	181	44	21
Thermo King	6	-	-
Government Operations	8	-	-
Corporate & Other	37	39	-
Total	$273	$83	$19

</TABLE>

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Generally, separated employees received benefits under the Corporation's Employee Security and Protection Plan or similar arrangements, including layoff income benefits, permanent job separation benefits, retraining and/or outplacement assistance. The amount included for these benefits in the restructuring charge represents the incremental cost of such benefits over those amounts previously accrued under SFAS No. 112, "Employers' Accounting for Postemployment Benefits."

Based on the Corporation's current estimates, summarized below are the restructuring costs for Continuing Operations:

RESTRUCTURING COSTS BY CATEGORY OF EXPENDITURE (dollars in millions)

YEAR ENDED DECEMBER 31	1996	1995	1994
Number of employee separations	2,617	1,071	490
Employee separation costs	$ 191	$ 77	$ 37
Pension and postretirement curtailment costs	14	-	-
Asset writedowns	37	3	-
Facility closure/ rationalization costs	37	3	-
Adjustments of prior plans	(6)	-	(18)
Total charge to operations	$ 273	$ 83	$ 19

Of the employee separations in the 1996 plans, nearly 50% were completed at December 31, 1996. For the 1995 and 1994 plans, 85% and 100%, respectively, were completed at December 31, 1996. The majority of the remaining separations are expected to be completed in 1997. Employee separation costs generally are paid over a period of up to two years following the separation.

In connection with the acquisition of CBS, the Corporation developed a restructuring plan to integrate the operations of CBS with those of the Corporation and eliminate duplicate CBS facilities and functions. The cost of that plan, which approximated $100 million, was recorded in connection with the purchase.

The following is a reconciliation of the restructuring liability for Continuing Operations:

RECONCILIATION OF RESTRUCTURING LIABILITY (in millions)

Balance at January 1, 1994	$ 211
Provision for restructuring	19
Cash expenditures	(129)
Noncash expenditures	(20)
Balance at December 31, 1994	81
Provision for restructuring	83
CBS acquisition plan	100
Cash expenditures	(101)
Noncash expenditures	(5)
Balance at December 31, 1995	158
Provision for restructuring	273
Cash expenditures	(104)
Noncash expenditures	(49)
BALANCE AT DECEMBER 31, 1996	$ 278

Additional restructuring costs totalling $2 million in 1996, $52 million in 1995, and $52 million in 1994 were included in the results of Discontinued Operations primarily for the separation of approximately 1,400 employees and the exiting of various product lines and facilities.

NOTE 21: SEGMENT INFORMATION

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Westinghouse is a global corporation operating in the principal business areas of television and radio broadcasting, cable programming, chemical and nuclear materials management, transport temperature control, and power generation systems. The Corporation's continuing businesses are aligned for reporting purposes into the following four segments: Media, Power Systems, Thermo King, and Government Operations. Results of international activities, including manufacturing, export sales, and foreign licensee income, are included in the financial information of the segment that has operating responsibility.

Media provides a variety of communications services consisting primarily of commercial broadcasting, program production, and distribution. It operates the CBS Television Network, a programming provider for approximately 200 affiliates. It sells advertising time to radio, television and cable advertisers through national and local sales organizations. Media currently owns and operates 14 television broadcasting stations and 79 radio stations including those acquired with Infinity. Media also provides programming and distribution services to the cable television industry. Group W Satellite Communications (GWSC) provides sports programming; the marketing and advertising for two country music entertainment networks; and a 24-hour, Spanish-language news service. The two country music entertainment networks are expected to be acquired in 1997. See note 23 to the financial statements. GWSC is currently developing a new cable channel, Eye on People.

The Power Systems segment designs, develops, manufactures and services nuclear and fossil-fueled power generation systems and is a leading supplier of reload nuclear fuel to the global electric utility market.

Thermo King is a leading supplier of mobile temperature control equipment for trucks, trailers and seagoing containers, as well as air conditioning for buses.

The Government Operations segment includes the management and operation of several government-owned facilities for the U.S. Department of Energy (DOE) and the U.S. Army, and support for the U.S. naval nuclear reactors program.

The Corporate & Other segment includes corporate activities that are managed for the benefit of the entire Corporation.

Segment sales of products and services include products that are transferred between segments, generally at inventoried cost plus a margin. Segment operating profit or loss consists of sales of products and services less segment operating expenses, which include costs of products and services, marketing, administration and general expenses, depreciation and amortization, and restructuring costs.

Segment operating profit for 1996, 1995, and 1994 included special charges consisting of costs for restructuring, litigation, and other matters (see note 20 to the financial statements) as follows:

SPECIAL CHARGES INCLUDED IN SEGMENT OPERATING PROFIT (in millions)

YEAR ENDED DECEMBER 31	1996	1995	1994
Media	$ 41	$ -	$(2)
Industries & Technology:			
Power Systems	614	280	21
Thermo King	6	-	-
Government Operations	8	-	-
Total Industries & Technology	628	280	21
Corporate & Other	438	39	-
Total	$1,107	$319	$19

SALES OF PRODUCTS AND SERVICES AND OPERATING PROFIT BY SEGMENT (in millions)

	SALES OF PRODUCTS AND SERVICES			OPERATING PROFIT (LOSS)		
YEAR ENDED DECEMBER 31	1996	1995	1994	1996	1995	1994
Media	$4,145	$1,016	$ 650	$ 310	$ 212	$ 197

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Industries & Technology:						
Power Systems	3,078	3,000	2,930	(575)	(207)	165
Thermo King	1,013	1,065	877	180	176	135
Government Operations	121	155	133	63	81	77
Total Industries & Technology	4,212	4,220	3,940	(332)	50	377
Corporate & Other	133	393	674	(734)	(161)	(165)
Intersegment Sales	(41)	(30)	(54)	-	-	-
Total	$8,449	$5,599	$5,210	$(756)	$ 101	$ 409

</TABLE>

OTHER SEGMENT FINANCIAL INFORMATION (in millions)

<TABLE>
<CAPTION>

	IDENTIFIABLE ASSETS			DEPRECIATION AND AMORTIZATION			CAPITAL EXPENDITURES		
AT OR FOR THE YEAR ENDED DECEMBER 31	1996	1995	1994	1996	1995	1994	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Media	$14,194	$ 8,889	$ 794	$277	$ 57	$ 31	$ 93	$ 32	$ 35
Industries & Technology:									
Power Systems	2,596	2,667	2,465	93	93	95	72	101	87
Thermo King	400	381	354	15	15	13	20	23	19
Government Operations	60	99	83	3	1	2	2	2	2
Total Industries & Technology	3,056	3,147	2,902	111	109	110	94	126	108
Corporate & Other	2,639	2,620	2,974	17	27	39	1	21	21
Total Continuing Operations	19,889	14,656	6,670	405	193	180	188	179	164
Discontinued Operations	1,418	3,958	5,168	71	124	140	18	111	95
Total	$21,307	$18,614	$11,838	$476	$317	$320	$206	$290	$259

</TABLE>

Corporate & Other assets in the table above are not identifiable to operating segments and principally include cash and cash equivalents, deferred income taxes, plant and equipment associated with corporate headquarters, and certain noncurrent receivables.

The increase in identifiable assets of Continuing Operations in 1996 and 1995 reflects the acquisitions of Infinity and CBS, respectively.

Included in income from Continuing Operations is income of subsidiaries located outside the United States. These subsidiaries reported net income of $70 million in 1996, $81 million in 1995, and $15 million in 1994. Subsidiaries located outside the United States comprised 5% of total assets of Continuing Operations in 1996, 5% in 1995, and 17% in 1994. Subsidiaries located outside the United States comprised 2% of total liabilities of Continuing Operations in 1996, 2% in 1995, and 5% in 1994.

The following table reflects selected financial information based on the geographic area where the sale originated:

FINANCIAL INFORMATION BY GEOGRAPHIC AREA (in millions)

<TABLE>
<CAPTION>

AT OR FOR THE YEAR ENDED DECEMBER 31	1996	1995	1994
<S>	<C>	<C>	<C>
Sales of products and services from Continuing Operations:			
U.S.	$ 7,533	$ 4,685	$4,412
Outside the U.S.	916	914	798
Sales of products and services	$ 8,449	$ 5,599	$5,210
Operating profit (loss) from Continuing Operations:			
U.S.	$ (856)	$ (15)	$ 358
Outside the U.S.	100	116	51
Operating profit (loss)	$ (756)	$ 101	$ 409
Segment identifiable assets of Continuing Operations:			
U.S.	$18,816	$13,943	$5,547
Outside the U.S.	1,073	713	1,123

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Segment identifiable assets	$19,889	$14,656	$6,670

</TABLE>

The Corporation sells products manufactured domestically to customers throughout the world using domestic divisions and subsidiaries doing business primarily outside the United States. Generally, products manufactured outside the United States are sold outside the United States.

SALES OF PRODUCTS AND SERVICES SOLD OUTSIDE THE U.S. (in millions)

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31	1996		1995		1994	
	AMOUNT	% OF SALES	AMOUNT	% OF SALES	AMOUNT	% OF SALES
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Subsidiaries outside the U.S.:						
Europe, Africa, Middle East	$ 550	6.5%	$ 568	10.1%	$ 486	9.3%
Canada	273	3.2%	256	4.6%	227	4.4%
All other	93	1.1%	90	1.6%	85	1.6%
Total	$ 916	10.8%	$ 914	16.3%	$ 798	15.3%
U.S. exports:						
Europe, Africa, Middle East	$ 331	3.9%	$ 310	5.5%	$ 399	7.7%
Asia-Pacific	709	8.4%	802	14.3%	508	9.8%
Latin America	288	3.4%	112	2.0%	166	3.2%
Canada	41	0.5%	48	0.9%	53	1.0%
Total	$1,369	16.2%	$1,272	22.7%	$1,126	21.7%

</TABLE>

Purchases by the U.S. Government and its agencies accounted for 3%, 6% and 6% of sales of products and services from Continuing Operations for 1996, 1995 and 1994, respectively. Sales to the utility segment accounted for 26% of sales of products and services from Continuing Operations during 1996, 34% in 1995 and 40% in 1994.

RESEARCH AND DEVELOPMENT BY CONTINUING OPERATIONS (in millions)

<TABLE>
<CAPTION>

YEAR ENDED DECEMBER 31	1996	1995	1994
<S>	<C>	<C>	<C>
Westinghouse-sponsored:			
Power Systems	$ 29	$ 40	$ 66
Other	13	14	20
Customer-sponsored:			
Power Systems	73	66	47
Other	26	45	52
Total research and development expenditures	$141	$165	$185

</TABLE>

NOTE 22: FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments has been determined by the Corporation using the best available market information and appropriate valuation methodologies. However, considerable judgment is necessary in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Corporation could realize in a current market exchange or the value that ultimately will be realized by the Corporation upon maturity or disposition. Additionally, because of the variety of valuation techniques permitted under SFAS No. 107, "Disclosures about Fair Values of Financial Instruments," comparability of fair values among entities may not be meaningful. The use of different market assumptions or estimation methodologies may have a material effect on the estimated fair value amounts.

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FAIR VALUE OF FINANCIAL INSTRUMENTS--CONTINUING OPERATIONS (in millions)

AT DECEMBER 31	1996			1995		
	CARRYING AMOUNT	ESTIMATED FAIR VALUE	CONTRACT AMOUNT	CARRYING AMOUNT	ESTIMATED FAIR VALUE	CONTRACT AMOUNT
ASSETS:						
Cash and cash equivalents	$ 220	$ 220	$ -	$ 196	$ 196	$ -
Investments in marketable securities	48	47	-	55	55	-
Noncurrent customer and other receivables	384	377	-	161	150	-
LIABILITIES:						
Short-term debt	497	497	-	306	306	-
Current maturities of long-term debt	4	4	-	330	330	-
Long-term debt	5,149	5,147	-	7,226	7,239	-
OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS:						
Interest rate swap agreements:						
Unrealized losses	-	(7)	-	-	(14)	-
Foreign currency exchange contracts:						
Unrealized gains (losses)	-	(4)	-	-	4	-
Letters of credit	-	-	522	-	-	503

FAIR VALUE OF FINANCIAL INSTRUMENTS--DISCONTINUED OPERATIONS (in millions)

AT DECEMBER 31	1996			1995		
	CARRYING AMOUNT	ESTIMATED FAIR VALUE	CONTRACT AMOUNT	CARRYING AMOUNT	ESTIMATED FAIR VALUE	CONTRACT AMOUNT
ASSETS:						
Cash and cash equivalents	$ 13	$ 13	$ -	$ 30	$ 30	$ -
Noncurrent customer and other receivables	29	27	-	109	108	-
Portfolio investments:						
Real estate	2	2	-	35	16	-
Corporate finance	-	1	-	1	(1)	-
LIABILITIES:						
Short-term debt	5	5	-	84	84	-
Current maturities of long-term debt	2	2	-	265	341	-
Long-term debt	417	423	-	157	164	-
OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS:						
Interest rate and currency exchange agreements:						
Unrealized gains	-	-	-	-	72	-
Letters of credit	-	-	94	-	-	317

The following methods and assumptions were used to estimate the fair value of financial instruments for which it was practicable to estimate that value.

CASH AND CASH EQUIVALENTS

The carrying amount for cash and cash equivalents approximates fair value.

INVESTMENTS IN MARKETABLE SECURITIES

The fair value of investments in marketable securities is based on quoted market prices.

NONCURRENT CUSTOMER AND OTHER RECEIVABLES

The fair value of noncurrent customer and other receivables is estimated by discounting the expected future cash flows at interest rates commensurate with the creditworthiness of the customers and other third parties.

PORTFOLIO INVESTMENTS

At December 31, 1996 and 1995, the fair value of portfolio investments was determined using financial information prepared by independent third parties,

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discounted cash flow projections, financial statements for investee companies and letters of intent or other asset sale agreements.

SHORT-TERM DEBT

The carrying amount of the Corporation's borrowings under credit facilities and other arrangements approximate fair value.

LONG-TERM DEBT

The fair value of long-term debt has been estimated using quoted market prices or discounted cash flow methods based on the Corporation's current borrowing rates for similar types of borrowing arrangements with comparable terms and maturities.

INTEREST RATE AND CURRENCY EXCHANGE AGREEMENTS

The fair value of interest rate and currency exchange agreements is the amount that the Corporation would receive or pay to terminate the agreements, based on quoted market prices or discounted cash flow methods, considering current interest rates, currency exchange rates and remaining maturities.

FINANCING COMMITMENTS

Most of the unfunded commitments relate to, and are inseparable from, specific portfolio investments. When establishing the fair value for those portfolio investments, consideration was given to the related financing commitments.

FOREIGN CURRENCY EXCHANGE CONTRACTS

The fair value of foreign exchange contracts is based on quoted market prices to terminate the contracts.

NOTE 23: SUBSEQUENT EVENT (Unaudited)

On February 10, 1997, the Corporation announced that it reached a definitive merger agreement with Gaylord Entertainment Company (Gaylord) whereby the Corporation will acquire Gaylord's two major cable networks-The Nashville Network (TNN) and Country Music Television (CMT). The acquisition includes domestic and international operations of TNN, the U.S. and Canadian operations of CMT, and approximately $50 million of working capital. The purchase price of $1.55 billion will be paid in Westinghouse common stock. The number of shares to be issued will depend on the average closing price of the Corporation's stock during a trading period just prior to closing the transaction, subject to certain limits on the total number of shares to be issued and certain termination rights under the merger agreement. This transaction is subject to several conditions, including regulatory approvals, the receipt of a favorable ruling from the Internal Revenue Service, and the approval of Gaylord's shareholders.

