



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

DIVISION OF  
CORPORATION FINANCE

December 12, 2017

Lillian Brown  
Wilmer Cutler Pickering Hale and Dorr LLP  
lillian.brown@wilmerhale.com

Re: The Walt Disney Company  
Incoming letter dated October 11, 2017

Dear Ms. Brown:

This letter is in response to your correspondence dated October 11, 2017 and November 13, 2017 concerning the shareholder proposal (the "Proposal") submitted to The Walt Disney Company (the "Company") by the National Center for Public Policy Research (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponent dated October 31, 2017. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Matt S. McNair  
Senior Special Counsel

Enclosure

cc: Justin Danhof  
National Center for Public Policy Research  
jdanhof@nationalcenter.org

December 12, 2017

**Response of the Office of Chief Counsel**  
**Division of Corporation Finance**

Re: The Walt Disney Company  
Incoming letter dated October 11, 2017

The Proposal requests that the board “adopt a policy requiring that the company’s news operations tell the truth, and issue an annual report to shareholders explaining instances where the company failed to meet this basic journalistic obligation.”

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(7), as relating to the Company’s ordinary business operations. In this regard, we note that the Proposal relates to the content of news programming. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Evan S. Jacobson  
Special Counsel

**DIVISION OF CORPORATION FINANCE**  
**INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS**

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

Lillian Brown

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lillian.brown@wilmerhale.com

November 13, 2017

**Via E-mail to [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov)**

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, NE  
Washington, DC 20549

Re: The Walt Disney Company  
Exclusion of Shareholder Proposal by the National Center for Public Policy Research

Ladies and Gentlemen:

We are writing on behalf of our client, The Walt Disney Company (the “Company”), in response to correspondence from the National Center for Public Policy Research (the “Proponent”) dated October 31, 2017 (the “Reply Letter”), concerning the Company’s intention to exclude from its proxy statement and proxy to be filed and distributed in connection with its 2018 annual meeting of shareholders (the “Proxy Materials”) a shareholder proposal and supporting statement (collectively, the “Shareholder Proposal”) submitted by the Proponent. The Company continues to believe, both for the reasons set forth below and the reasons provided in the Company’s October 11, 2017 correspondence (the “No-Action Request”), that the Shareholder Proposal may be excluded from the Proxy Materials pursuant to Rule 14a-8(i)(7) under the Securities Exchange Act of 1934, on the basis that the Shareholder Proposal relates to the Company’s ordinary business operations.

The No-Action Request demonstrates that the focus of the Shareholder Proposal is on the content of the Company’s news programming and, as such, may be excluded as dealing with the Company’s ordinary business operations under clear precedent of the staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “Commission”). In an effort to avoid the thrust of that precedent, the Reply Letter now tries to transform the proposal to one dealing with a significant policy issue. It tries to effect this transformation by asserting that alleged bias in news coverage of political matters makes this proposal about political spending. But the mere mention of politics – or any other subject of news coverage – in this context cannot change the basic nature and focus of the Shareholder Proposal from one that deals with the Company’s ordinary business operations – the nature, presentation and content of news programming.

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The Shareholder Proposal fundamentally concerns the manner in which the Company's media outlets report the news. The resolved clause of the Shareholder Proposal makes no mention of political spending. Instead, it requests "that the Board of Directors adopt a policy requiring that the company's news operations tell the truth, and issue an annual report to shareholders explaining instances where the company failed to meet this basic journalistic obligation." Further, the accompanying whereas clauses and supporting statement do not concentrate on political spending. Aside from throwaway statements about the stance of the Staff with respect to "political spending/activity" and "politics and lobbying," the sections accompanying the resolved clause emphasize the true focus of the Shareholder Proposal by mentioning a panoply of news topics. Covering such matters as climate change, race and sexual orientation, inclusion of these news topics in the Shareholder Proposal serves to underscore the central focus of the Shareholder Proposal on the Company's ordinary business operations – the content of the Company's news programming – and not political spending and activities.

