



Exhibit 3

January 14, 2019

VIA ELECTRONIC MAIL AND FEDEX

Gloria Kui Melwani, Esq.
Wolf Haldenstein Adler Freeman & Herz, LLP
270 Madison Avenue
New York, New York 10016

Re: Demand for Inspection of Books and Records of CBS Corporation

Dear Ms. Kui Melwani:

I write in response to your letter of January 4, 2019¹ sent on behalf of Mr. Karl Graulich to the Board of Directors of CBS Corporation (“CBS” or the “Company”), demanding inspection of certain corporate books and records pursuant to Section 220 of the Delaware General Corporation Law (the “Demand”).²

In your letter, you state that the purposes of the Demand are threefold: (i) to “investigate potential wrongdoing, mismanagement and breaches of fiduciary duties by the members of the Company’s Board of Directors, or others in connection with the events, circumstances, and transactions” described therein; (ii) to “assess the ability of the Board of Directors to impartially consider a demand for action (including for permission to file a derivative lawsuit on the

¹ We note that the Demand was not sent to the Company or provided to Company’s counsel until January 7, 2019. (See email dated January 7, 2019 from G. Melwani to M. Eaton.) Therefore the time for Company to respond to the Demand is five business days from January 7. See *Weisman v. Plains Resources, Inc.*, Del. Ch., C.A. Nos. 10,814 & 10,840, Berger, V.C. (June 1, 1989) (finding that the five business days rule is measured from the date the company receives the demand).

² We note that you previously purported to serve a demand under Section 220 on behalf of Mr. Graulich seeking inspection of many of the same books and records you seek from CBS here. (See letter dated December 10, 2018 from G. Melwani to CBS Corporation (the “First Demand”).) The Company timely responded to the First Demand, noting that it was improper under Section 220 for numerous reasons. (See letter dated December 17, 2018 from M. Eaton to G. Melwani.) Rather than respond to the deficiencies noted in the Company’s response to the First Demand, you instead elected to send the new Demand, accompanied by different proof of stock ownership and a different “Special Power of Attorney,” sworn to by Mr. Graulich. Accordingly, the First Demand has been withdrawn and/or is without further effect and, as such, the Company does not intend to respond to it further.

Company's behalf)" related to the subject matter of the Demand; and (iii) to "take appropriate action in the event the members of the Company's Board of Directors did not properly discharge their fiduciary duties, including the preparation and filing a shareholder derivative lawsuit, if appropriate." (Demand at 6.) Your letter asserts that Mr. Leslie Moonves, the Company's former CEO, engaged in multiple acts of misconduct and that Mr. Graulich has "a good faith basis" to believe that the CBS Board and senior management were "supine in the face of credible allegations" concerning Mr. Moonves's alleged misconduct. (Demand at 2.) You therefore demand that the Company permit Mr. Graulich to inspect CBS's books and records concerning "what and when [] members of the CBS Board kn[e]w about Mr. Moonves's conduct and what, if anything, did the Board do to rectify the situation; and what, if anything, the Board is doing to recoup the \$1 billion which CBS paid Mr. Moonves in light of the Company's determination that Mr. Moonves breached his employment agreement." (Demand at 2.)

CBS does not concede that Mr. Graulich has stated a proper purpose for the Demand, furnished a credible basis for the wrongs by the Board alleged therein, or limited the categories of books and records whose inspection he seeks to those necessary and essential to the purposes stated in the Demand.³ That is so for at least the following four reasons:

First, the Company's stockholders elected a new slate of directors to the Board on December 11, 2018. Of the 11 directors comprising CBS's current Board, a majority are non-executive directors who assumed their positions *after* the historical misconduct alleged in the Demand took place. (See CBS Proxy Statement, dated Nov. 16, 2018, at 9, and 22-26.) Nothing in the Demand alleges any basis to believe that those directors, each of whom is independent, abdicated their fiduciary duties or are in any way disabled from considering a properly asserted shareholder demand. Because the Board as it is currently comprised is not the same Board whose conduct you seek to investigate pursuant to the Demand, your stated purpose for demanding inspection of CBS's books and records lacks a credible basis. See *Louisiana Mun. Police Emp. Ret. Sys. v. Lennar Corp.*, 2012 WL 4760881, at *3 (Del. Ch. Oct 5, 2012) (holding that evidence of past wrongdoing does not constitute a credible basis to believe the existence of similar ongoing malfeasance for purposes of a Section 220 demand); *Wilkin on behalf of Orexigen Therapeutics, Inc. v. Narachi*, 2018 WL 1100372 (Del. Ch. Feb. 28, 2018) ("[A] derivative plaintiff who does not challenge actions taken by a majority of the board members considering demand must allege particularized facts sufficient to create a reasonable doubt that, as of the time the complaint is filed, the board of directors could have properly exercised its independent and disinterested business judgement in responding to a demand.") (internal quotation marks omitted). Further, because the Demand cites no purpose other than to investigate wrongdoing for the purposes of bringing a derivative lawsuit, no basis for seeking further inspection of CBS's books and records exists. A demand to investigate potential wrongdoing, standing alone, is not a proper purpose. See, e.g., *Southeastern Pennsylvania Transportation Authority v. Abbie Inc.*, 2015 WL 1753033, at *12 (Del. Ch. Apr. 15, 2015;

³ In addition, your proposed date range of almost 24 years seeks material from well outside the three-year statute of limitations for derivative claims. See 10 Del. C. § 8106; see also *Graulich v. Dell Inc.*, 2011 WL 1843813, at *6 (Del. Ch. May 16, 2011) (denying demand for books and records based on acts outside of limitations period); *Sutherland v. Sutherland*, 2010 WL 1838968, at *17 (Del. Ch. May 3, 2010) ("[A]ll claims arising [earlier than] three years before the § 220 action was initiated [] are time barred.").

Gloria Kui Melwani, Esq
January 14, 2019
Page 3

West Coast Management & Capital, LLC v. Carrier Access Corp., 914 A.2d 636, 645-47 (Del. Ch. 2006) (holding that the stockholder did not have a right to investigate corporate wrongdoing “independent of its underlying [derivative] claims,” which the court ruled were barred by issue preclusion).

Second, even if the Demand had stated a proper purpose and a credible basis for same – and it does not – none of the categories of records sought in the Demand has any bearing on the independence and impartiality of the current Board, which is the only question that could even potentially be at issue here. (Demand at 5-6.)

Third, the Board is aware of the matters raised in your Demand and is in the process of investigating and addressing them. Indeed, as your letter notes, the Board has already undertaken an investigation into certain of these matters and has already taken action in response to previous complaints. Responding to a Section 220 demand in the middle of this effort would be burdensome and disruptive and could potentially undermine it.

Accordingly, we remain of the view that CBS is under no obligation to produce the books and records demanded pursuant the Demand. Should you have authority supporting your position on any of the foregoing points, please provide it; we will consider it promptly and get back to you.

If you wish to discuss this further, kindly let me know.

Sincerely,



Mary Eaton

cc: A. Arnold Gershon (via email)
Gregory M. Nespole (via email)
Daniel Tepper (via email)