QUARTERLY FINANCIAL INFORMATION
(Unaudited, in millions except per-share amounts)

<TABLE>
<CAPTION>

	1996 QUARTER ENDED				1995 QUARTER ENDED			
	DEC. 31	SEPT. 30	JUNE 30	MARCH 31(a)	DEC. 31	SEPT. 30	JUNE 30	MARCH 31
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Sales of services and products	$2,451	$1,967	$2,148	$1,883	$1,870	$1,215	$1,374	$1,140
Gross margin	766	677	762	424	643	357	417	326
Restructuring, litigation, and other matters	(150)	-	(175)	(654)	(200)	(114)	(5)	-
Operating profit (loss)	(2)	90	(30)	(814)	27	(46)	89	31
Other income and expenses, net	27	25	8	(146)	14	124	1	(2)
Income (loss) from Continuing Operations	(32)	6	(89)	(723)	(54)	20	26	(11)
Income (loss) from Discontinued Operations (b)	(2)	(4)	-	967	47	(72)	33	26
Extraordinary loss	-	(30)	-	(63)	-	-	-	-
Net income (loss)	(34)	(28)	(89)	181	(7)	(52)	59	15
Earnings (loss) per common share:								
Continuing Operations	(.07)	.01	(.20)	(1.65)	(.13)	.03	.04	(.06)
Discontinued Operations	(.01)	(.01)	-	2.20	.11	(.18)	.08	.07
Extraordinary loss	-	(.06)	-	(.14)	-	-	-	-
Earnings (loss) per common share	(.08)	(.06)	(.20)	.41	(.02)	(.15)	.12	.01
Dividends per common share	.05	.05	.05	.05	.05	.05	.05	.05
New York Stock Exchange								

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market price per share:								
High	21-1/8	19	20-1/8	21	17-7/8	15-1/2	16-3/8	16
Low	17	15-3/8	17-3/8	16-5/8	13-3/8	12-5/8	13-7/8	12-1/8

</TABLE>

(a) Reported results for Continuing Operations include the impact of a one-time accounting adjustment involving the application of accounting principles related to long-term contracts. Sales were reduced by $180 million and operating profit was reduced by $128 million for this modification.

(b) Includes a net gain of $1,018 million from disposals of business segments in the first quarter of 1996 and a net loss of $76 million from a disposal in the third quarter of 1995.

FIVE-YEAR SUMMARY SELECTED FINANCIAL AND STATISTICAL DATA
(Unaudited, dollars in millions except per-share amounts)

<TABLE>
<CAPTION>

	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Sales of services and products	$ 8,449	$ 5,599	$ 5,210	$ 5,158	$ 5,281
Operating profit (loss)	(756)	101	409	6	468
Other income and expenses, net	(86)	137	(285)	(75)	(32)
Interest expense	(456)	(236)	(134)	(164)	(169)
Income (loss) from Continuing Operations before income taxes and minority interest	(1,298)	2	(10)	(233)	267
Income tax benefit (expense)	466	(10)	11	71	(82)
Income (loss) from Continuing Operations	(838)	(19)	(8)	(171)	180
Income (loss) from Discontinued Operations	961	34	85	(99)	(1,236)
Extraordinary loss	(93)	-	-	-	-
Cumulative effect of changes in accounting principles	-	-	-	(56)	(338)
Net income (loss)	30	15	77	(326)	(1,394)
Earnings (loss) per common share:					
Continuing Operations	$ (1.89)	$ (.13)	$ (.15)	$ (.63)	$ .44
Discontinued Operations	2.17	.08	.22	(.28)	(3.57)
Extraordinary loss	(.21)	-	-	-	-
Cumulative effect of changes in accounting principles	-	-	-	(.16)	(.98)
Earnings (loss) per common share	.07	(.05)	.07	(1.07)	(4.11)
Dividends per common share	.20	.20	.20	.40	.72
Total assets:					
Continuing Operations	$19,889	$14,656	$ 6,670	$ 6,905	$ 6,229
Discontinued Operations	1,418	3,958	5,168	7,616	11,696
Total assets	21,307	18,614	11,838	14,521	17,925
Long-term debt:					
Continuing Operations	5,149	7,226	1,865	1,869	1,314
Discontinued Operations	417	157	589	663	1,629
Total debt:					
Continuing Operations	5,650	7,862	2,497	2,500	2,800
Discontinued Operations	424	506	1,240	3,850	7,133
Shareholders' equity	5,742	1,508	1,815	1,062	2,235
Average common and common equivalent shares outstanding	443,399,290	410,137,941	383,736,249	352,901,670	346,103,408
Market price range per share	$21-1/8-15-3/8	$17-7/8-12-1/8	$15-1/4-10-7/8	$17-1/8-12-3/4	$20-7/8-9-3/4
Market price at year end	19-7/8	16-3/8	12-1/4	14-1/8	13-3/8
Common shareholders at year end	127,802	125,962	125,376	125,806	127,559
Average number of employees	59,275	77,813	84,399	103,063	109,050

</TABLE>

Previously reported amounts have been restated to segregate the results of Discontinued Operations from Continuing Operations.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

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Part of the information concerning executive officers required by this item is set forth in Part I pursuant to General Instruction G to Form 10-K and part is incorporated herein by reference to "Security Ownership" in the Proxy Statement.

The information as to directors is incorporated herein by reference to "Election of Directors" in the Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated herein by reference to pages 17 through 34 of the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

the information required by this item is incorporated herein by reference to "Security Ownership" in the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this item is incorporated herein by reference to "Transactions Involving Directors and Executive Officers" in the Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(A)(1) FINANCIAL STATEMENTS

The financial statements required by this item are listed under Part II, Item 8, which list is incorporated herein by reference.

(A)(2) FINANCIAL STATEMENT SCHEDULES

The following financial statement schedule for Westinghouse Electric Corporation and the Reports of Independent Auditors and Accountants thereon are included in Part IV of this report:

<TABLE>
<CAPTION>

<S>	PAGES <C>
Reports of Independent Auditors and Accountants on Financial Statement Schedule	68-69
For the three years ended December 31, 1996: Schedule II -- Valuation and Qualifying Accounts	70

</TABLE>

Other schedules are omitted because they are not applicable or because the required information is included in the financial statements or notes thereto.

(A)(3) EXHIBITS

<TABLE>

<S>	<C>	<C>
(3)	Articles of Incorporation and Bylaws	
	(a)	The Restated Articles of the Corporation, as amended to December 13, 1996, are incorporated herein by reference to Exhibit 4.1 to the Corporation's Registration Statement No. 333-13219 on Post-Effective Amendment No. 1 on Form S-8 to Form S-4 filed with the Securities and Exchange Commission on January 2, 1997.
	(b)	Amendment to Restated Articles.

</TABLE>

<TABLE>

<S>	<C>	<C>
	(c)	The Bylaws of the Corporation, as amended to September 25, 1996, are incorporated herein by reference to Exhibit 4.2 to the Corporation's Registration Statement No. 333-13219 on Form S-4 filed with the Securities and Exchange Commission on October 22, 1996.
	(d)	Amendments to Bylaws.
(4)	Rights of Security Holders	
	(a)	There are no instruments with respect to long-term debt of the Corporation that involve securities authorized thereunder exceeding 10% of the total assets of the Corporation and its subsidiaries on a consolidated basis. The Corporation agrees to provide to the Securities and Exchange Commission, upon request, a copy of instruments defining the rights of holders of long-term debt of the Corporation and its subsidiaries.

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(b) Rights Agreement is incorporated herein by reference to Exhibit 1 to Form 8-A filed with the Securities and Exchange Commission on January 9, 1996.

(10) Material Contracts

(a*) The Annual Performance Plan, as amended to November 1, 1996, is incorporated herein by reference to Exhibit 10(a) to Form 10-Q for the quarter ended September 30, 1996.

(b*) The 1993 Long-Term Incentive Plan, as amended to November 1, 1996, is incorporated herein by reference to Exhibit 10(b) to Form 10-Q for the quarter ended September 30, 1996.

(c*) The 1984 Long-Term Incentive Plan, as amended to November 1, 1996, is incorporated herein by reference to Exhibit 10(c) to Form 10-Q for the quarter ended September 30, 1996.

(d*) The Westinghouse Executive Pension Plan, as amended to September 25, 1996, is incorporated herein by reference to Exhibit 10(d) to Form 10-Q for the quarter ended September 30, 1996.

(e*) The Deferred Compensation and Stock Plan for Directors, as amended to November 1, 1996.

(f*) The Director's Charitable Giving Program, as amended to April 30, 1996, is incorporated herein by reference to Exhibit 10(g) to Form 10-Q for the quarter ended June 30, 1996.

(g*) The 1991 Long-Term Incentive Plan, as amended to January 29, 1997.

(h*) Advisory Director's Plan Termination Fee Deferral Terms and Conditions, dated April 30, 1996, is incorporated herein by reference to Exhibit 10(i) to Form 10-Q for the quarter ended June 30, 1996.

(i*) Employment Agreement between the Corporation and Michael H. Jordan is hereby incorporated by reference to Exhibit 10 to the Corporation's Form 8-K, dated September 1, 1993.

(j*) Employment Agreement between the Corporation and Fredric G. Reynolds is incorporated herein by reference to Exhibit 10(j) to Form 10-K for the year ended December 31, 1994.

(k) $5.5 billion Credit Agreement among Westinghouse Electric Corporation, the Lenders parties thereto, Nationsbank, N.A. and The Toronto-Dominion Bank as Syndication Agents, The Chase Manhattan Bank as Documentation Agent, and Morgan Guaranty Trust Company of New York as Administrative Agent, dated August 29, 1996, is incorporated herein by reference to Exhibit 10(l) to Form 10-Q for the quarter ended September 30, 1996.

(l*) Employment Agreement between CBS Inc. and Peter Lund, dated as of November 28, 1995, is hereby incorporated by reference to Exhibit 10(l) to Form 10-Q for the quarter ended March 31, 1996.

(m*) Agreement between the Corporation and F. J. Harvey, dated as of April 30, 1996, is incorporated herein by reference to Exhibit 10(n) to Form 10-Q for the quarter ended June 30, 1996.

(n*) CBS Supplemental Executive Retirement Plan, as amended to November 15, 1995.

(o*) CBS Bonus Supplemental Executive Retirement Plan, as amended to November 15, 1995.

</TABLE>

* Identifies management contract or compensatory plan or arrangement.

<TABLE>

<S>	<C>	<C>
(11)	Computation of Per Share Earnings	
(12)(a)	Computation of Ratio of Earnings to Fixed Charges	
(12)(b)	Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends	
(21)	Subsidiaries of the Registrant	
(23)(a)	Consent of Independent Auditors	
(23)(b)	Consent of Independent Accountants	
(24)	Powers of Attorney and Extract of Resolutions of Board of Directors	
(27)	Financial Data Schedule	

</TABLE>

(B) REPORTS ON FORM 8-K

A Current Report on Form 8-K (Items 5 and 7) dated November 4, 1996 filing a press release concerning the Corporation's earnings for the third quarter of 1996.

A Current Report on Form 8-K (Items 5 and 7) dated November 13, 1996 filing two press releases announcing the plan to spin-off the Corporation's industrial businesses, the elimination of 1,100 positions and a charge of approximately $125 million to cover severance programs.

A Current Report on Form 8-K (Items 5 and 7) dated December 31, 1996 filing a press release announcing the completion of the merger of R Acquisition Corp. into Infinity Broadcasting Corporation, which as a result became a wholly-owned subsidiary of Westinghouse.

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REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors and Shareholders of Westinghouse Electric Corporation

Under date of January 29, 1997, we reported on the consolidated balance sheet of Westinghouse Electric Corporation and subsidiaries as of December 31, 1996, and the related consolidated statements of income and cash flows for the year then ended, which are included in the 1996 Annual Report on Form 10-K. In connection with our audit of the aforementioned consolidated financial statements, we have also audited the related 1996 financial statement schedule included in the 1996 Annual Report on Form 10-K. The financial statement schedule is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the financial statement schedule based on our audit.

In our opinion, the 1996 financial statement schedule, when considered in relation to the basic 1996 consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG Peat Marwick LLP
Pittsburgh, Pennsylvania
January 29, 1997

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors and Shareholders of Westinghouse Electric Corporation

Our audits of the consolidated financial statements referred to in our report dated February 12, 1996 except for the restatements discussed in notes 1 and 3, for which the dates are March 31, 1996 and November 13, 1996, appearing on page 32 of this Form 10-K of Westinghouse Electric Corporation (which report and consolidated financial statements are included in this Annual Report on Form 10-K) also included an audit of the Financial Statement Schedule listed in Item 14(a)(2) of this Form 10-K. In our opinion, this Financial Statement Schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

Price Waterhouse LLP
Pittsburgh, Pennsylvania
February 12, 1996, except for the
restatements discussed in notes 1
and 3, for which the dates are
March 31, 1996 and November 13, 1996.

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

<TABLE>
<CAPTION>

	DECEMBER 31		
	1996	1995	1994
	(IN MILLIONS)		
<S>	<C>	<C>	<C>
Customer receivables from Continuing Operations--allowance for doubtful accounts:			
Balance at beginning of year	$ 32	$ 47	$ 48
Charged to costs and expenses	14	5	8
Charged to the allowance	(13)	(25)	(9)
Other	--	5	--
Balance at end of year(a)	$ 33	$ 32	$ 47
Deferred income taxes--valuation allowance:			
Balance at beginning of year	$ 98	$101	$ 90
Charged (credited) to costs and expenses	3	(3)	11
Reduction due to business divestitures	(49)	--	--
Balance at end of year	$ 52	$ 98	$101

</TABLE>

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(a) At December 31, 1996, 1995 and 1994, all amounts were classified as current.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 19th day of March, 1997.

WESTINGHOUSE ELECTRIC CORPORATION

By: /s/ Carol V. Savage

Carol V. Savage
Vice President and
Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Signature and Title	
Frank C. Carlucci, Director	
Robert E. Cawthorn, Director	
Gary M. Clark, Vice Chairman, President and Director	
George H. Conrades, Director	
William H. Gray, III, Director	
Michael H. Jordan, Chairman and Chief Executive Officer (principal executive officer) and Director	
Mel Karmazin, Chairman and Chief Executive Officer, CBS Radio, and Director	By: /s/ Carol V. Savage Carol V. Savage Attorney-In-Fact March 19, 1997
Dr. David K.P. Li, Director	
David T. McLaughlin, Director	
Richard R. Pivirotto, Director	
Fredric G. Reynolds, Executive Vice President and Chief Financial Officer (principal financial officer)	
Carol V. Savage, Vice President and Chief Accounting Officer (principal accounting officer)	
Raymond W. Smith, Director	
Dr. Paula Stern, Director	
Robert D. Walter, Director	

Original powers of attorney authorizing Carol V. Savage and certain others, individually, to sign this report on behalf of the listed directors and officers of the Corporation and a certified copy of resolutions of the Board of Directors of the Corporation authorizing Carol V. Savage and certain others to sign on behalf of the Corporation have been filed with the Securities and Exchange Commission and are included as Exhibit 24 to this report.

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Exhibit (3)(b)

(a) EXHIBITS

(3)(b) Amendments to Restated Articles

Section A of Article FIFTH of the Restated Articles of Incorporation of the Corporation was amended and restated in its entirety as follows:

FIFTH: A. The total number of shares of all classes of stock which the Company shall have authority to issue is 1,125,000,000 consisting of: (1) 25,000,000 shares of Preferred Stock, par value $1.00 per share ("Preferred Stock"); and (2) 1,100,000,000 shares of Common Stock, Par value $1.00 per share ("Common Stock").

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Exhibit (3)(d)

(a) EXHIBITS

(3)(d) Amendments to Bylaws

Article II of the By-laws of the Corporation was amended to reduce the minimum number of members of standing Board committees from three to two.

Article IV was amended to delete references to a Controller and to officer compensation.

The last sentence of the second paragraph of Article IX was amended and restated in its entirety to read as follows:

"Procedures for withdrawal of moneys from accounts other than disbursing accounts shall be established from time to time by the Treasurer."

"Article X. - Controller" was deleted in its entirety, Articles XI, XII, XIII and XIV were renumbered as Articles X, XI, XII and XIII, and "Article XXII. - Rights" was renumbered as "Article XIV. - Rights."

Article XI (renumbered Article X) was amended to delete references to the Controller and Assistant Controller(s).