The Reply Letter similarly attempts to avoid the clear and consistent weight of prior Staff action on substantially similar shareholder proposals by referencing other policy issues that are entirely inapplicable (e.g., climate change). But references to proposal topics involving matters the Staff has found to be significant policy matters in entirely different contexts do not convert the focus of this Shareholder Proposal, which is focused on news coverage, into a significant policy issue. Thus, considering both the Proponent's "proposal and the supporting statement as a whole" in accordance with Staff Legal Bulletin 14C (June 28, 2005), we do not believe that the Shareholder Proposal implicates a significant policy issue and instead involves the type of day-to-day operational oversight of the Company's business that the ordinary business exclusion in Rule 14a-8(i)(7) was meant to address. The Shareholder Proposal should, therefore, be deemed excludable under Rule 14a-8(i)(7), consistent with the no-action letters cited in the No-Action Request.

For the foregoing reasons and the reasons set forth in the No-Action Request, we respectfully reiterate our request that the Staff concur that it will take no action if the Company excludes the Shareholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(7) on the basis that the Shareholder Proposal deals with matters that relate to the ordinary business operations of the Company.

If the Staff has any questions regarding this request or requires additional information, please contact the undersigned at 202-663-6743 or at [lillian.brown@wilmerhale.com](mailto:lillian.brown@wilmerhale.com). I would appreciate your sending your response via e-mail to me at the above address, as well as to Roger Patterson, Associate General Counsel and Assistant Secretary, The Walt Disney Company, at [Roger.Patterson@disney.com](mailto:Roger.Patterson@disney.com). In addition, should the Proponent choose to submit any response or other correspondence to the Commission, we request that the Proponent concurrently provide

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that response or other correspondence to the Company, as required pursuant to Rule 14a-8(k) and Staff Legal Bulletin 14D (November 7, 2008), and copy the undersigned.

Best regards,

A handwritten signature in black ink, appearing to read "Lillian Brown". The signature is written in a cursive, flowing style.

Lillian Brown

cc: Roger J. Patterson  
Associate General Counsel and Assistant Secretary  
The Walt Disney Company  
500 S. Buena Vista Street  
Burbank, CA 91521-0615

Justin Danhof, Esq.  
National Center for Public Policy Research  
20 F Street, NW, Suite 700  
Washington, DC 20001



October 31, 2017

Via email: [shareholderproposals@sec.gov](mailto:shareholderproposals@sec.gov)

Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**RE: Stockholder Proposal of the National Center for Public Policy Research, Securities Exchange Act of 1934 – Rule 14a-8**

Dear Sir or Madam,

This correspondence is in response to the letter of Lillian Brown of WilmerHale on behalf of The Walt Disney Company (the “Company”) dated October 11, 2017, requesting that your office (the “Commission” or “Staff”) take no action if the Company omits our Shareholder Proposal (the “Proposal”) from its 2018 proxy materials for its 2018 annual shareholder meeting.

### **RESPONSE TO DISNEY’S CLAIMS**

The Proposal asks the Board of Directors to “adopt a policy requiring that the company’s news operations tell the truth, and issue an annual report to shareholders explaining instances where the company failed to meet this basic journalistic obligation.” In the current era of fake news, Disney is a market leader. The American public has lost faith in the mainstream media to deliver fair and accurate news. Much of the public views the mainstream media as political actors rather than news purveyors. In this contentious atmosphere, the Company is fighting for the ability to lie to the American people. It has the temerity to ask the Commission to omit our Proposal – a Proposal that merely asks the Company to be honest. The Staff should not abide such a request.

We note with great concern that the Company apparently doesn’t already have a policy requiring its news divisions to be honest. If it did, it could simply provide such a policy and ask for our Proposal to be omitted under Rule 14a-8(i)(10) as the resolution would already be substantially implemented. As it has not made this argument, the only logical inference is that Disney does

not require its news outlets to report honestly. That's a frightening proposition, and it proves why our Proposal is so desperately needed.

The Company contends that it should be permitted to exclude our Proposal from its 2018 proxy materials because it violates management's prerogative to direct its ordinary business operations under Rule 14a-8(i)(7). In making this argument, the Company has missed the forest for the trees. Our Proposal merely asks the Company to adopt a policy of honest news reporting. Also, our Proposal is substantially similar to a prior Proposal which the Staff allowed over a Rule 14a-8(i)(7) no-action request. Additionally, the Staff has long recognized that corporate involvement in the political process transcends ordinary business. In today's era of politicized news, the news has become, well, political. Also, corporate political spending/activity is a staff-recognized significant policy issue. Furthermore, this issue of fake news has risen to such a level that it should be considered a significant policy issue.

For the following reasons, the Company has fallen short of its burden of persuading the Staff that it may omit our Proposal.