Article XVI was amended and restated in its entirety to read as follows:

"ARTICLE XVI
Certain Issues of Stock

The Company may from time to time issue shares of its stock and may create and issue (whether or not in connection with the issuance of any of its shares or other securities) option rights or securities having conversion or option rights entitling the holders thereof to purchase or acquire shares, option rights, securities having conversion or option rights, or obligations, of any class or series, or assets of the Company, or to purchase or acquire from the Company shares, option rights, securities having conversion or option rights, or obligations, of any class or series owned by the Company and issued by any other person. Such shares, rights or securities may be issued to directors, officers (including assistant officers) or employees of the Company or any of its subsidiaries or to such other persons as the Company may determine appropriate."

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Exhibit (10)(e)

DEFERRED COMPENSATION AND STOCK PLAN FOR DIRECTORS

(AS AMENDED AS OF NOVEMBER 1, 1996)

SECTION 1. INTRODUCTION

1.1 Establishment. Westinghouse Electric Corporation, a Pennsylvania corporation (the "Company"), has established the Deferred Compensation and Stock Plan for Directors as amended as of April 24, 1996 (the "Plan") for those directors of the Company who are neither officers nor employees of the Company. The Plan provides, among other things, for the payment of specified portions of the Annual Director's Fee in the form of Stock Options and Restricted Stock and for the payment of the Annual Committee Chair's Fee in the form of Restricted Stock, and the opportunity for the Directors to defer receipt of all or a part of their cash compensation. Unless otherwise provided for herein, the term Company includes Westinghouse Electric Corporation and its subsidiaries.

1.2 Purposes. The purposes of the Plan are to encourage the Directors to own shares of the Company's stock and thereby to align their interests more closely with the interests of the other shareholders of the Company, to encourage the highest level of Director performance, and to provide a financial incentive that will help attract and retain the most qualified Directors.

SECTION 2. DEFINITIONS

2.1 Definitions. The following terms shall have the meanings set forth below:

(a) "Annual Committee Chair's Fee" means the annual amount established from time to time by the Board as the annual fee to be paid to Directors for their services as chairs of standing committees of the Board.

(b) "Annual Director's Fee" means the annual amount (which may be prorated for a Director serving less than a full calendar year, as in the case of a Director who will be retiring or not standing for reelection at the annual meeting of shareholders or a Director joining the Board after the beginning of the year) established from time to time by the Board as the annual fee to be paid to Directors for their services as directors.

(c) "Attendance Percentage" for a Director with respect to a

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particular Grant Year means the percentage of the aggregate of all meetings of the Board and committees of which the Director was a member held during the Grant Year (or, for Directors who are elected after the beginning of the Grant Year, Directors who retire at the annual meeting of shareholders (as described in the Company's By-laws) held during the Grant Year, Directors who do not stand for reelection at the annual meeting of shareholders held during the Grant Year, or Directors who die during the Grant Year, the aggregate of all such meetings held for the portion of the Grant Year during which the Director served as a director), excluding any meeting not attended because of illness, which were attended by the Director. In the event that a Director ceases to be a director at any time during the Grant Year for any reason other than retirement at the annual meeting of shareholders, not standing for reelection at the annual meeting of shareholders, or death, all meetings held during the Grant Year of the Board and committees of which he was a member at the time of termination of service will continue to be included as meetings when calculating the Attendance Percentage.

(d) "Board" means the Board of Directors of the Company.

(e) "Cash Account" means the account established by the Company in respect of each Director pursuant to Section 6.3 hereof and to which deferred cash compensation has been or will be credited pursuant to the Plan.

(f) "Cause" means any act of (a) fraud or intentional misrepresentation or (b) embezzlement, misappropriation or conversion of assets or opportunities of the Company or any of its direct or indirect majority-owned subsidiaries.

(g) "Change in Control" shall have the meaning assigned to it in Section 9.2 hereof.

(h) "Committee" means the Compensation Committee of the Board or any successor established by the Board.

(i) "Common Stock Equivalent" means a hypothetical share of Stock which shall have a value on any date equal to the mean of the high and low prices of the Stock as reported by the composite tape of the New York Stock Exchange on that date, except as otherwise provided under Section 9.1.

(j) "Common Stock Equivalent Award" means an award of Common Stock Equivalents granted to a Director pursuant to Section 5 of the Plan prior to its amendment as of April 26, 1995.

(k) "Debenture" means a hypothetical debenture of the Company that has a face value of $100, bears interest at a rate equal to the ten-year U.S. Treasury Bond rate (prior to January 1, 1995, the seven-year U.S. Treasury Bond

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rate) in effect the week prior to the regular January meeting of the Board (or, if no such meeting is held, the week prior to the first trading day of the New York Stock Exchange in February) in the year in respect of which deferred amounts are earned, and is convertible into Stock at a conversion rate determined by dividing $100 by the mean of the high and low prices of the Stock as reported by the composite tape of the New York Stock Exchange on the date the Debenture is credited to the Deferred Debenture Account pursuant to Section 6.3 hereof.

(l) "Deferred Debenture Account" means the account established by the Company in respect of each Director pursuant to Section 6.3 hereof and to which has been or will be credited Debentures and other amounts pursuant to the Plan.

(m) "Deferred Stock Account" means the account established by the Company in respect of each Director pursuant to Section 5.2 hereof and to which has been or will be credited Common Stock Equivalents pursuant to the Plan.

(n) "Director" means a member of the Board who is neither an officer nor an employee of the Company. For purposes of the Plan, an employee is an individual whose wages are subject to the withholding of federal income tax under Section 3401 of the Internal Revenue Code, and an officer is an individual elected or appointed by the Board or chosen in such other manner as may be prescribed in the By-laws of the Company to serve as such.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

(p) "Fair Market Value" means the mean of the high and low prices of the Stock as reported by the composite tape of the New York Stock Exchange (or such successor reporting system as shall be selected by the Committee) on the relevant date or, if no sale of the Stock shall have been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales.

(q) "Grant Date" means, as to a Stock Option Award, the date of grant pursuant to Section 7.1 and as to a Restricted Stock Award, the date of grant pursuant to Section 8.1.

(r) "Grant Year" means, as to a particular award, the calendar year in which the award was granted.

(s) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time.

(t) "Restricted Stock" means shares of Stock awarded to a Director pursuant to Section 8 and subject to certain restrictions in accordance with

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the Plan.

(u) "Restricted Stock Award" means an award of shares of Restricted Stock granted to a Director pursuant to Section 8 of the Plan.

(v) "Stock" means the common stock, $1.00 par value, of the Company.

(w) "Stock Option" means a non-statutory stock option to purchase shares of Stock for a purchase price per share equal to the Exercise Price (as defined in Section 7.2(a)) in accordance with the provisions of the Plan.

(x) "Stock Option Award" means an award of Stock Options granted to a Director pursuant to Section 7 of the Plan.

(y) "Stock Option Value" means the value of a Stock Option for one share of Stock on the relevant date as determined by an outside firm selected by the Company.

2.2 Gender and Number. Except when otherwise indicated by the context, the masculine gender shall also include the feminine gender, and the definition of any term herein in the singular shall also include the plural.

SECTION 3. PLAN ADMINISTRATION

(a) The Plan shall be administered by the Committee. The members of the Committee shall be members of the Board appointed by the Board, and any vacancy on the Committee shall be filled by the Board.

The Committee shall keep minutes of its meetings and of any action taken by it without a meeting. A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present shall be the acts of the Committee. Any action that may be taken at a meeting of the Committee may be taken without a meeting if a consent or consents in writing setting forth the action so taken shall be signed by all of the members of the Committee. The Committee shall make appropriate reports to the Board concerning the operations of the Plan.

(b) Subject to the limitations of the Plan, the Committee shall have the sole and complete authority: (i) to impose such limitations, restrictions and conditions upon such awards as it shall deem appropriate; (ii) to interpret the Plan and to adopt, amend and rescind administrative guidelines and other rules and regulations relating to the Plan; and (iii) to make all other determinations and to take all other actions necessary or advisable for the implementation and administration of the Plan. Notwithstanding the foregoing, the Committee shall have no authority, discretion or power to select the Directors who will receive awards pursuant to the Plan, determine the awards to

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be granted pursuant to the Plan, the number of shares of Stock to be issued thereunder or the price thereof or the time at which such awards are to be granted, establish the duration and nature of awards or alter any other terms or conditions specified in the Plan, except in the sense of administering the Plan subject to the provisions of the Plan. The Committee's determinations on matters within its authority shall be conclusive and binding upon the Company and all other persons.

(c) The Company shall be the sponsor of the Plan. All expenses associated with the Plan shall be borne by the Company.

SECTION 4. STOCK SUBJECT TO THE PLAN

4.1 Number of Shares. 600,000 shares of Stock are authorized for issuance under the Plan in accordance with the provisions of the Plan, subject to adjustment and substitution as set forth in this Section 4. This authorization may be increased from time to time by approval of the Board and, if such approval is required, by the shareholders of the Company. The Company shall at all times during the term of the Plan retain as authorized and unissued Stock at least the number of shares from time to time required under the provisions of the Plan, or otherwise assure itself of its ability to perform its obligations hereunder.

4.2 Other Shares of Stock. Any shares of Stock that are subject to a Common Stock Equivalent Award, a Stock Option Award, a Restricted Stock Award or a Debenture and which are forfeited, any shares of Stock that for any other reason are not issued to a Director, and any shares of Stock tendered by a Director to pay the Exercise Price of a Stock Option shall automatically become available again for use under the Plan if Rule 16b-3 under the Exchange Act, as such rule may be amended, or any successor rule, and interpretations thereof by the Securities and Exchange Commission or its staff permit such share replenishment.

4.3 Adjustments Upon Changes in Stock. If there shall be any change in the Stock of the Company, through merger, consolidation, division, share exchange, combination, reorganization, recapitalization, stock dividend, stock split, spinoff, split up, dividend in kind or other change in the corporate structure or distribution to the shareholders, appropriate adjustments may be made by the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) in the aggregate number and kind of shares subject to the Plan, and the number and kind of shares which may be issued under the Plan. Appropriate adjustments may also be made by the Committee in the terms of any awards or Debentures under the Plan to reflect such changes and to modify any other terms of outstanding awards on an equitable basis as the Committee in its discretion determines.

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SECTION 5. COMMON STOCK EQUIVALENT AWARDS

5.1 Grants of Common Stock Equivalent Awards. Common Stock Equivalents equal to a fixed number of shares of Stock were granted automatically to Directors on a formula basis under Section 5.1 of the Plan prior to its amendment as of April 26, 1995. All Common Stock Equivalents granted pursuant to Section 5.1 prior to its amendment as of April 26, 1995 shall be subject to adjustment as provided in Section 4.3.

5.2 Deferred Stock Account. A Deferred Stock Account has been established for each Director elected prior to the annual meeting of shareholders held in 1995. The Deferred Stock Account shall consist of compensation in the form of Common Stock Equivalents which have been awarded to the Director hereunder by the Company plus Common Stock Equivalents credited to the Deferred Stock Account in respect of dividends and other distributions on the Stock pursuant to Sections 5.3 and 5.4.

5.3 Hypothetical Investment. Compensation awarded hereunder in the form of Common Stock Equivalents is assumed to be a hypothetical investment in shares of Stock, and will be subject to adjustment to reflect stock dividends, splits and reclassifications and as otherwise set forth in Section 4.3.

5.4 Hypothetical Dividends. Dividends and other distributions on Common Stock Equivalents shall be deemed to have been paid as if such Common Stock Equivalents were actual shares of Stock issued and outstanding on the respective record or distribution dates. Common Stock Equivalents shall be credited to the Deferred Stock Account in respect of cash dividends and any other securities or property issued on the Stock in connection with reclassifications, spinoffs and the like on the basis of the value of the dividend or other asset distributed and the value of the Common Stock Equivalents on the date of the announcement of the dividend or asset distribution, all at the same time and in the same amount as dividends or other distributions are paid or issued on the Stock. Such Common Stock Equivalents shall be subject to adjustment as provided in Section 4.3. Fractional shares shall be credited to a Director's Deferred Stock Account cumulatively but the balance of shares of Common Stock Equivalents in a Director's Deferred Stock Account shall be rounded to the next highest whole share for any payment to such Director pursuant to Section 5.6.

5.5 Statement of Account. A statement will be sent to each Director as to the balance of his Deferred Stock Account at least once each calendar year.

5.6 Payment of Deferred Stock. Upon termination of services as a Director, the balance of the Director's Deferred Stock Account shall be paid to such Director in Stock in January of the year following the year of termination of services as a director on the basis of one share of Stock for each Common Stock

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Equivalent in such Director's Deferred Stock Account.

5.7 Payments to a Deceased Director's Estate. In the event of a Director's death before the balance of his Deferred Stock Account is fully paid to him, payment of the balance of the Director's Deferred Stock Account shall then be made to the beneficiary designated by the Director pursuant to Section 5.8, or to his estate in the absence of such a beneficiary designation, in the time and manner selected by the Committee. The Committee may take into account the application of any duly appointed administrator or executor of a Director's estate and direct that the balance of the Director's Deferred Stock Account be paid to his estate in the manner requested by such application.

5.8 Designation of Beneficiary. A Director may designate a beneficiary in a form approved by the Committee.

SECTION 6. DEFERRAL OF COMPENSATION

6.1 Amount of Deferral. A Director may elect to defer receipt of all or a specified portion of the cash compensation otherwise payable to the Director for services rendered to the Company as a director.

6.2 Manner of Electing Deferral. A Director shall make elections permitted hereunder by giving written notice to the Company in a form approved by the Committee. The notice shall include: (i) the percentage of cash compensation to be deferred; which amount must be stated in whole increments of five percent; and (ii) the time as of which deferral is to commence.

6.3 Accounts. A Cash Account and a Deferred Debenture Account has been or shall be established for each Director electing to defer hereunder. Each Cash Account shall be credited with the amounts deferred on the date such compensation is otherwise payable and shall be debited with the amount of any such compensation forfeited in accordance with applicable Board policy. Such deferred amounts shall accrue interest from time to time at a rate equal to the ten-year U.S. Treasury Bond rate (prior to January 1, 1995, the seven-year U.S. Treasury Bond rate) in effect the week prior to the regular January meeting of the Board (or, if no such meeting is held, the week prior to the first trading day of the New York Stock Exchange in February) in the year in respect of which such deferred amounts are earned until the last trading day of the New York Stock Exchange prior to the regular January meeting of the Board (or, if no such meeting is held, until the first trading day of February) in the year following the year in respect of which deferred amounts are earned, at which time such deferred amounts, including interest, shall be invested in Debentures and credited to the Deferred Debenture Account. Deferred amounts shall be credited to the Deferred Debenture Account only in $100 amounts. Fractional amounts of $100 shall remain in the Cash Account and continue to accrue interest.

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6.4 Time for Electing Deferral. Any election to (i) defer cash compensation, (ii) alter the portion of such amounts deferred, or (iii) revoke an election to defer such amounts, must be made no later than six months prior to the time such compensation is earned by the Director or, if permitted by the rules under Section 16 of the Exchange Act, no later than six months prior to the time such deferred compensation is invested in Debentures and credited to the Deferred Debenture Account pursuant to Section 6.3. An election to commence a deferral may be made at any time in accordance with the procedures set forth in Section 6.2. Any election so made shall remain in effect beginning six months from the date of election until the Director ceases to be a director or six months from the date the Director elects in writing to change his election.

6.5 Payment of Deferred Amounts. Payments from a Deferred Debenture Account shall be made in five consecutive annual installments beginning in the January following the Director's termination of service. Payments from a Deferred Debenture Account shall consist of accumulated interest on the Debentures (which amount shall only be payable in cash) plus the greater value of (i) the face value of the Debentures or (ii) the shares of Stock into which the Debentures are convertible. In the event the value of the payment is determined by the amount referred to in clause (i), payment shall be made in cash. In the event such value is determined by clause (ii), such payment shall be made in Stock, other than the value of fractional shares which will be paid in cash.