### **Analysis**

***The Proposal May Not be Excluded as Interfering with Ordinary Business Operations Since the Staff Previously Ruled that a Substantially Similar Proposal Did Not Interfere with Ordinary Business Operations, It Focuses on the Company's Political Activity and Spending – an Issue that Transcends Ordinary Business, Corporate Political Activity and Spending is Itself a Significant Policy Issue and Fake News is Also a Significant Policy Issue***

Under Rule 14a-8(i)(7), a company may exclude a shareholder proposal if it deals with matters relating to the company's "ordinary business." The Commission has indicated two central considerations regarding exclusion under Rule 14a-8(i)(7). First, the Commission considers the subject matter of the proposal. Next, the Commission considers the degree to which the proposal seeks to micromanage a company. Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release").

Our Proposal focuses on the Company's political spending and activities as it relates to an identifiable Company operation with a sufficient nexus to Disney's business. The Proposal asks that the Company tell the truth when it engages in political activity through its news operations.

This analysis will first review a prior Staff decision that allowed a substantially similar proposal over a substantially similar ordinary business objection. Second, it will evaluate the Staff's precedent confirming that political spending/activity proposals are not excludable under Rule 14a-8(i)(7). Next, it will show that corporate political spending/activity is a significant policy issue. Finally, it will show that fake news has become a significant policy issue.

## **I. Our Proposal is Nearly Identical to a Proposal that the Staff Previously Allowed Over a Rule 14a-8(i)(7) Objection**

Our Proposal is substantially similar to the proposal in *PNC Financial Services Group, Inc.*, (avail. February 13, 2013). Our Proposal seeks a report on the Company's veracity when it engages in political spending/activity and risk resulting therefrom – an issue the Staff has repeatedly allowed over Rule 14a-8(i)(7) objections (see more *infra*). As the Proposal focuses on the Company's political activities, it is not excludable under Rule 14a-8(i)(7).

In *PNC Financial Services Group, Inc.*, the proposal sought a report evaluating the greenhouse gas emissions resulting from PNC's lending practices and the climate change risks related to those activities. As a financial services company, lending and financing are PNC's core business functions. Generally, such a proposal regarding lending decisions would be excludable under Rule 14a-8(i)(7)'s ordinary business analysis. However, the Staff allowed the proposal, noting specifically “[w]e are unable to concur in your view that PNC may exclude the proposal under rule 14a-8(i)(7). In arriving at this position, we note that the proposal focuses on the significant policy issue of climate change. Accordingly, we do not believe that PNC may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(7).” While our Proposal discusses a portion of the Company's media activities, it focuses on that portion which involves political spending. This is similar in structure to the *PNC* proposal that sought information about the bank's lending, but primarily as it related to climate change issues.

Just as Disney argues in its letter that the Staff has consistently determined that proposals on media issues are excludable as a violation of ordinary business, PNC cited several Staff decisions that rejected proposals focusing on bank lending and financing. And, just as the Staff rejected PNC's argument then, consistency dictates the Staff should find Disney's arguments of no moment since our Proposal focuses on a non-excludable issue (political activity) under Rule 14a-8(i)(7).

The thrust of each ask is the same – an assessment of a significant policy issue that is intricately tied to the business operation of a company. Furthermore, the parallels between the two proposals extend beyond the respective language to the surrounding circumstances.

In *PNC*, the proposal focused on certain bank lending to traditional fossil fuel companies. It was this lending, not the bank's entire portfolio, that exposed it to climate change risk according to the proponent. In the same way, our Proposal focuses on a subset of the Company's media operations (and therefore its spending) that is political and consequently exposes the Company to certain risks. Our Proposal does not touch on all the Company's spending, only its political media operations. Furthermore, the basic risks discussed in the *PNC* decision parallel the risks now facing Disney.

In *PNC*, the proponent recited the bank's growing reputational risk of continued lending to certain mining companies. As evidence, the proponent discussed certain protests against banks that were lending to such mining companies. Likewise, our Proposal discusses the backlash that

Disney might face. Our Proposal notes that “[s]ome news organizations have faced backlash and even boycotts over political corruption and collusion. Disney’s Board should be aware of such risks.”

In *PNC*, the Staff allowed the proposal since it focused on climate change issues. While otherwise interfering with ordinary business operations, the Staff has declared that certain climate change related proposals transcend ordinary business and are therefore not excludable under Rule 14a-8(i)(7). In the same way, the Staff has consistently ruled that proposals such as ours, which are focused on corporate political activity, are non-excludable under Rule 14a-8(i)(7).

## **II. The Staff Has Consistently Ruled that Proposals Dealing with Corporate Political Spending and Activities are Not Excludable Under Rule 14a-8(i)(7)**

The Staff has long been of the opinion that proposals seeking disclosure of corporate political spending, activities and related policies are not excludable as ordinary business. *See generally*, *American Telephone & Telegraph* (avail. January 11, 1984) and *Exxon Mobil* (avail. March 5, 2004). Under the umbrella of political activity, the Staff has allowed many different types of proposals. The Staff has also allowed proposals that seek to limit corporate political involvement, that pressure a company favor one political position and that aim to limit indirect corporate activity. The Staff has even allowed proposals seeking to prohibit corporate involvement in the political process.

The company engages in politicized news dissemination. There is no question that, when it spends money on production and distribution of its biased political news coverage, it is spending money on politics. Furthermore, Disney has been accused of spreading fake news as part of its political news coverage. Our Proposal focuses on this finite aspect of the Company’s operations. As such, our ask is actually *de minimus* when compared with previously allowed political shareholder proposals.

For example, in *The Procter & Gamble Company* (avail. August 6, 2014), the Staff allowed a proposal that sought to limit the company’s political contributions to one political affiliation. The Staff noted that, “[i]n our view, the proposal *focuses primarily on Procter & Gamble’s general political activities* and does not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate. Accordingly, we do not believe that Procter & Gamble may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(7).” (Emphasis added).

For years, the Staff has also regularly denied exclusion requests where proposals sought to limit corporate involvement in indirect political activity. In recent years, these types of proposals have taken on corporate associations (or even possible associations) with the American Legislative Exchange Council, the U.S. Chamber of Commerce, the National Association of Manufacturers, PhRMA, the Business Roundtable, Airlines for America, the American Petroleum Institute, the

Heartland Institute and the National Restaurant Association, just to name a few. For example, in *International Business Machines* (avail. January 24, 2011), the proponent spilled significant ink making sure everyone was aware that its proposal was an attack on IBM's affiliation with the U.S. Chamber of Commerce. Despite the proposal's focus on IBM's outside affiliation and indirect political spending, the Staff determined that "[i]n our view, the proposal focuses primarily on IBM's general political activities and does not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate."

The Staff has even denied exclusion under Rule 14a-8(i)(7) where the proponent sought to have the company adopt a policy that would prohibit it from engaging in any direct or indirect political activity. For example, in *EQT Corp.* (avail. January 23, 2013), the proposal titled "Prohibit Campaign Contributions from Corporate Treasury Funds" asked the company to adopt a policy that would ban the company from getting involved in any direct or indirect political activity. In denying exclusion under the ordinary business exemption, the Staff used the familiar language, stating, "[i]n our view, the proposal focuses primarily on EQT's general political activities and does not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate. Accordingly, we do not believe that EQT may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(7)."

If completely removing a company's ability to engage in the political arena does not constitute micromanaging of corporate ordinary business, then there is almost nothing within the political activity/spending subject matter that would seem to contravene Rule 14a-8(i)(7).<sup>1</sup> Certainly our Proposal, that merely asks the Company to tell the truth in its political actions, is far less demanding than telling a company whom it can work with politically or that it must cease political spending and activity altogether.

To recap, the Staff allows proposals that:

- Are generally about corporate political spending and activity;
- Relate to indirect political spending or activity;
- Seek to limit corporate political activity to fund only one political persuasion;
- Seeks to end corporate associations with outside organizations such as the Chamber of Commerce, which the proponents abhor;
- Seeks to eliminate a company's right to engage in political activities altogether.

In this light, our Proposal makes a very minimal request about an identifiable Company operation in which it spends corporate funds on political activities. Since the Company has not denied that it spends Company funds on politicized media efforts, we urge the Staff to deny Disney's request to omit our Proposal under Rule 14a-8(i)(7).

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<sup>1</sup> We recognize that the Staff has allowed no-action requests where the proposal sought lobbying reports on very specific political issues and in instances where the Staff felt that the proposals directed the company's actions with respect to certain political positions. Our Proposal does not fall into either of those categories.