6.6 Payments to a Deceased Director's Estate. In the event of a Director's death before the balance of his Cash Account or Deferred Debenture Account is fully paid to him, payment of the balance of the Cash Account or Deferred Debenture Account shall then be made to the beneficiary designated by the Director pursuant to Section 6.7, or to his estate in the absence of such beneficiary designation, in the time and manner selected by the Committee. The Committee may take into account the application of any duly appointed administrator or executor of a Director's estate and direct that the balance of the Director's Cash Account or Deferred Debenture Account be paid to his estate in the manner requested by such application.

6.7 Designation of Beneficiary. A Director may designate a beneficiary in a form approved by the Committee.

SECTION 7. STOCK OPTION AWARDS

7.1 Grants of Stock Option Awards.

(a) Stock Options for a fixed number of shares of Stock were granted automatically to Directors on a formula basis under Section 7.1(a) of the Plan prior to its amendment as of April 24, 1996.

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(b) Prior to the amendment of the Plan as of April 24, 1996, Stock Options for a fixed number of shares of Stock were granted automatically on a formula basis under Section 7.1(b) of the Plan to Directors serving as chairs of standing committees of the Board.

(c) Beginning with the calendar year 1996, each Director will receive one-fourth of the value of his Annual Director's Fee in the form of a Stock Option Award. Such Stock Options shall be granted automatically each year on the last Wednesday in January of such year to each Director in office on such Grant Date. If a person is elected to the Board at any time after the last Wednesday in January of a given calendar year (beginning with 1996) but before the end of that calendar year, whether by action of the shareholders of the Company or the Board, such person upon becoming a Director shall be granted automatically one-fourth of the value of his Annual Director's Fee for that calendar year in the form of a Stock Option Award on the last Wednesday of the calendar month in which such person becomes a Director (or in the next following calendar month if such election occurs after the last Wednesday of the month). The total number of shares of Stock subject to any such Stock Option Award will be the number of shares determined by dividing the amount of the Annual Director's Fee to be paid in the form of a Stock Option Award by the Stock Option Value on the Grant Date, rounded up to the nearest whole share.

(d) All Stock Options granted pursuant to Section 7.1 (whether before or after amendment of the Plan as of April 24, 1996) shall be subject to adjustment as provided in Section 4.3.

7.2 Terms and Conditions of Stock Options. Stock Options granted under the Plan shall be subject to the following terms and conditions:

(a) Exercise Price. The purchase price per share at which a Stock Option may be exercised ("Exercise Price") shall be determined as follows: on any Grant Date, (1) Stock Options for two-thirds of the option shares granted on the Grant Date shall have an Exercise Price per share equal to 100% of Fair Market Value on the Grant Date, and (2) Stock Options for the remaining one-third of the option shares granted on the Grant Date shall have an Exercise Price per share equal to 125% of Fair Market Value on the Grant Date.

(b) Exercisability. Subject to the terms and conditions of the Plan and of the agreement referred to in Section 7.2(j), a Stock Option may be exercised in whole or in part upon notice of exercise to the Company, (1) as to any Stock Option granted on or prior to January 1, 1996, commencing on the first day after the Grant Date and until it terminates, and (2) as to any Stock Option granted after January 1, 1996 that vests as provided in Section 7.2(c), commencing on January 1 of the calendar year next following the Grant Year. During a Director's lifetime, a Stock Option may be exercised only by the

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Director or the Director's guardian or legal representative.

(c) Vesting of Stock Option Awards. Stock Options granted on or prior to January 1, 1996 vest immediately on grant. Stock Options granted after January 1, 1996 will vest on January 1 of the calendar year next following the Grant Year (the "Option Vesting Date") if the Director has an Attendance Percentage of at least seventy-five percent (75%) for the Grant Year. In the event that a Director has an Attendance Percentage of less than seventy-five percent (75%) for a Grant Year, Stock Options granted in that Grant Year for a number of shares equal to the Director's Attendance Percentage for that year multiplied by the total number of option shares granted for that year (rounded up to the nearest whole share) will vest on the Option Vesting Date, and Stock Options granted in that Grant Year as to the remaining option shares will be forfeited and will terminate as of the Option Vesting Date. Notwithstanding anything to the contrary herein, (1) in the event that a director is removed from office for Cause, all outstanding Stock Options will be forfeited immediately as of the time the grantee is so removed from office, and (2) upon the occurrence of a Change in Control, all outstanding Stock Options will vest and become immediately exercisable.

(d) Mandatory Holding of Stock. Except as otherwise provided in Section 7.5 or Section 10, any Stock acquired on exercise of a Stock Option must be held by the grantee for a minimum of (1) three years from the date of exercise, (2) two years from the date the grantee ceases to be a director of the Company, or (3) until the occurrence of a Change in Control, whichever first occurs (the "Option Shares Holding Period").

(e) Option Term. The term of a Stock Option (the "Option Term") shall be the period of (1) ten years from its Grant Date, or (2) until the Option Vesting Date for a Stock Option that does not vest as provided in Section 7.2(c), or (3) until the time the Stock Option is forfeited as provided in Section 7.2(c)(1) in the event a director is removed from office for Cause, or (4) until the date the Stock Option ceases to be exercisable as provided in Section 7.2(h), whichever is earlier.

(f) Payment of Exercise Price. Stock purchased on exercise of a Stock Option must be paid for as follows: (1) in cash or by check (acceptable to the Company), bank draft or money order payable to the order of the Company, (2) through the delivery of shares of Stock which are then outstanding and which have a Fair Market Value on the date of exercise equal to the Exercise Price per share multiplied by the number of shares as to which the Stock Option is being exercised (the "Aggregate Exercise Price"); (3) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the Aggregate Exercise Price, or (4) by a combination of the permissible forms of payment; provided, however, that any portion of the Exercise Price representing a fraction of a share must be paid

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in cash and no share of Stock held for less than six months may be delivered in payment of the Aggregate Exercise Price.

(g) Rights as a Shareholder. The holder of a Stock Option will not have any of the rights of a shareholder with respect to any shares of Stock subject to the Stock Option until such shares are issued by the Company following the exercise of the Stock Option.

(h) Termination of Eligibility. If a grantee ceases to be a Director for any reason, any outstanding Stock Options shall be exercisable according to the following provisions:

(1) If a grantee ceases to be a director for any reason other than removal for Cause or death, any outstanding Stock Options held by such grantee which are vested or which thereafter vest shall be exercisable by the grantee in accordance with their terms at any time prior to the expiration of the Option Term;

(2) If a grantee is removed from office as a director of the Company for Cause, any outstanding vested Stock Options held by such grantee shall be exercisable by the grantee in accordance with their terms at any time prior to the earlier of (a) the time the grantee is so removed from office and (b) the expiration of the Option Term; and

(3) Following the death of a grantee while a director or after the grantee ceased to be a director for any reason other than removal for Cause, any Stock Options that are outstanding and exercisable by such grantee at the time of death or which thereafter vest shall be exercisable in accordance with their terms by the person or persons entitled to do so under the grantee's will, by a properly designated beneficiary in the event of death, or by the person or persons entitled to do so under the applicable laws of descent and distribution at any time prior to the earlier of (a) the expiration of the Option Term and (b) two years after the date of death.

(i) Termination of Stock Option. A Stock Option shall terminate on the earlier of (1) exercise of the Stock Option in accordance with the terms of the Plan, and (2) expiration of the Option Term as specified in Sections 7.2(e) and 7.2(h).

(j) Stock Option Agreement. All Stock Options will be confirmed by an agreement, or an amendment thereto, which shall be executed on behalf of the Company by the Chief Executive Officer, the President or any Vice President and by the grantee.

(k) General Restrictions.

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(1) The obligation of the Company to issue Stock pursuant to Stock Options under the Plan shall be subject to the condition that, if at any time the Company shall determine that (a) the listing, registration or qualification of shares of Stock upon any securities exchange or under any state or federal law, or (b) the consent or approval of any government or regulatory body is necessary or desirable, then such Stock shall not be issued unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not acceptable to the Company.

(2) Shares of Stock for use under the provisions of this Section 7 shall not be issued until they have been duly listed, upon official notice of issuance, upon the New York Stock Exchange and such other exchanges, if any, as the Board shall determine, and a registration statement under the Securities Act of 1933 with respect to such shares shall have become, and be, effective.

Subject to the foregoing provisions of this Section 7.2 and the other provisions of the Plan, any Stock Option granted under the Plan shall be subject to such restrictions and other terms and conditions, if any, as shall be determined by the Committee, in its discretion, and set forth in the agreement referred to in Section 7.2(j), or an amendment thereto; provided, however, that in no event shall the Committee or the Board have any power or authority which would cause transactions pursuant to the Plan to cease to be exempt from the provisions of Section 16(b) of the Exchange Act pursuant to Rule 16b-3, as such rule may be amended, or any successor rule.

7.3 Annual Statement. A statement will be sent to each Director as to the status of his Stock Options at least once each calendar year.

7.4 Designation of a Beneficiary. A Director may designate a beneficiary to hold and exercise outstanding Stock Options in accordance with the Plan in the event of the Director's death.

7.5 Holding Period Applicable to a Deceased Grantee's Estate. As long as at least six months have elapsed since the Grant Date, a properly designated beneficiary, or a person holding a Stock Option under a deceased grantee's will or under the applicable laws of descent or distribution, exercising a Stock Option in accordance with Section 7.2(h) will not be subject to the Holding Period with respect to shares of Stock received on exercise of a Stock Option.

SECTION 8. RESTRICTED STOCK AWARDS.

8.1 Grants of Restricted Stock Awards.

(a) Beginning with the calendar year 1996, each Director will receive one-fourth of the value of his Annual Director's Fee in the form of a Restricted Stock Award. Such Restricted Stock shall be granted automatically

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each year on the last Wednesday in January of such year to each Director in office on such Grant Date. If a person is elected to the Board at any time after the last Wednesday in January of a given calendar year (beginning with 1996) but before the end of that calendar year, whether by action of the shareholders of the Company or the Board, such person upon becoming a Director shall be granted automatically one-fourth of the value of his Annual Director's Fee for that calendar year in the form of a Restricted Stock Award on the last Wednesday in the calendar month in which such person becomes a Director (or in the next following calendar month if said election occurs after the last Wednesday of the month).

(b) Beginning with the calendar year 1996, each Director who is the chair of a standing committee of the Board will receive the full value of his Annual Committee Chair's Fee in the form of a Restricted Stock Award. Such Restricted Stock shall be granted automatically each year immediately following the annual meeting of shareholders and the organization meeting of the Board related to such annual meeting of shareholders, beginning with the annual meeting of shareholders and related organization meeting held in 1996, to each Director who is elected at such organization meeting to serve as the chair of a standing committee of the Board.

(c) The total number of shares of Stock representing any such Restricted Stock Award will be the number of shares determined by dividing the amount of the Annual Director's Fee or the Annual Committee Chair's Fee, as the case may be, to be paid in the form of a Restricted Stock Award by the Fair Market Value of a share of Stock on the Grant Date, rounded up to the nearest whole share.

(d) Restricted Stock granted pursuant to Section 8.1 shall be subject to adjustment as provided in Section 4.3.

8.2 Terms and Conditions of Restricted Stock. Restricted Stock granted under the Plan shall be subject to the following terms and conditions:

(a) Restriction Period. Restricted Stock will be subject to a Restriction Period ("Restriction Period") beginning on the Grant Date and continuing through December 31 of the Grant Year.

(b) Vesting.

(1) Except as set forth in Section 8.2(b)(3), a Director's right to ownership in shares of Restricted Stock granted to a Director pursuant to Section 8.1(a) will vest on the January 1 immediately following the expiration of the Restriction Period for such shares (the "Restricted Stock Vesting Date") if the Director has an Attendance Percentage of at least seventy-five percent (75%) for the Grant Year. In the event that a Director has an Attendance

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Percentage of less than seventy-five percent (75%) for a Grant Year, a number of shares of Restricted Stock equal to the Director's Attendance Percentage for the Grant Year multiplied by the total number of shares of Restricted Stock granted pursuant to Section 8.1(a) during the Grant Year (rounded up to the nearest whole share) will vest on the Restricted Stock Vesting Date and the remaining shares of Restricted Stock granted pursuant to Section 8.1(a) during the Grant Year will be forfeited as of the Restricted Stock Vesting Date.

(2) Except as set forth in Section 8.2(b)(3) below, a Director's right to ownership in shares of Restricted Stock granted to a committee chair pursuant to Section 8.1(b) will vest on the Restricted Stock Vesting Date.

(3) Notwithstanding anything to the contrary herein, (i) in the event that a director is removed from office for Cause prior to the Restricted Stock Vesting Date, all of said Director's shares of Restricted Stock that have not yet vested will be forfeited immediately as of the time the grantee is so removed from office and the Company will have the right to complete the blank stock power described below with respect to such shares, and (ii) upon the occurrence of a Change in Control, all shares of Restricted Stock that have not yet vested will immediately vest.

(c) Issuance of Shares. On the Grant Date, a certificate representing the shares of Restricted Stock will be registered in the Director's name and deposited by the Director, together with a stock power endorsed in blank, with the Company. Subject to the transfer restrictions set forth in Section 8.2(d) and to the last sentence of this Section 8.2(c), the Director as owner of shares of Restricted Stock will have the rights of the holder of such Restricted Stock during the Restriction Period. Following expiration of the Restriction Period, on the Restricted Stock Vesting Date, vested shares of Restricted Stock will be redelivered by the Company to the Director and non-vested shares of Restricted Stock will be forfeited and the Company will have the right to complete the blank stock power with respect to such shares. For shares of Restricted Stock granted prior to the effective date of the Plan as set forth in Section 14, no certificate will be issued, such shares will not be issued and outstanding, and the Director will not have any of the rights of an owner of the shares until such effective date has occurred.

(d) Transfer Restrictions; Mandatory Holding of Stock. Except as otherwise provided in Section 8.5 or Section 10, shares of Restricted Stock are not transferable during the Restriction Period. Once the Restriction Period lapses and shares vest, except as otherwise provided in Section 8.5 or Section 10, shares acquired as a Restricted Stock Award must be held by the grantee for

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a minimum of: (1) three years from the Grant Date, (2) two years from the date the grantee ceases to be a director of the Company, or (3) until the occurrence of a Change of Control, whichever first occurs (the "Restricted Shares Holding Period").

(e) Restricted Stock Agreement. All Restricted Stock Awards will be confirmed by an agreement, or an amendment thereto, which will be executed on behalf of the Company by the Chief Executive Officer, the President or any Vice President and by the grantee.

(f) General Restriction.

(1) The obligation of the Company to issue shares of Restricted Stock under the Plan shall be subject to the condition that, if at any time the Committee shall determine that (a) the listing, registration or qualification of shares of Restricted Stock upon any securities exchange or under any state or federal law, or (b) the consent or approval of any government or regulatory body is necessary or desirable, then such Restricted Stock shall not be issued unless such listing, registration, qualification, consent or approval shall have been effected or obtained free from any conditions not acceptable to the Company.

(2) Shares of Stock for use under the provisions of this Section 8 shall not be issued until they have been duly listed, upon official notice of issuance, upon the New York Stock Exchange and such other exchanges, if any, as the Board shall determine, and a registration statement under the Securities Act of 1933 with respect to such shares shall have become, and be, effective.

Subject to the foregoing provisions of this Section 8.2 and the other provisions of the Plan, any shares of Restricted Stock granted under the Plan shall be subject to such restrictions and other terms and conditions, if any, as shall be determined by the Committee, in its discretion, and set forth in the agreement referred to in Section 8.2(e), or an amendment thereto; provided, however, that in no event shall the Committee or the Board have any power or authority which would cause transactions pursuant to the Plan to cease to be exempt from the provisions of Section 16(b) of the Exchange Act under Rule 16b-3, as such rule may be amended, or any successor rule.

8.3 Annual Statement. A statement will be sent to each Director as to the status of his Restricted Stock at least once each calendar year.

8.4 Designation of a Beneficiary. A Director may designate a beneficiary to hold shares of Restricted Stock in accordance with the Plan in the event of the Director's death.