### **III. Political Spending and Activity is a Significant Policy Issue**

Our Proposal focuses on the significant policy issue of Disney's political spending and activity. The Commission has made it clear that proposals relating to ordinary business matters that center on "sufficiently significant social policy issues . . . would not be considered to be excludable because the proposals would transcend the day-to-day business matters." Staff Legal Bulletin No. 14E (the "SLB 14E"). SLB 14E signaled an expansion in the Staff's interpretation of significant social policy issues noting that "[i]n those cases in which a proposal's underlying subject matter transcends the day-to-day business matters of the company and raises policy issues so significant that it would be appropriate for a shareholder vote, the proposal generally will not be excludable under Rule 14a-8(i)(7)."

The Staff has allowed proposals over ordinary business exclusion requests where the proponent argued that political spending/activity constituted a significant policy issue. For example, in *Home Depot, Inc.*, (avail. March 25, 2011), the Staff denied exclusion under Rule 14a-8(i)(7) where the proponent argued that "[a]t least since the Supreme Court decision in *Citizens United v. FEC*, 130 S. Ct. 876 (2010), the issue of whether shareholders will be able to hold company management accountable for electioneering spending has become a high-profile social policy issue garnering a high level of interest in the media and in Congress." The Staff has also extended this logic to the sub-issue of direct and indirect lobbying. In *International Business Machines* (avail. January 24, 2011), the Staff denied exclusion under Rule 14a-8(i)(7) where the proponent argued that "[g]rassroots lobbying is an attempt to influence the general public, or segments thereof, with respect to elections, legislative matters or referenda. (See 26 U.S.C. section 162(e)). Extensive coverage in major national media outlets demonstrates that corporate lobbying has become a significant social policy issue."

The national discussion over corporate political spending has not dissipated since these Staff decisions. The Company has put forward no argument regarding the issue. Corporate political activity continues to be a major topic of public and political debate. It was a major topic of debate in the 2016 presidential election. The SEC has been inundated in recent years with requests regarding corporate disclosure of political activity.

### **IV. The Proliferation of Fake News and Its Intersection With American Politics is the Most Significant Policy Issue of the Last Two Years Making It a Significant Public Policy Issue**

Assuming *arguendo* that the Staff feels that the focus of our Proposal is not politicized media (i.e. political spending), then we proffer that the proliferation and dissemination of fake news is a significant policy issue.

According to data from a recent Harvard-Harris poll, 65 percent of Americans believe the mainstream press pushes *a lot* of fake news.<sup>2</sup> A Google search conducted on October 25, 2017 for the term “fake news” returned more than 91 million results. A Google News search, using the same parameters, returned 20 million results. Those numbers are staggering. Fake news is perhaps the most discussed issue of 2017. As such, it has risen to become a significant policy issue.

The American public is acutely aware that the mainstream media promotes political agendas. Trust in the news media is at an all-time low. According to Gallup, less than one-third of Americans have even a basic level of trust in the media.<sup>3</sup>

A large part of the blame for distrust in the media is due to the fact that Americans realize that most news outlets are actually driving ideological agendas that are intended to promote political candidates and causes. According to the Pew Research Center, 74 percent of Americans think the news media is biased and favors one political side over another.<sup>4</sup>

More than bias and lack of trust, instances during the 2016 presidential election campaign revealed that much of the American media were scheming with certain candidates for public office. Communications made public by WikiLeaks and others show collusion between high-level political operations and certain national news outlet employees – collusion intended to advance the goals of the political operations.

To most media consumers, what WikiLeaks exposed was not shocking. It was simply confirmation of a well-known truth that America’s mainstream media works to advance political agendas. WikiLeaks merely showed that, sometimes, media organizations work directly with political candidates and entities to promote political agendas.

If Disney wants to deny its role in promoting politicized fake news, that’s its prerogative. We request that the Staff not join the Company in such folly.

For the above reasons, we urge the Staff to find that our Proposal may not be omitted under Rule 14a-8(i)(7).

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<sup>2</sup> Jonathan Easley, “Poll: Majority Says Mainstream Media Publishes Fake News,” The Hill, May 24, 2017, available at <http://thehill.com/homenews/campaign/334897-poll-majority-says-mainstream-media-publishes-fake-news> as of October 25, 2017.

<sup>3</sup> Art Swift, “Americans’ Trust in Mass Media Sink to New Low,” Gallup, September 14, 2016, available at <http://www.gallup.com/poll/195542/americans-trust-mass-media-sinks-new-low.aspx> as of October 25, 2017.

<sup>4</sup> Amy Mitchell, Jeffrey Gottfried, Michael Barthel, Elisa Shearer, “Trust and Accuracy,” Pew Research Center, July 7, 2016, available at <http://www.journalism.org/2016/07/07/trust-and-accuracy/> as of October 25, 2017.

### Conclusion

Our Proposal focuses on the Company's political activity. Proposals relating to political activity are non-excludable under Rule 14a-8(i)(7). Proposals on political activity transcend ordinary business as they are considered significant policy issues. Fake news has reached a level of discourse where it should be considered a significant policy issue. Our Proposal asks that the Company to adopt a policy of simply telling the truth – the most basic journalistic obligation. Disney has provided no evidence that it has such a policy.

The Company has clearly failed to meet its burden that it may exclude our Proposal under Rule 14a-8(g). Therefore, based upon the analysis set forth above, we respectfully request that the Staff reject Disney's request for a no-action letter concerning our Proposal.

A copy of this correspondence has been timely provided to the Company. If I can provide additional materials to address any queries the Staff may have with respect to this letter, please do not hesitate to call me at 202-507-6398 or email me at [JDanhof@nationalcenter.org](mailto:JDanhof@nationalcenter.org).

Sincerely,



Justin Danhof, Esq.

cc: Lillian Brown, WilmerHale  
Roger J. Patterson, The Walt Disney Company

Lillian Brown

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lillian.brown@wilmerhale.com

October 11, 2017

**Via E-mail to shareholderproposals@sec.gov**

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, NE  
Washington, DC 20549

Re: The Walt Disney Company  
Exclusion of Shareholder Proposal by the National Center for Public Policy Research

Ladies and Gentlemen:

We are writing on behalf of our client, The Walt Disney Company (the “Company”), to inform you of the Company’s intention to exclude from its proxy statement and proxy to be filed and distributed in connection with its 2018 annual meeting of shareholders (the “Proxy Materials”) the enclosed shareholder proposal and supporting statement (collectively, the “Shareholder Proposal”) submitted by the National Center for Public Policy Research (the “Proponent”) requesting that the board of directors of the Company (the “Board”) adopt a policy requiring that “the company’s news operations tell the truth” and issue an annual report to shareholders “explaining instances where the company failed to meet this basic journalistic obligation.”

The Company respectfully requests that the staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission (the “Commission”) advise the Company that it will not recommend any enforcement action to the Commission if the Company excludes the Shareholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(7) under the Securities Exchange Act of 1934 (the “Exchange Act”), on the basis that the Shareholder Proposal relates to the Company’s ordinary business operations.

Pursuant to Exchange Act Rule 14a-8(j) and Staff Legal Bulletin No. 14D (November 7, 2008) (“SLB 14D”), the Company is submitting electronically to the Commission this letter, and the Shareholder Proposal and related correspondence (attached as Exhibit A to this letter), and is concurrently sending a copy to the Proponent, no later than eighty calendar days before the Company intends to file its definitive Proxy Materials with the Commission.

October 11, 2017

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## **Background and Shareholder Proposal**

On September 15, 2017, the Company received the following Shareholder Proposal from the Proponent, for inclusion in the Proxy Materials:

**Whereas**, the company has multiple media platforms that have been accused of political bias.

Whereas, President Donald Trump has accused the company's media platforms of engaging in the production and delivery of fake news.

Whereas, the company's media platforms report on climate change issues, yet the company is also one of the country's largest emitters of carbon dioxide. This conflict calls into question the company's veracity.

Whereas, the company's CEO, Bob Iger, injected himself into the climate change debate by withdrawing from a presidential advisory board in protest over President Trump's decision to withdraw from the Paris Climate Accord. This outburst calls into question the company's veracity. Furthermore, the U.S. Securities and Exchange Commission has consistently ruled that climate change is a significant policy issue.

Whereas, the company's media platforms report on politicians and political stories. At the same time, the company spends millions on lobbying, campaign contributions and contributions to political action committees. This conflict calls into question the company's veracity. The U.S. Securities and Exchange Commission has also consistently ruled that corporate political spending/activity is a significant policy issue.

Whereas, the company's media platforms report on immigration issues such as President Trump's executive orders on immigration and travel and the Deferred Action for Childhood Arrivals (DACA). At the same time, the company has been accused of displacing American workers with foreign employees. This conflict calls into question the company's veracity.