8.5 Holding Period Applicable to a Deceased Grantee's Estate. As long as

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at least six months have elapsed since the Grant Date, a properly designated beneficiary, or a person holding shares of Restricted Stock under a deceased grantee's will or under the applicable laws of descent or distribution, will not be subject to the Restricted Shares Holding Period with respect to such shares of Restricted Stock.

SECTION 9. CHANGE IN CONTROL

9.1 Settlement of Compensation. In the event of a Change in Control of the Company as defined herein, (a) to the extent not already vested, all Stock Option Awards, Restricted Stock Awards and other benefits hereunder shall be vested immediately; and (b) the value of all unpaid benefits and deferred amounts shall be paid in cash to PNC Bank, National Association, the trustee pursuant to a trust agreement dated as of June 22, 1995, as amended from time to time, or any successor trustee, or otherwise on such terms as the Committee may prescribe or permit. For purposes of this Section 9.1, the value of deferred amounts shall be equal to the sum of (i) the value of all Common Stock Equivalent Awards then held in such Director's Deferred Stock Account (the value of which shall be based upon the highest price of the Stock as reported by the composite tape of the New York Stock Exchange during the 30 days immediately preceding the Change in Control), (ii) the value of the Director's Cash Account, and (iii) the greater value of (x) the cash amount equal to the face value of the Debentures plus cash equal to accrued interest or (y) the number of shares of Stock into which the Debentures are convertible (the value of which shall be based upon the highest price of the Stock as reported by the composite tape of the New York Stock Exchange during the 30 days immediately preceding the Change in Control), plus cash equal to accrued interest.

9.2 Definition of Change in Control. A Change in Control shall mean the occurrence of one or more of the following events:

(a) there shall be consummated (i) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of the Company's Stock would be converted into cash, securities or other property, other than a merger of the Company in which the holders of the Company's Stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or

(b) the shareholders of the Company shall approve of any plan or proposal for the liquidation or dissolution of the Company, or

(c) (i) any person (as such term is defined in Section 13(d) of the Exchange Act), corporation or other entity shall purchase any Stock of the

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Company (or securities convertible into the Company's Stock) for cash, securities or any other consideration pursuant to a tender offer or exchange offer, unless, prior to the making of such purchase of Stock (or securities convertible into Stock), the Board shall determine that the making of such purchase shall not constitute a Change in Control, or (ii) any person (as such term is defined in Section 13(d) of the Exchange Act), corporation or other entity (other than the Company or any benefit plan sponsored by the Company or any of its subsidiaries) shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing twenty percent or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from any rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) in the case of rights to acquire any such securities), unless, prior to such person so becoming such beneficial owner, the Board shall determine that such person so becoming such beneficial owner shall not constitute a Change in Control, or

(d) at any time during any period of two consecutive years, individuals who at the beginning of such period constituted the entire Board shall cease for any reason to constitute at least a majority thereof, unless the election or nomination for election of each new director during such two-year period is approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period.

SECTION 10. ASSIGNABILITY

The right to receive payments or distributions hereunder (including any "derivative security" issued pursuant to the Plan, as such term is defined by the rules promulgated under Section 16 of the Exchange Act), any shares of Restricted Stock granted hereunder during the Restriction Period, and any Stock Options granted hereunder shall not be transferable or assignable by a Director other than by will, by the laws of descent and distribution, to a properly designated beneficiary in the event of death, or pursuant to a domestic relations order as defined by Section 414(p)(1)(B) of the Internal Revenue Code or the rules thereunder that satisfies Section 414(p)(1)(A) of the Internal Revenue Code or the rules thereunder. In addition, Stock acquired on exercise of a Stock Option shall not be transferable prior to the end of the applicable Option Shares Holding Period, if any, set forth in Sections 7.2(d) and 7.5, and Stock acquired as Restricted Stock shall not be transferable prior to the end of the applicable Restricted Shares Holding Period, if any, set forth in Sections 8.2(d) and 8.5, in either case other than by will, by transfer to a properly designated beneficiary in the event of death, by the applicable laws of descent and distribution or pursuant to a domestic relations order as defined by Section 414(p)(1)(B) of the Internal Revenue Code or the rules thereunder that satisfies Section 414(p)(1)(A) of the Internal Revenue Code or

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the rules thereunder.

SECTION 11. RETENTION; WITHHOLDING OF TAX

11.1 Retention. Nothing contained in the Plan or in any Stock Option Award or Restricted Stock Award granted under the Plan shall interfere with or limit in any way the right of the Company to remove any Director from the Board pursuant to the Restated Articles of Incorporation and the By-laws of the Company, nor confer upon any Director any right to continue in the service of the Company.

11.2 Withholding of Tax. To the extent required by applicable law and regulation, each Director must arrange with the Company for the payment of any federal, state or local income or other tax applicable to any payment or any delivery of Stock hereunder before the Company shall be required to make such payment or issue (or, in the case of Restricted Stock, deliver) such shares under the Plan.

SECTION 12. PLAN AMENDMENT, MODIFICATION AND TERMINATION

The Board may at any time terminate, and from time to time may amend or modify the Plan, provided, however, that no amendment or modification may become effective without approval of the amendment or modification by the shareholders if shareholder approval is required to enable the Plan to satisfy any applicable statutory or regulatory requirements and provided further, that, unless otherwise permitted by the rules under Section 16 of the Exchange Act, no amendment or modification shall be made more than once every six months that would change the amount, price, or timing of the Common Stock Equivalent Awards, Stock Option Awards or Restricted Stock Awards hereunder, other than to comport with changes in the Internal Revenue Code, the Employment Retirement Income Security Act of 1974, as amended, or the rules promulgated thereunder.

SECTION 13. REQUIREMENTS OF LAW

13.1 Federal Securities Law Requirements. Implementation and interpretations of, transactions pursuant to, the Plan shall be subject to all conditions required under Rule 16b-3, as such rule may be amended, or any successor rule, to qualify such transactions for any exemption from the provisions of Section 16(b) of the Exchange Act available under that rule, or any successor rule.

13.2 Governing Law. The Plan and all agreements hereunder shall be construed in accordance with and governed by the laws of the Commonwealth of Pennsylvania.

SECTION 14. EFFECTIVE DATE OF APRIL 24, 1996 AMENDMENT.

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This Plan shall be effective on the date on which the April 24, 1996 amendment to the Deferred Compensation and Stock Plan for Directors is approved by the common shareholders of the Company. Automatic grants of Stock Options and Restricted Stock to Directors for Annual Director's Fees will begin on January 31, 1996 but are subject to such shareholder approval, and, in the case of Restricted Stock Awards, said shares shall not be issued and outstanding until such approval is obtained. In the event that the April 24, 1996 amendment is not so approved, the Deferred Compensation and Stock Plan for Directors as in effect prior to the amendment shall remain in full force and effect, and the automatic grants made on January 31, 1996 shall be null and void.

This Plan shall not preclude the adoption by appropriate means of any other compensation or deferral plan for directors.

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Exhibit (10)(g)

1991 LONG-TERM INCENTIVE PLAN
(as amended as of January 29, 1997)

ARTICLE I
GENERAL

1.1 Purpose

The purposes of the 1991 Long-Term Incentive Plan ("Plan") for eligible employees of Westinghouse Electric Corporation ("Corporation") and its Subsidiaries (the Corporation and its Subsidiaries severally and collectively referred to in the Plan as the "Company") are to foster and promote the long-term financial success of the Company and materially increase stockholder value by (i) attracting and retaining employees of outstanding ability, (ii) strengthening the Company's capability to develop, maintain and direct a high performance team, (iii) motivating employees, by means of performance-related incentives, to achieve long-range performance goals, (iv) providing incentive compensation opportunities competitive with those of other major companies and (v) enabling employees to participate in the long-term growth and financial success of the Company.

1.2 Administration

(a) The Plan shall be administered by a committee of the Board of Directors of the Corporation ("Committee") which shall consist of two or more members. The members shall be appointed by the Board of Directors, and any vacancy on the Committee shall be filled by the Board of Directors.

The Committee shall keep minutes of its meetings and of any action taken by it without a meeting. A majority of the Committee shall constitute a quorum, and the acts of a majority of the members present at any meeting at which a quorum is present shall be the acts of the Committee. Any action that may be taken at a meeting of the Committee may be taken without a meeting if a consent or consents in writing setting forth the action so taken shall be signed by all of the members of the Committee. The Committee shall make appropriate reports to the Board of Directors concerning the operations of the Plan.

(b) Subject to the limitations of the Plan, the Committee shall have the sole and complete authority: (i) to select in accordance with Section 1.3 persons who shall participate in the Plan ("Participant" or "Participants") (including the right to delegate authority to select Participants); (ii) to make Awards and payments in such forms and amounts as it shall determine, including the right to delegate authority to make Awards within limits approved by the Committee; (iii) to impose such limitations, restrictions, terms and conditions upon such Awards as the Committee or its authorized delegates shall deem

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appropriate; (iv) to interpret the Plan and the terms of any document relating to the Plan and to adopt, amend and rescind administrative guidelines and other rules and regulations relating to the Plan; (v) to amend or cancel an existing Award in whole or in part (including the right to delegate authority to amend or cancel an existing Award in whole or in part within limits approved from time to time by the Committee), except that the Committee and its authorized delegates may not, unless otherwise provided in the Plan, or unless the Participant affected thereby consents, take any action under this clause that would adversely affect the rights of such Participant with respect to the Award, and except that the Committee and its authorized delegates may not take any action to amend any outstanding Option under the Plan in order to decrease the Option Price under such Option or to cancel and replace any such Option with an Option with a lower Option Price; and (vi) to make all other determinations and to take all other actions necessary or advisable for the interpretation, implementation and administration of the Plan. The Committee's determinations on matters within its authority shall be conclusive and binding upon the Company and all other persons.

(c) The Committee shall act with respect to the Plan on behalf of the Corporation and on behalf of any Subsidiary issuing stock under the Plan, subject to appropriate action by the board of directors of any such Subsidiary. All expenses associated with the Plan shall be borne by the Corporation subject to such allocation to its Subsidiaries and operating units as it deems appropriate.

1.3 Selection for Participation

Participants selected by the Committee or its authorized delegates shall be Eligible Persons as defined below. "Eligible Persons" are persons who are employees of the Company ("Employee" or "Employees") or, in the event of death while an Employee, his or her estate. In making this selection and in determining the form and amount of Awards, the Committee may give consideration to the functions and responsibilities of the Eligible Person, his or her past, present and potential contributions to the Company and other factors deemed relevant by the Committee.

1.4 Types of Awards under Plan

Awards ("Awards") under the Plan may be in the form of any one or more of the following: (i) Non-statutory Stock Options ("NSOs" or "Options"), as described in Article II, (ii) Stock Appreciation Rights ("SARs") and Limited Stock Appreciation Rights ("Limited Rights"), as described in Article III, (iii) Performance Awards ("Performance Awards") as described in Article IV, and (iv) Restricted Stock ("Restricted Stock") as described in Article V.

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1.5 Shares Subject to the Plan

Shares of stock issued under the Plan may be in whole or in part authorized and unissued or treasury shares of the Corporation's common stock, par value $1.00 ("Common Stock"), or "Formula Value Stock" as defined in Section 8.12(d) (Common Stock and Formula Value Stock severally and collectively referred to in the Plan as "Stock").

The maximum number of shares of Stock which may be issued for all purposes under the Plan shall be 27,500,000.

Except as otherwise provided below, any shares of Stock subject to an Option or other Award which is canceled or terminates without having been exercised shall again be available for Awards under the Plan. Shares subject to an option canceled upon the exercise of an SAR shall not again be available for Awards under the Plan except to the extent the SAR is settled in cash. To the extent that an Award is settled in cash, shares of Stock subject to that Award shall again be available for Awards. Shares of Stock tendered by a Participant or withheld by the Company to pay the exercise price of an Option or to satisfy the tax withholding obligations of the exercise or vesting of an Award shall be available again for Awards under the Plan. Shares of Restricted Stock forfeited to the Company in accordance with the Plan and the terms of the particular Award shall be available again for Awards under the Plan.

No fractional shares shall be issued, and the Committee shall determine the manner in which fractional share value shall be treated.

ARTICLE II
STOCK OPTIONS

2.1 Award of Stock Options

The Committee may, from time to time, subject to the provisions of the Plan and such other terms and conditions as the Committee may prescribe, award to any Participant Options to purchase Stock.

The Committee may provide with respect to any option to purchase Stock that, if the Participant, while an Eligible Person, exercises the option in whole or in part using already-owned Stock, the Participant will, subject to this Section 2.1 and such other terms and conditions as may be imposed by the Committee, receive an additional option ("Reload Option"). The Reload Option will be to purchase, at Fair Market Value as of the date the original option was exercised, a number of shares of Stock equal to the number of whole shares used by the Participant to exercise the original option. The Reload Option will be exercisable only between the date of its grant and the date of expiration of

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the original option.

A Reload Option shall be subject to such additional terms and conditions as the Committee shall approve, which terms may provide that the Committee may cancel the Participant's right to receive the Reload Option and that the Reload Option will be granted only if the Committee has not canceled such right prior to the exercise of the original option. Such terms may also provide that, upon the exercise by a Participant of a Reload Option while an Eligible Person, an additional Reload Option will be granted with respect to the number of whole shares used to exercise the first Reload Option.

2.2 Stock Option Agreements

The award of an option shall be evidenced by a written agreement ("Stock Option Agreement") in such form and containing such terms and conditions as the Committee may from time to time determine.

2.3 Option Price

The purchase price of Stock under each Option ("Option Price") shall be not less than the Fair Market Value of such Stock on the date the Option is awarded.

2.4 Exercise and Term of Options

(a) Except as otherwise provided in the Plan, Options shall become exercisable at such time or times as the Committee may specify. The Committee may at any time and from time to time accelerate the time at which all or any part of the Option may be exercised.

(b) The Committee shall establish procedures governing the exercise of options and shall require that notice of exercise be given. Stock purchased on exercise of an option must be paid for as follows: (1) in cash or by check (acceptable to the Company in accordance with guidelines established for this purpose), bank draft or money order payable to the order of the Company or (2) if so provided by the Committee (i) through the delivery of shares of Stock which are then outstanding and which have a Fair Market Value on the date of exercise equal to the exercise price, (ii) by delivery of an unconditional and irrevocable undertaking by a broker to deliver promptly to the Company sufficient funds to pay the exercise price, or (iii) by any combination of the permissible forms of payment.

2.5 Termination of Eligibility

In the event the Participant is no longer an Eligible Person and ceased to be such as a result of termination of service to the Company with the consent

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of the Committee or as a result of his or her death, retirement or disability, each of his or her outstanding Options shall be exercisable by the Participant (or his or her legal representative or designated beneficiary), to the extent that such Option was then exercisable, at any time prior to an expiration date established by the Committee at the time of award, but in no event after such expiration date. In the event an Award is made to the estate of a person who died while an Employee, each outstanding Option held by such estate shall be exercisable by the estate (or the distributee of said estate) at any time prior to an expiration date established by the Committee at the time of award. If the Participant ceases to be an Eligible Person for any other reason, all of the Participant's then outstanding Options shall terminate immediately.

ARTICLE III
STOCK APPRECIATION RIGHTS AND LIMITED RIGHTS

3.1 Award of Stock Appreciation Right

(a) An SAR is an Award entitling the recipient on exercise to receive an amount, in cash or Stock or a combination thereof (such form to be determined by the Committee), determined in whole or in part by reference to appreciation in Stock value.

(b) In general, an SAR entitles the Participant to receive, with respect to each share of Stock as to which the SAR is exercised, the excess of the share's Fair Market Value on the date of exercise over its Fair Market Value on the date the SAR was granted.

(c) SARs may be granted in tandem with options granted under the Plan ("Tandem SARS") or independently of Options ("Independent SARs"). An SAR granted in tandem with an NSO may be granted either at or after the time the option is granted.

(d) SARs awarded under the Plan shall be evidenced by either a Stock Option Agreement (when SARs are granted in tandem with an Option) or a separate agreement between the Company and the Participant.

(e) Except as otherwise provided herein, a Tandem SAR shall be exercisable only at the same time and to the same extent and subject to the same conditions as the option related thereto is exercisable, and the Committee may prescribe additional conditions and limitations on the exercise of the SAR. The exercise of a Tandem SAR shall cancel the related Option. Tandem SARs may be exercised only when the Fair Market Value of Stock to which it relates exceeds the Option Price.

(f) Except as otherwise provided herein, an Independent SAR will become exercisable at such time or times, and on such conditions, as the Committee may

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specify, and the Committee may at any time accelerate the time at which all or any part of the SAR may be exercised.

The Committee may provide, under such terms and conditions as it may deem appropriate, for the automatic grant of additional SARs upon the full or partial exercise of an Independent SAR.

Any exercise of an Independent SAR must be in writing, signed by the proper person and delivered or mailed to the Company, accompanied by any other documents required by the Committee.

(g) Except as otherwise provided herein, all SARs shall automatically be exercised on the last trading day prior to the expiration date established by the Committee at the time of the award for the SAR, or, in the case of a Tandem SAR, for the related Option, so long as exercise on such date will result in a payment to the Participant.

(h) Unless otherwise provided by the Committee, no SAR shall become exercisable or shall be automatically exercised for six months following the date on which it was granted.

(i) At the time of award of an SAR, the Committee may limit the amount of the payment that may be made to a Participant upon the exercise of the SAR. The Committee may further determine that, if the amount to be received by a Participant in any year is limited pursuant to this provision, payment of all or a portion of the amount that is unpaid as a result of the limitation may be made to the Participant at a subsequent time. No such limitation shall require a Participant to return to the Company any amount theretofore received by him or her upon the exercise of an SAR.

(j) Payment of the amount to which a Participant is entitled upon the exercise of an SAR shall be made in cash, Stock, or partly in cash and partly in Stock, as the Committee shall determine. To the extent that payment is made in Stock, the shares shall be valued at their Fair Market Value on the date of exercise of the SAR.

(k) Each SAR shall expire on a date determined by the Committee or earlier upon the occurrence of the first of the following: (i) in the case of a Tandem SAR, termination of the related option, (ii) expiration of a period of six months after the Participant's ceasing to be an Eligible Person as a result of termination of service to the Company with the consent of the Committee or as a result of his or her death, retirement or disability, or (iii) the Participant ceasing to be an Eligible Person for any other reason.

3.2 Limited Rights

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(a) The Committee may award Limited Rights pursuant to the provisions of this Section 3.2 to the holder of an Option to purchase Common Stock granted under the Plan (a "Related Option") with respect to all or a portion of the shares subject to the Related Option. A Limited Right may be exercised only during the period beginning on the first day following a Change in Control, as defined in Section 7.2 of the Plan, and ending on the thirtieth day following such date. Each Limited Right shall be exercisable only to the same extent that the Related Option is exercisable, and in no event after the termination of the Related Option. In no event shall a Limited Right be exercised during the first six months after the date of grant of the Limited Right. Limited Rights shall be exercisable only when the Fair Market Value (determined as of the date of exercise of the Limited Rights) of each share of Common Stock with respect to which the Limited Rights are to be exercised shall exceed the Option Price per share of Common Stock subject to the Related option.

(b) Upon the exercise of Limited Rights, the Related Option shall be considered to have been exercised to the extent of the number of shares of Common Stock with respect to which such Limited Rights are exercised. Upon the exercise or termination of the Related Option, the Limited Rights with respect to such Related Option shall be considered to have been exercised or terminated to the extent of the number of shares of Common Stock with respect to which the Related Option was so exercised or terminated.

(c) The effective date of the grant of a Limited Right shall be the date on which the Committee approves the grant of such Limited Right. Each grantee of a Limited Right shall be notified promptly of the grant of the Limited Right in such manner as the Committee shall prescribe.

(d) Upon the exercise of Limited Rights, the holder thereof shall receive in cash an amount equal to the product computed by multiplying (i) the excess of (a) the higher of (x) the Minimum Price Per Share (as hereinafter defined), or (y) the highest reported closing sales price of a share of Common Stock on the New York Stock Exchange at any time during the period beginning on the sixtieth day prior to the date on which such Limited Rights are exercised and ending on the date on which such Limited Rights are exercised, over (b) the Option Price per share of Common Stock subject to the Related Option, by (ii) the number of shares of Common Stock with respect to which such Limited Rights are being exercised.

(e) For purposes of this Section 3.2, the term "Minimum Price Per Share" shall mean the highest gross price (before brokerage commissions and soliciting dealers' fees) paid or to be paid for a share of Common Stock (whether by way of exchange, conversion, distribution upon liquidation or otherwise) in any Change in Control which is in effect at any time during the period beginning on the sixtieth day prior to the date on which such Limited Rights are exercised and ending on the date on which such Limited Rights are exercised. For purposes

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of this definition, if the consideration paid or to be paid in any such Change in Control shall consist, in whole or in part, of consideration other than cash, the Board shall take such action, as in its judgment it deems appropriate, to establish the cash value of such consideration.

ARTICLE IV
PERFORMANCE AWARDS

4.1 Nature of Performance Awards

A Performance Award provides for the recipient to receive an amount in cash or Stock or a combination thereof (such form to be determined by the Committee) following the attainment of Performance Goals. Performance Goals may be related to personal performance, corporate performance (including corporate stock performance), departmental performance or any other category of performance deemed by the Committee to be important to the success of the Company. The Committee shall determine the Performance Goals, the period or periods during which performance is to be measured and all other terms and conditions applicable to the Award. Regardless of the degree to which Performance Goals are attained, a Performance Award shall be paid only when, if and to the extent that the Committee determines to make such payment.

4.2 Other Awards Subject to Performance Condition

The Committee may, at the time any Award described in this Plan is granted, impose the condition (in addition to any conditions specified or authorized in the Plan) that Performance Goals be met prior to the Participant's realization of any payment or benefit under the Award.

ARTICLE V
RESTRICTED STOCK

5.1 Award of Restricted Stock

The Committee may award to any Participant shares of Stock subject to this Article V and such other terms and conditions as the Committee may prescribe, such Stock referred to herein as "Restricted Stock."

Each certificate for Restricted Stock shall be registered in the name of the Participant and deposited by him or her, together with a stock power endorsed in blank, with the Corporation.

5.2 Restricted Stock Agreement

Shares of Restricted Stock awarded under the Plan shall be evidenced by a written agreement in such form and containing such terms and conditions as the

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Committee may determine.

5.3 Restriction Period

At the time of award, there shall be established for each Participant a "Restriction Period" of such length as shall be determined by the Committee. The Restriction Period may be waived by the Committee. Shares of Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered, except as hereinafter provided, during the Restriction Period. Subject to such restriction on transfer, the Participant as owner of such shares of Restricted Stock shall have the rights of the holder of such Restricted Stock, except that the Committee may provide at the time of the Award that any dividends or other distributions paid on such Stock during the Restriction Period shall be accumulated and held by the Company and shall be subject to forfeiture under Section 5.4.

Upon the expiration or waiver by the Committee of the Restriction Period, the Corporation shall redeliver to the Participant (or his or her legal representative or designated beneficiary) the shares deposited pursuant to Section 5.1.

5.4 Termination of Eligibility

In the event the Participant is no longer an Eligible Person and ceased to be such as a result of termination of service to the Company with the consent of the Committee, or as a result of his or her death, retirement or disability, the restrictions imposed under this Article V shall lapse with respect to such number of shares theretofore awarded to him or her as shall be determined by the Committee. All other shares of Restricted Stock theretofore awarded to him or her which are still subject to restrictions, along with any dividends or other distributions thereon that have been accumulated and held by the Company, shall be forfeited, and the Corporation shall have the right to complete the blank stock power.

In the event the Participant ceases to be an Eligible Person for any other reason, all shares of Restricted Stock theretofore awarded to him or her which are still subject to restrictions, along with any dividend or other distributions thereon that have been accumulated and held by the Company, shall be forfeited, and the Corporation shall have the right to complete the blank stock power.

ARTICLE VI
DEFERRAL OF PAYMENTS

6.1 Deferral of Amounts

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If the Committee makes a determination to designate Awards or, from time to time, groups or types of Awards, eligible for deferral hereunder, a Participant may, subject to such terms and conditions and within such limits as the Committee may from time to time establish, elect to defer the receipt of amounts due to him or her under the Plan. Amounts so deferred are referred to herein as "Deferred Amounts." The Committee may also permit amounts now or hereafter deferred or available for deferral under any present or future incentive compensation program or deferral arrangement of the Company to be deemed Deferred Amounts and to become subject to the provisions of this Article. Awards which are so deferred will be deemed to have been awarded in cash and the cash deferred as Deferred Amounts.

The period between the date on which the Participant's Deferred Amount would have been payable absent deferral and the final payment of such Deferred Amount shall be referred to herein as the "Deferral Period."

6.2 Investment During Deferral Period

Unless otherwise determined by the Committee, and subject to such changes as the Committee may determine, the Deferred Amount will be treated during the Deferral Period as if it were invested in putative convertible debentures with a fixed interest rate, compounded annually, for the entire Deferral Period. For purposes of determining the value of the Deferred Amount at the time of payment, each putative debenture will be deemed to be convertible into Common Stock at a conversion rate computed by reference to the Fair Market Value of the Common Stock on the last trading day prior to the regular January meeting of the Board of Directors on or preceding the date of deferral. Payment of Deferred Amounts may be made in cash, Stock, or partly in cash and partly in Stock, in the Committee's sole discretion.

6.3 Participant Reports

Annually, each Participant who has a Deferred Amount will receive a report setting forth all of his or her then Deferred Amounts and the yield thereon to date.

6.4 Payment of Deferred Amounts

Payment of Deferred Amounts will be made at such time or times, and may be in cash, Stock, or partly in cash and partly in Stock, as the Committee shall from time to time determine. The limitations respecting the issuance of Stock or other limitations on aggregate awards payable contained in the Annual Performance Plan of the Corporation, Article XVI of the by-laws of the Corporation, the 1974 Stock Option Plan, the 1979 Stock Option and Long-Term Incentive Plan, the 1984 Long-Term Incentive Plan, the Plan and in any plan hereafter adopted by the stockholders shall be limitations applicable to the

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payment of any Deferred Amounts under this Article VI.

6.5 Alternative Valuation Election

Unless otherwise determined by the Committee, a Participant may, at a time established by the Committee, but prior to such Participant's ceasing to be an Eligible Person, elect to establish the ultimate payable value of each Deferred Amount by reference to the Fair Market Value of the Common Stock as of the day on which an alternate valuation election is received by the corporation in accordance with procedures established by the Committee.

Notwithstanding the establishment of the ultimate payable value resulting from the alternate valuation election by the Participant, the yield will continue as though no such election had been made and will continue to be subject to the limitations set forth in Section 6.2, and Deferred Amounts and the yield thereon will be paid as otherwise provided in this Article.

ARTICLE VII
CHANGES IN CONTROL

7.1 Effect of Change in Control

Notwithstanding any other provision of the Plan, upon the occurrence of a Change in Control, as defined in Section 7.2: (i) all Options and, subject to the exercise provisions of Section 3.2(a) of the Plan, Limited Rights, but not SARS, outstanding and unexercised on the date of the Change in Control shall become immediately exercisable; (ii) all Performance Awards shall be deemed to have been earned on such basis as the Committee may prescribe and then paid on such basis, at such time and in such form as the Committee may prescribe, or deferred in accordance with the elections of Participants; (iii) all Restricted Stock shall be deemed to be earned and the Restriction Period shall be deemed expired on such terms and conditions as the Committee may determine; and (iv) all amounts deferred under this Plan shall be paid to a trustee or otherwise on such terms as the Committee may prescribe or permit.

7.2 Definition of Change in Control

The term "Change in Control" means the occurrence of one or more of the following events: (a) there shall be consummated (i) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Common Stock would be converted into cash, securities or other property, other than a merger of the Corporation in which the holders of Common Stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all,

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or substantially all, of the assets of the Corporation, or (b) the stockholders of the Corporation shall approve any plan or proposal for the liquidation or dissolution of the Corporation,

or (c) (i) any person (as such term is defined in Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), corporation or other entity shall purchase any Common Stock of the Corporation (or securities convertible into Common Stock) for cash, securities or any other consideration pursuant to a tender offer or exchange offer, unless, prior to the making of such purchase of Common Stock (or securities convertible into Common Stock), the Board shall determine that the making of such purchase shall not constitute a Change in Control, or (ii) any person (as such term is defined in Section 13(d) of the Exchange Act), corporation or other entity (other than the Corporation or any benefit plan sponsored by the Corporation or any of its subsidiaries) shall be the "beneficial owner" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing twenty percent or more of the combined voting power of the Corporation's then outstanding securities ordinarily (and apart from any rights accruing under special circumstances) having the right to vote in the election of directors (calculated as provided in Rule 13d-3(d) in the case of rights to acquire any such securities), unless, prior to such person so becoming such beneficial owner, the Board shall determine that such person so becoming such beneficial owner shall not constitute a Change in Control, or (d) at any time during any period of two consecutive years, individuals who at the beginning of such period constituted the entire Board shall cease for any reason to constitute at least a majority thereof, unless the election or nomination for election of each new director during such two-year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two-year period.

ARTICLE VIII
GENERAL PROVISIONS

8.1 Non-Transferability

No Option, SAR, Performance Award or share of Restricted Stock or Deferred Amount under the Plan shall be transferable by the Participant other than by will, by the applicable laws of descent and distribution, or by transfer to a properly designated beneficiary in the event of death. All Awards and Deferred Amounts shall be exercisable or received during the Participant's lifetime only by such Participant or his or her legal representative. Any transfer contrary to this Section 8.1 will nullify the option, SAR, Performance Award or share of Restricted Stock, and any attempted transfer of a Deferred Amount contrary to this Section 8.1 will be void and of no effect.

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8.2 Beneficiaries

The Committee may establish or authorize the establishment of procedures not inconsistent with Section 8.1 under which a Participant may designate a beneficiary or beneficiaries to hold, exercise and/or receive amounts due under an Award or with respect to Deferred Amounts in the event of the Participant's death.

8.3 Adjustments Upon Changes in Stock

If there shall be any change in the Stock of the Company, through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, split up, dividend in kind or other change in the corporate structure or distribution to the stockholders, appropriate adjustments may be made by the Board of Directors of the Company (or if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) in the aggregate number and kind of shares subject to the Plan, and the number and kind of shares and the price per share subject to outstanding Options or which may be issued under outstanding Performance Awards or Awards of Restricted Stock. Appropriate adjustments may also be made by the Board of Directors or the Committee in the terms of any Awards under the Plan to reflect such changes and to modify any other terms of outstanding Awards on an equitable basis, including modifications of performance targets and changes in the length of Performance Periods.

8.4 Conditions of Awards

(a) The rights of a Participant with respect to any Award received under this Plan shall be subject to the conditions that, until the Participant has fully received all payments, transfers and other benefits under the Award, he or she shall (i) not engage, either directly or indirectly, in any manner or capacity as advisor, principal, agent, partner, officer, director, employee, member of any association or otherwise, in any business or activity which is at the time competitive with any business or activity conducted by the Company and (ii) be available, unless he or she shall have died, at reasonable times for consultations at the request of the Company's management with respect to phases of the business with which he or she is or was actively connected during his or her employment, but such consultations shall not (except in the case of a Participant whose active service was outside the United States) be required to be performed at any place or places outside of the United States of America or during usual vacation periods or periods of illness or other incapacity. In the event that either of the above conditions is not fulfilled, the Participant shall forfeit all rights to any unexercised option or SAR, or any Performance Award or Stock held which has not yet been determined by the Committee to be payable or unrestricted (and any unpaid amounts equivalent to dividends or other distributions or amounts equivalent to interest relating thereto) as of

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the date of the breach of condition. Any determination by the Board of Directors of the Corporation, which shall act upon the recommendation of the Chief Executive Officer, that the Participant is, or has, engaged in a competitive business or activity as aforesaid or has not been available for consultations as aforesaid shall be conclusive.