Whereas, exposés by WikiLeaks and others show members of the American news media have worked directly with political actors to advance specific political agendas and to promote certain candidates for public office. Rather than news or opinion, these actions could be considered lobbying and electioneering. The U.S. Securities and Exchange Commission has also consistently ruled that indirect spending on politics and lobbying is a significant policy issue.

October 11, 2017

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**Resolved:** The proponent requests that the Board of Directors adopt a policy requiring that the company's news operations tell the truth, and issue an annual report to shareholders explaining instances where the company failed to meet this basic journalistic obligation.

### **Supporting Statement**

Some news organizations have faced backlash and even boycotts over political corruption and collusion. Disney's Board should be aware of such risks.

As the operator of multiple national media platforms, the company has a duty to the American people. Public trust in the media is near historic lows. A September 2016 Gallup poll showed that less than one-third of Americans trust the media.

In many high-profile instances, the company has abandoned its duty to the public.

In September 2017, one of the company's most prominent sports reporters called the President a "white supremacist." That's not true.

Furthermore, in July 2017, the company's ABC News smeared a prominent religious freedom organization when it labelled the Alliance Defending Freedom a "anti-LGBTQ hate group." That's not true.

These actions, and many others committed by the company's media personnel, violate the public trust and call into question the company's commitment to the truth.

### **Basis for Exclusion**

We respectfully request that the Staff concur in our view that the Shareholder Proposal may be excluded pursuant to Rule 14a-8(i)(7), which provides that a shareholder proposal may be excluded from a company's proxy statement if the proposal deals with a matter relating to the company's ordinary business operations.

***The Shareholder Proposal May Be Excluded Pursuant to Rule 14a-8(i)(7) Because the Proposal Deals with Matters that Relate to the Ordinary Business Operations of the Company.***

Rule 14a-8(i)(7) permits a company to exclude a shareholder proposal if the proposal "deals with a matter relating to the company's ordinary business operations." The underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how

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to solve such problems at an annual shareholders meeting.” SEC Release No. 34-40018 (May 21, 1998) (the “1998 Release”). As set out in the 1998 Release, one of the “central considerations” underlying the ordinary business exclusion is that “certain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight.” The Shareholder Proposal implicates this concern in that it seeks to dictate the content of the Company’s news programming, a fundamental ordinary business matter that is not appropriate for direct shareholder oversight.

The Company, a diversified worldwide entertainment company, operates a number of media outlets, including cable and broadcast television networks, television production and distribution operations, domestic television stations and radio networks and stations, in addition to its parks and resorts, studio entertainment and consumer products and interactive media businesses. The Shareholder Proposal would require the Board to “adopt a policy requiring that the company’s news operations tell the truth, and issue an annual report to shareholders explaining instances where the company failed to meet this basic journalistic obligation.” As such, the Shareholder Proposal relates to the ordinary business operations of the Company, as it addresses the content of the Company’s news reporting and programming, and requests a report on the same. The day-to-day operation of the Company’s media networks, which includes determining the nature, presentation and content of the programming, necessarily involves a wide array of considerations, including the news on which to report, the process for researching and delivering such news, editorial judgments about the presentation of news material, the procedures for review of material, and the professionals assigned to develop, review and deliver such news stories. These day-to-day judgments occur for news delivered via traditional television networks, as well as news published on the Company’s media apps and online news sites. Practically speaking, in light of the myriad of complex considerations regarding the content of the Company’s news programming, these matters are not appropriate for direct shareholder oversight.

The Staff has consistently permitted companies to exclude shareholder proposals involving the nature, presentation and content of media programming as relating to companies’ “ordinary business operations” within the meaning of Rule 14a-8(i)(7), including in the context of news reporting and programming. For example, in *CBS Corporation* (March 22, 2013), the Staff concurred in exclusion of a proposal requesting that the board ensure the company’s news programming adheres to the company’s policy concerning accurate reporting and requesting a report to shareholders on the issue, on the basis that the proposal concerned the content of news programming and, therefore, related to the company’s ordinary business operations. Similarly, in *General Electric Company* (December 10, 2009), the Staff concurred in exclusion of a proposal requesting that “the GE-NBC news department should cease all of its liberal editorializing” on the basis that the proposal dealt with the content of news programming and