(b) This Section 8.4 shall not apply to Limited Rights.

8.5 Use of Proceeds

All cash proceeds from the exercise of options shall constitute general funds of the Company.

8.6 Tax Withholding

The Company will withhold from any cash payment made pursuant to an Award an amount sufficient to satisfy all federal, state and local withholding tax requirements (the "withholding requirements").

In the case of an Award pursuant to which Stock may be delivered, the Committee will have the right to require that the Participant or other appropriate person remit to the Company an amount sufficient to satisfy the withholding requirements, or make other arrangements satisfactory to the Committee with regard to such requirements, prior to the delivery of any Stock. If and to the extent that such withholding is required, the Committee may permit the Participant or such other person to elect at such time and in such manner as the Committee provides to have the Company hold back from the shares to be delivered, or to deliver to the Company, Stock having a value calculated to satisfy the withholding requirement. In the alternative, the Committee may, at the time of grant of any such Award, require that the Company withhold from any shares to be delivered Stock with a value calculated to satisfy applicable tax withholding requirements.

8.7 Non-Uniform Determinations

The Committee's determinations under the Plan, including without limitation, (i) the determination of the Participants to receive Awards, (ii) the form, amount, timing and payment of such Awards, (iii) the terms and provisions of such Awards and (iv) the agreements evidencing the same, need not be uniform and may be made by it selectively among Participants who receive, or who are eligible to receive, Awards under the Plan, whether or not such Participants are similarly situated.

8.8 Leaves of Absence; Transfers

The Committee shall be entitled to make such rules, regulations and

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determinations as it deems appropriate under the Plan in respect to any leave of absence from the Company granted to a Participant. Without limiting the generality of the foregoing, the Committee shall be entitled to determine (i) whether or not any such leave of absence shall be treated as if the Participant ceased to be an Employee and (ii) the impact, if any, of any such leave of absence on Awards under the Plan. In the event a Participant transfers within the Company, such Participant shall not be deemed to have ceased to be an Employee for purposes of the Plan.

8.9 General Restriction

(a) Each Award under the Plan shall be subject to the condition that, if at any time the Committee shall determine that (i) the listing, registration or qualification of shares of Stock upon any securities exchange or under any state or federal law, (ii) the consent or approval of any government or regulatory body or (iii) an agreement by the Participant with respect thereto, is necessary or desirable, then such Award shall not be consummated in whole or in part unless such listing, registration, qualification, consent, approval or agreement shall have been effected or obtained free from any conditions not acceptable to the Committee.

(b) Shares of Common Stock for use under the provisions of this Plan shall not be issued until they have been duly listed, upon official notice of issuance, upon the New York Stock Exchange and such other exchanges, if any, as the Board of Directors of the Corporation shall determine, and a registration statement under the Securities Act of 1933 with respect to such shares shall have become, and be, effective.

8.10 Effective Date

The Plan shall be deemed effective as of December 4, 1991.

No Award may be granted under the Plan after the Plan is terminated pursuant to Section 8.11, but Awards previously made may extend beyond that date and Reload Options and additional Reload Options provided for with respect to original options outstanding prior to that date may continue unless the Committee otherwise provides and subject to such additional terms and conditions the Committee may provide, and the provisions of Article VI of the Plan shall survive and remain effective as to all present and future Deferred Amounts until such later date as the Committee or the Board of Directors shall determine.

The adoption of the Plan shall not preclude the adoption by appropriate means of any other stock option or other incentive plan for employees.

8.11 Amendment, Suspension and Termination of Plan

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The Board of Directors may at any time or times amend the Plan for any purpose which may at the time be permitted by law, or may at any time suspend or terminate the Plan as to any further grants of Awards.

8.12 Certain Definitions

(a) Unless otherwise determined by the Committee, the terms "retirement" and "disability" as used under the Plan shall be construed by reference to the provisions of the Westinghouse Pension Plan or other similar plan or program of the Company applicable to a Participant.

(b) The term "Fair Market Value" as it relates to Common Stock means the mean of the high and low prices of the Common Stock as reported by the Composite Tape of the New York Stock Exchange (or such successor reporting system as shall be selected by the Committee) on the relevant date or, if no sale of the Common Stock shall have been reported for that day, the average of such prices on the next preceding day and the next following day for which there were reported sales. The term "Fair Market Value" as it relates to Formula Value Stock shall mean the value determined by the Committee.

(c) The term "Subsidiary" shall mean, unless the context otherwise requires, any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the corporation if each of the corporations other than the last corporation in such chain owns stock possessing at least 50% of the voting power in one of the other corporations in such chain.

(d) "Formula Value Stock" means shares of a class or classes of stock the value of which is derived from a formula established by the Committee which reflects such financial measures as the Committee shall determine. Such shares shall have such other characteristics as shall be determined at time of their authorization.

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Exhibit (10)(n)

CBS SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
As Amended Through November 15, 1995

1. PURPOSE The purpose of this Supplemental Executive Retirement Plan ("the Plan") (combining the former CBS Supplemental Executive Retirement Plan, SERP #2 and CBS Excess Benefit Plan) is to provide to certain key employees of CBS Inc. ("CBS") a benefit supplemental to those retirement or termination benefits which they are entitled to receive under the CBS Pension Plan and to benefit CBS by making it more attractive to such employees to remain with CBS.

2. ELIGIBILITY The persons eligible to participate in the Plan ("Participants") are those employees of CBS and its subsidiaries who are designated by the Deferred Additional Compensation Plan Subcommittee of the Retirement Plans Committee of the Board of Directors of CBS (the Committee), and whose benefit under the CBS Pension Plan, is limited by reason of the limitation on benefits or compensation which may be taken into account under Internal Revenue Code Section 415, or under Internal Revenue Code Section 401(a)(17), or any successor provision.

3. COMPUTATION OF BENEFIT The retirement or termination or death benefit payable to a Participant under the Plan shall be equal to the excess, if any, of (A) the Participant's retirement or termination or death benefit under the CBS Pension Plan determined by disregarding the benefit or compensation limitation otherwise imposed by Internal Revenue Code Sections 415 and 401(a)(17), or any successor provisions, over (B) the Participant's retirement or termination or death benefit payable under the CBS Pension Plan, taking into account such benefit or compensation limitations. In the case of any benefits payable to a Participant under this Plan, any amount payable other than at normal retirement age (as determined under the CBS Pension Plan) shall be reduced in accordance with the provisions utilized under the CBS Pension Plan.

4. PAYMENT OF BENEFIT Any benefit under the Plan, including any applicable death benefit, shall be paid to the Participant, or on behalf of such Participant, at the same time and in the same form and manner as the benefit under the CBS Pension Plan, except:

A. no Participant shall be entitled to receive a lump-sum payment of a Plan benefit unless the monthly life annuity payment would be $50 or less, in which case the benefit shall be paid as a single sum cash payment. If the Participant has elected a lump sum

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option under the CBS Pension Plan, the Participant must elect an alternative payment option under the Plan. A Participant may change this option at any time prior to retirement. If no option is elected, the Qualified Joint and Survivor Annuity option under the CBS Pension Plan shall apply with respect to married Participants, and the Single Life Annuity option under the CBS Pension Plan shall apply with respect to unmarried Participants, and

B. any active employee who has already attained age 70-1/2 prior to 1995, and has not yet begun to receive distributions under the Plan, shall begin receiving distributions on or before April 1, 1996, and must elect a payment option prior to January 1, 1996, in accordance with procedures established by the Committee.

C. if a Participant names as his beneficiary a trust, payments may be made to the trust/beneficiary solely in installment payments for one of the following periods: (i) 10 years; (ii) 15 years; or (iii) if the trust duration is expected to be less than 10 years, the duration of the trust. For the purpose of determining the amount of the annual installment payments to be made to the trust/beneficiary, any amounts due under the Plan shall first be determined as a lump sum value as of the participant's date of death, using the actuarial factors under the CBS Pension Plan. Such amount then shall be converted to an actuarially

equivalent installment amount at an assumed interest rate equal to the rate stated in Appendix A of the CBS Pension Plan.

5. NONFORFEITURE OF BENEFIT The amount of the benefit accrued under the Plan by any Participant immediately before any (i) withdrawal of approval as a Participant by the Committee granted under Section 2 hereof or (ii) termination or amendment pursuant to Section 8 hereof shall not be reduced by reason of any such event.

6. NON ASSIGNABILITY OF BENEFITS Except as otherwise required by law, neither any benefit payable hereunder nor the right to receive any future benefit under this Plan may be anticipated, alienated, sold, transferred, assigned, pledged, encumbered, or subjected to any charge or legal process, and if any attempt is made to do so, or a person eligible for any benefits under this Plan becomes bankrupt, the interest under this Plan of the person affected may be terminated by the Committee which, in its sole discretion may cause the same to be held or applied for the benefit of one or more of the dependents of such person or make any other disposition of such benefits that it deems appropriate.

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7. FUNDING The Plan shall be maintained as an unfunded plan which is not intended to meet the qualification requirements of Section 401 of the Internal Revenue Code. Establishment of the Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of CBS. Payments under the Plan shall be made in cash from the general funds of CBS and no special or separate fund shall be established and no segregation of assets shall be made to assure the payment of benefits hereunder. Nothing in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between CBS and any participant or any other person, and CBS's promise to make payments hereunder shall at all times remain unfunded as to any Participant.

8. TERMINATION; AMENDMENT CBS may, at any time, by resolution of its Board of Directors, terminate or amend the Plan in such respects as it shall deem advisable, provided, however, that except to the extent required to comply with any changes in applicable law, this Plan may not be suspended, amended, otherwise modified, or terminated without the consent of each affected Participant during the following periods of time: (i) a period of two years after the "Effective Time," as such term is defined under the Agreement and Plan of Merger among Westinghouse Electric Corporation, Group W Acquisition Corp. and CBS Inc., (ii) a period of five (5) years after the Effective Time for all Participants who have attained the age of fifty and who have not attained age fifty-five at the Effective Time, and (iii) at any time following the Effective Time for all Participants who have attained age fifty-five at the Effective Time.

9. OPERATION AND ADMINISTRATION The Plan shall be administered by the Committee. The Committee shall have the authority, in its absolute discretion, to exclude from the coverage of the Plan employees who would otherwise be eligible to be Participants, and to include in the coverage of the Plan employees who would not otherwise be eligible to be Participants. The Committee's decision in all matters involving the interpretation and application of the Plan shall be final and binding. The Committee will establish such procedures and requirement, as it shall deem necessary to administer the Plan.

10. APPLICABLE LAW All questions pertaining to the construction, validity, and effect of this Plan shall be determined in accordance with the laws of the State of New York, to the extent not pre-empted by Federal law.

11. LIMITATION OF RIGHTS This Plan is a voluntary undertaking on the part of CBS. Neither the establishment of the Plan nor the payment of any benefits hereunder, nor any action of CBS, the Committee, or its designee shall be held or construed to be a contract of

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employment between CBS and any Participant, or to confer upon any person any legal right to be continued in the employ of CBS. CBS expressly reserves the right to discharge, discipline, or otherwise terminate the employment of any Participant at any time. Participation in this Plan gives no right or claim to any benefits beyond those which are expressly provided herein and all rights and claims hereunder are limited as set forth in this Plan.

12. SEVERABILITY In the event any provision of this Plan shall be held illegal or invalid, or would serve to invalidate the Plan, that provision shall be deemed to be null and void, and the Plan shall be construed as if it did not contain that provision.

13. HEADING, GENDER AND NUMBER The headings to the Articles and Sections of this Plan are inserted for reference only, and are not to be taken as limiting or extending the provisions hereof. Unless the context clearly indicates to the contrary, in interpreting this Plan, the masculine shall include the feminine, and the singular shall include the plural.

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Exhibit (10)(o)

CBS BONUS SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
As Amended Through November 15, 1995

1. PURPOSE The purpose of this Supplemental Executive Retirement Plan ("the Plan") (formerly the CBS Supplemental Executive Retirement Plan, SERP #1) is to provide to certain key employees of CBS Inc. ("CBS") a benefit supplemental to those retirement or termination benefits which they are entitled to receive under the CBS Pension Plan and to benefit CBS by making it more attractive to such employees to remain with CBS and by deterring such employees from engaging, after termination of employment, in activities competitive to those of CBS.

2. ELIGIBILITY The persons eligible to participate in the Plan ("Participants") are those employees of CBS and its subsidiaries who are Participants in the CBS Pension Plan and whose participation in the Plan has been expressly approved by the Deferred Additional Compensation Plan Subcommittee of the Retirement Plans Committee of the Board of Directors of CBS ("the Committee").

3. COMPUTATION OF BENEFIT

A. The retirement or termination benefit payable to a Participant under the Plan shall be equal to the accrual percentage otherwise provided in Section 3.02(b) of the CBS Pension Plan (or any successor provision), which, as of January 1, 1995 is 1.7 percent, multiplied by the Eligible Amount, as defined in Subparagraph B of this Section 3, and multiplied by the number of years of the Participant's continuous employment period, up to a maximum of 35 years.

B. The Eligible Amount shall be:

(1) in the case of a Participant who has been designated by the CBS Board of Directors, 100 percent of such Participant's cash awards under an annual CBS Plan for additional compensation (currently the Executive Compensation Incentive Plan), and

(2) in the case of all other Participants, 50 percent of such Participant's cash awards under such an additional compensation plan.

C. In the case of any benefits payable to a Participant under this Plan, any amount payable other than at normal retirement age (as determined under the CBS Pension Plan) shall be reduced in accordance

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with the provisions utilized under the CBS Pension Plan.

4. PAYMENT OF BENEFIT Any retirement or termination benefit under the Plan shall be paid to the Participant, and if applicable, the Participant's designated beneficiary, at the same time and in the same form and manner as the benefit under the CBS Pension Plan, except:

A. No Participant shall be entitled to receive a lump sum payment of a Plan benefit unless the monthly life annuity payments would be $50 or less, in which case the benefit shall be paid as a single sum cash payment. If the Participant has elected the lump-sum option under the CBS Pension Plan, the Participant must elect an alternative payment option under the Plan. A Participant may change this option at any time prior to retirement. If no option is elected, the Qualified Joint and Survivor Annuity option under the CBS Pension Plan shall apply with respect to married Participants, and the Single Life Annuity option under the CBS Pension Plan shall apply with respect to unmarried Participants.

B. Any active employee who has attained age 70-1/2 prior to 1995, and has not begun to receive distributions under the Plan, shall begin receiving distributions by April 1, 1996, and must elect a payment option prior to January 1, 1996, in accordance with procedures established by the Committee.

C. No benefit shall be payable from the Plan on account of the death of a Participant prior to his or her retirement or termination date.

D. If a Participant names as his beneficiary a trust, payments may be made to the trust/beneficiary solely in installment payments for one of the following periods: (i) 10 years; (ii) 15 years; or (iii) if the trust duration is expected to be less than 10 years, the duration of the trust. For the purpose of determining the amount of the annual installment payments to be made to the trust/beneficiary, any amounts due under the Plan shall first be determined as a lump sum value as of the participant's date of death, using the actuarial factors under the CBS Pension Plan. Such amount then shall be converted to an actuarially equivalent installment amount at an assumed interest rate equal to the rate stated in Appendix A of the CBS Pension Plan.

5. FORFEITURE OF BENEFIT Any retirement or termination benefit under the Plan shall be paid to

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A. Any Participant who terminates employment with CBS prior to attaining age 55 with ten or more years of service, shall forfeit any benefit accrued under the Plan.

B. If, without the written consent of the Committee, any Participant, at any time during the period following the termination of his employment, engages in the operation or management of a business, whether as owner, partner, officer, employee, or otherwise, having a net worth in excess of $5,000,000, which at such time is in competition with its subsidiaries, any and all amounts which otherwise thereafter would be due the Participant under the Plan shall be forfeited.

The determination as to whether a Participant is engaged in the operation or management of business having a net worth in excess of $5,000,000 and which is in competition with CBS or any of its subsidiaries shall be made by the Committee in its absolute discretion, and the decision of the Committee with respect thereto, including its determination of the time at which the participation in such competitive business commenced, shall be conclusive. In determining whether or not to give its consent under this section 6(B) the Committee shall give consideration to the circumstances under which the employment of the Participant terminated and, if such termination resulted primarily from circumstances not within the control of the Participant, the Committee shall grant such consent unless the Committee shall find that there are compelling reasons for not doing so.

No Participant shall be required to repay any benefits paid to him prior to the date on which the Participant shall have received written notice that the Committee shall have determined that the Participant has engaged in the operation or management of a business having a net worth in excess of $5,000,000 and which is in competition with CBS or any of its subsidiaries.

6. NONFORFEITURE OF BENEFIT The amount of the benefit accrued under the Plan by any Participant immediately before any (i) withdrawal of approval as a Participant by the Committee granted under Section 2 hereof, (ii) withdrawal of entitlement to 100 percent of a Participant's cash awards under an annual CBS plan for additional compensation granted under section 3(B)(1) hereof or (iii) termination or amendment pursuant to Section 10 hereof shall not be reduced by reason of any such event.

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7. NONASSIGNABILITY OF BENEFITS Except as otherwise required by law, neither any benefit payable hereunder nor the right to receive any future benefit under this Plan may be anticipated, alienated, sold, transferred, assigned, pledged, encumbered, or subjected to any charge or legal process, and if any attempt is made to do so, or a person eligible for any benefits under this Plan becomes bankrupt, the interest under this Plan of the person affected may be terminated by the Committee which, in its sole discretion, may cause the same to be held or applied for the benefit of one or more of the dependents of such person or make any other disposition of such benefits that it deems appropriate.

8. FUNDING The Plan shall be maintained as an unfunded plan which is not intended to meet the qualification requirements of Section 401 of the Internal Revenue Code. Establishment of the Plan will not create, in favor of any Participant, any right or lien in or against any of the assets of CBS. Payments under the Plan shall be made in cash from the general funds of CBS and no special or separate fund shall be established and no segregation of assets shall be made to assure the payment of benefits hereunder. Nothing in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between CBS and any Participant or any other person, and CBS's promise to make payments hereunder shall at all times remain unfunded as to any Participant.

9. TERMINATION; AMENDMENT CBS may, at any time, by resolution of its Board of Directors, terminate or amend the Plan in such respects as it shall deem advisable, provided, however, that except to the extent required to comply with any changes in applicable law, this Plan may not be suspended, amended, otherwise modified, or terminated without the consent of each affected Participant during the following periods of time: (i) a period of two years after the "Effective Time," as such term is defined under the Agreement and Plan of Merger among Westinghouse Electric Corporation, Group W Acquisition Corp. and CBS Inc., (ii) a period of five (5) years after the Effective Time for all Participants who have attained the age of fifty and who have not attained age fifty-five at the Effective Time, and (iii) at any time following the Effective Time for all Participants who have attained age fifty-five at the Effective Time.

10. OPERATION AND ADMINISTRATION The Plan shall be administered by the Committee. The Committee shall have the authority, in its absolute discretion, to exclude from the coverage of the Plan employees who would not otherwise be eligible to be Participants, and to include in the coverage of the Plan employees who would not otherwise be eligible to be Participants. The Committee's decision in all matters involving the interpretation and application of the Plan shall be final and binding. The Committee shall establish such procedures and requirements as it shall deem necessary and appropriate to administer the Plan.

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11. APPLICABLE LAW All questions pertaining to the construction, validity, and effect of this Plan shall be determined in accordance with the laws of the State of New York, to the extent not pre-empted by Federal law.

12. LIMITATION OF RIGHTS This Plan is a voluntary undertaking on the part of CBS. Neither the establishment of the Plan nor the payment of any benefits hereunder, nor any action of CBS, the Committee, or its designee shall be held or construed to be a contract of employment between CBS and any Participant, or to confer upon any person any legal right to be continued in the employ of CBS. CBS expressly reserves the right to discharge, discipline, or otherwise terminate the employment of any Participant at any time. Participation in this Plan gives no right or claim to any benefits beyond those which are expressly provided herein and all rights and claims hereunder are limited as set forth in this Plan.

13. SEVERABILITY In the event any provision of this Plan shall be held illegal or invalid, or would serve to invalidate the Plan, that provision shall be deemed to be null and void, and the Plan shall be construed as if it did not contain that provision.

14. HEADINGS, GENDER AND NUMBER The headings to the Articles and Sections of this Plan are inserted for reference only, and are not to be taken as limiting or extending the provisions hereof. Unless the context clearly indicates to the contrary, in interpreting this Plan, the masculine shall include the feminine, and the singular shall include the plural.

15. INCAPACITY If the Committee or its designee shall determine that a Participant, terminated Participant, or any other person entitled to a benefit under this Plan (the "Recipient") is unable to care for his affairs because of illness, accident, or mental or physical incapacity, or because the Recipient is a minor, the Committee or its designee may direct that any benefit payment due the Recipient be paid to his duly appointed legal representative; or if no such representative is appointed, to the Recipient's spouse, child, parent, or other blood relative, or to a person with whom the Recipient resides or who has incurred expense on behalf of the Recipient. Any such payment so made shall be a complete discharge of the liabilities of the Plan with respect to the Recipient.

16. BINDING EFFECT AND RELEASE All persons accepting benefits under this Plan shall be deemed to have consented to the terms of this Plan. Any

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final payment or distribution to any person entitled to benefits under the Plan shall be in full satisfaction of all claims against the Plan, the Committee or its designee and CBS arising by virtue of this Plan.

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EXHIBIT (11)

WESTINGHOUSE ELECTRIC CORPORATION
COMPUTATION OF PER SHARE EARNINGS

	YEAR ENDED DECEMBER 31		
	1996	1995	1994
EQUIVALENT SHARES:			
Average shares outstanding....................	400,512,154	369,612,697	354,580,674
Additional shares due to:			
Stock options...............................	6,887,136	4,525,244	3,964,508
Series C preferred shares..................	36,000,000	36,000,000	25,191,067
Total equivalent shares..................	443,399,290	410,137,941	383,736,249
ADJUSTED EARNINGS (IN MILLIONS):			
Loss from Continuing Operations...............	$ (838)	$ (19)	$ (8)
Less: Series B preferred stock dividends......	--	34	50
Adjusted loss from Continuing Operations......	(838)	(53)	(58)
Income from Discontinued Operations...........	961	34	85
Extraordinary item............................	(93)	--	--
Adjusted net income (loss) for earnings per share......................................	$ 30	$ (19)	$ 27
EARNINGS (LOSS) PER SHARE:			
From Continuing Operations....................	$ (1.89)	$ (0.13)	$ (0.15)
From Discontinued Operations..................	2.17	0.08	0.22
Extraordinary item............................	(.21)	--	--
Earnings (loss) per share (a)...........	$ 0.07	$ (0.05)	$ 0.07

(a) For earnings per share using an alternative treatment for the Series C Preferred Shares, see note 15 to the financial statements included in Part II, Item 8 of this report.

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EXHIBIT (12)(A)

WESTINGHOUSE ELECTRIC CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

($ IN MILLIONS)

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				
	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Income (loss) before income taxes and minority interest	$(1,298)	$ 2	$ (10)	$(233)	$ 267
Less: Equity in income (loss) of 50 percent or less owned affiliates	9	3	(2)	(3)	(1)
Add: Fixed charges	484	254	155	186	200
Earnings as adjusted	$ (823)	$ 253	$ 147	$ (44)	$ 468
Fixed charges:					
Interest expense	$ 456	$ 236	$ 134	$ 164	$ 169
Rental expense	28	18	21	22	31
Total fixed charges	$ 484	$ 254	$ 155	$ 186	$ 200
Ratio of earnings to fixed charges	(a)	(a)	(a)	(a)	2.34x

</TABLE>

(a) Additional income before income taxes and minority interest necessary to attain a ratio of 1.00x for 1996, 1995, 1994 and 1993 would be $1,307 million, $1 million, $8 million, and $230 million, respectively.

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EXHIBIT (12)(B)

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

($ IN MILLIONS)

	YEAR ENDED DECEMBER 31,				
	1996	1995	1994	1993	1992
Income (loss) before income taxes and minority interest	$(1,298)	$ 2	$ (10)	$(233)	$ 267
Less: Equity in income (loss) of 50 percent or less owned affiliates	9	3	(2)	(3)	(1)
Add: Combined fixed charges and preferred dividends	557	378	287	258	240
Earnings as adjusted	$ (750)	$ 377	$ 279	$ 28	$ 508
Combined fixed charges and preferred dividends:					
Interest expense	$ 456	$ 236	$ 134	$ 164	$ 169
Rental expense	28	18	21	22	31
Pre-tax earnings required to cover preferred dividend requirements (b)	73	124	132	72	40
Total combined fixed charges and preferred dividends	$ 557	$ 378	$ 287	$ 258	$ 240
Ratio of earnings to combined fixed charges and preferred dividends	(a)	(a)	(a)	(a)	2.12x

----

(a) Additional income before income taxes and minority interest necessary to attain a ratio of 1.00x for 1996, 1995, 1994 and 1993 would be $1,307 million, $1 million, $8 million, and $230 million, respectively.

(b) Dividend requirement divided by 100% minus the effective income tax rate or the statutory rate, whichever is more appropriate.

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EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Included in the financial statements of the Corporation are consolidated subsidiaries owned, directly or indirectly, more than 50% by the Corporation. Equity in undistributed earnings of nonconsolidated subsidiaries and affiliated companies 20% to 50% owned is also included in the results of operations of the Corporation. Listed below are certain of these subsidiaries of the Corporation. The remaining subsidiaries and affiliated companies not listed below, when considered in the aggregate, would not constitute a significant subsidiary.

<TABLE>
<CAPTION>

NAME	INCORPORATED UNDER LAWS OF	VOTING POWER OWNED BY IMMEDIATE PARENT
<S>	<C>	<C>
Infinity Broadcasting Corporation	Delaware	100%
Safe Sites of Colorado L.L.C.	Delaware	65%
Thermo King Corporation	Delaware	100%
Westinghouse Canada, Inc.	Canada	100%
Westinghouse CBS Holding Company, Inc.	Delaware	100%
CBS Inc.	New York	100%
Westinghouse Holdings Corporation	Delaware	100%
Westinghouse de Puerto Rico, Inc.	Delaware	100%
Westinghouse Electric S.A.	Switzerland	100%
Westinghouse International Technology Corporation	Delaware	100%
Westinghouse World Investment Corporation	Delaware	100%
Westinghouse Foreign Sales Corporation	Barbados	100%
Westinghouse Industry Products International Company	Delaware	100%
Westinghouse Savannah River Company, Inc.	Delaware	100%
West Valley Nuclear Service Company	Delaware	100%

</TABLE>

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EXHIBIT 23(a)

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in each prospectus constituting part of the Registration Statements on Form S-3 (Nos. 33-30729, 33-41417, 33-41475, and 33-51298), and on Form S-8 (Nos. 2-92085, 33-44044, 33-45365, 33-46779, 33-51445, 33-51579, 33-53815 and 33-53819, 33-62043, 33-62045, 333-12583, 333-12589, 333-12591 and 333-13219) of Westinghouse Electric Corporation of our report dated January 29, 1997 appearing on page 32 of this Form 10-K. We also consent to the incorporation by reference of our report on the financial statement schedule, which appears on page 68 of this Form 10-K.

KPMG Peat Marwick LLP
Pittsburgh, Pennsylvania
March 18, 1997

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EXHIBIT 23(b)

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in each prospectus constituting part of the Registration Statements on Form S-3 (Nos. 33-30729, 33-41417, 33-41475, and 33-51298), and on Form S-8 (Nos. 2-92085, 33-44044, 33-45365, 33-46779, 33-51445, 33-51579, 33-53815, 33-53819, 33-62043, 33-62045, 333-12583, 333-12589, 333-12591 and 333-13219) of Westinghouse Electric Corporation of our report dated February 12, 1996 except for the restatements discussed in notes 1 and 3 for which the dates are March 31, 1996 and November 13, 1996, appearing on page 32 of this Form 10-K. We also consent to the incorporation by reference of our report on the Financial Statement Schedule, which appears on page 69 of this Form 10-K.

Price Waterhouse LLP
Pittsburgh, Pennsylvania
March 18, 1997

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Exhibit (24)

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 15th day of March, 1997.

/S/ FRANK C. CARLUCCI

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf

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and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 18th day of March, 1997.

/S/ ROBERT E. CAWTHORN

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of

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Attorney this 18th day of March, 1997.

/S/ GARY M. CLARK

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 17th day of March, 1997.

/S/ GEORGE H. CONRADES

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the

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"Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 19th day of March, 1997.

/S/ WILLIAM H. GRAY III

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary

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to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 18th day of March, 1997.

/S/ MICHAEL H. JORDAN

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 16th day of March, 1997.

/S/ MEL KARMAZIN

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POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 18th day of March, 1997.

/S/ DAVID K. P. LI

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in

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his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 18th day of March, 1997.

/S/ DAVID T. MCLAUGHLIN

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 15th day of March, 1997.

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/S/ RICHARD R. PIVIROTTO

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 18th day of March, 1997.

/S/ FREDRIC G. REYNOLDS

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13

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or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 18th day of March, 1997.

/S/ CAROL V. SAVAGE

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

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IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 17th day of March, 1997.

/S/ RAYMOND W. SMITH

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 14th day of March, 1997.

/S/ PAULA STERN

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that the undersigned director and/or

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officer of WESTINGHOUSE ELECTRIC CORPORATION, a Pennsylvania corporation (the "Corporation"), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, its Annual Report on Form 10-K, pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, for the fiscal year ended December 31, 1996, hereby constitutes and appoints Michael H. Jordan, Gary M. Clark, Fredric G. Reynolds, Louis J. Briskman, Carol V. Savage, Claudia E. Morf and Angeline C. Straka his/her true and lawful attorneys-in-fact and agents, and each of them, with full power to act without the others, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K and any and all amendments thereto, with power where appropriate to affix the corporate seal of said Corporation thereto and to attest said seal, and to file said Form 10-K and any and all other documents in connection therewith, with the Securities Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has duly signed this Power of Attorney this 19th day of March, 1997.

/S/ ROBERT D. WALTER

EXTRACT FROM MINUTES OF MEETING OF THE
BOARD OF DIRECTORS OF
WESTINGHOUSE ELECTRIC CORPORATION
HELD ON JANUARY 29, 1997

RESOLVED, that the Chief Executive Officer of the Company, its Vice Chairman and President, its Executive Vice President and Chief Financial Officer, its Senior Vice President and General Counsel, its Vice President and Chief Accounting Officer, its Vice President and Treasurer, and its Vice President, Secretary and Associate General Counsel are, and each of them with full power to act without the others hereby is, authorized to prepare, or cause to be prepared, and to execute the Company's Annual Report on Form 10-K for the year ended December 31, 1996 and the Company's Quarterly Reports on Form 10-Q for 1997, as well as any and all other reports specified under the regulations of the Securities and Exchange Commission, and any and all amendments thereto, on behalf of and as attorneys for the Company and to file said Forms 10-K and 10-Q and other reports, and any and all amendments thereto, with all exhibits

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thereto and any and all other documents in connection therewith, with the Securities and Exchange Commission on behalf of, and as attorneys for, the Company; and

RESOLVED, that any action or actions taken by any officer of the Company prior to the date of the foregoing resolution adopted by this Board of Directors that are within the authority conferred thereby are hereby ratified, confirmed and approved.

I, C. L. McADAMS, Assistant Secretary of Westinghouse Electric Corporation, DO HEREBY CERTIFY that the foregoing is a true and correct copy of resolutions adopted at a meeting of the Board of Directors of said Company held on January 29, 1997, at which meeting a quorum was present and which resolutions are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company.

Dated: March 18, 1997

/s/ C. L. McADAMS

Assistant Secretary

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