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therefore related to the company's ordinary business operations, and in *General Electric Company* (January 6, 2005), the Staff concurred in exclusion of a proposal requesting a study regarding charges of news bias on the basis that the proposal dealt with the nature, presentation and content of television programming and therefore related to the company's ordinary business operations. In addition, the Company itself has received past no-action relief to exclude shareholder proposals relating to media programming, including in the news programming context. The Company received shareholder proposals in 2006 and 2004 addressing the avoidance of stereotyping in Disney products and eliminating "liberal bias" in Disney's news telecasts and political-content films, respectively, each of which was deemed excludable on the basis that the proposal related to the nature, presentation and content of programming and film production. *The Walt Disney Company* (November 22, 2006; proponent's request for reconsideration denied, January 5, 2007) and *The Walt Disney Company* (November 9, 2004; proponent's request for Commission review denied, December 15, 2004). See also *Netflix, Inc.* (March 14, 2016) (in which the Staff concurred in exclusion of a proposal addressing "reputational risks related to offensive and inaccurate portrayals of Native Americans, American Indians and other Indigenous Peoples" on the basis that the proposal related to the nature, presentation and content of programming and film production); and *Comcast Corporation* (March 24, 2015) (in which the Staff concurred in exclusion of a proposal relating to smoking and other matters that "may endanger young people's well-being" on the basis that the proposal related to the nature, presentation and content of programming and film production).

Most recently, CBS Corporation and Comcast Corporation received shareholder proposals requesting a report on each company's "assessment of the political activity and lobbying resulting from its media outlets and its exposure to risk resulting therefrom." While these proposals addressed the risks presented by CBS' "politicized news operations" and the engagement of Comcast's "prominent personnel" in "overtly political operations and campaigns," as in the above proposals, the focus of the CBS and Comcast proposals was ultimately on the news content of each company. In both cases, the Staff concurred in exclusion under Rule 14a-8(i)(7), as relating to each company's ordinary business operations. *CBS Corporation* (March 2, 2017) and *Comcast Corporation* (March 2, 2017).

As in the above-cited letters, the Shareholder Proposal addresses the fundamental ordinary business matter of the nature, presentation and content of the Company's news programming – precisely the type of matter that is consistently deemed excludable under Rule 14a-8(i)(7) and which this exclusion is intended to address.

In the 1998 Release, the Commission clarified that proposals that relate to ordinary business operations but that focus on "sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered to be excludable [under Rule 14a-8(i)(7)], because the proposals would transcend the day-to-day business matters and raise policy

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issues so significant that it would be appropriate for a shareholder vote.” The Staff provided additional guidance in Staff Legal Bulletin No. 14C, noting that, in determining whether a proposal focuses on a significant social policy issue, the Staff considers “both the proposal and the supporting statement as a whole.” As in the above-cited letters, the Shareholder Proposal does not implicate a significant policy issue, but rather appears to be driven by ordinary business concerns. The focus of the Shareholder Proposal is on the manner in which the Company’s media outlets report the news, not on a significant policy issue. In this regard, the Proponent seems to be trying to cast the Shareholder Proposal as relating to the issues of corporate political spending and lobbying through references to the Staff’s position that proposals on “political spending/activity” and “politics and lobbying” may not be excluded under Rule 14a-8(i)(7). Notwithstanding these references, the Shareholder Proposal clearly does not relate to these topics, or any other topic deemed a significant policy issue, but rather to the content of the Company’s news programming. Accordingly, we do not believe that the Shareholder Proposal implicates a significant policy issue and instead involves the type of day-to-day operational oversight of the Company’s business that the ordinary business exclusion in Rule 14a-8(i)(7) was meant to address. The Shareholder Proposal should, therefore, be deemed excludable under Rule 14a-8(i)(7), consistent with the above-cited no-action letters.

### **Conclusion**

For the foregoing reasons, and consistent with the Staff’s prior no-action letters, we respectfully request that the Staff concur that it will take no action if the Company excludes the Shareholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(7), on the basis that the Shareholder Proposal deals with matters that relate to the ordinary business operations of the Company.

If the Staff has any questions regarding this request or requires additional information, please contact the undersigned at 202-663-6743 or at [lillian.brown@wilmerhale.com](mailto:lillian.brown@wilmerhale.com). I would appreciate your sending your response via e-mail to me at the above address, as well as to Roger Patterson, Associate General Counsel and Assistant Secretary, The Walt Disney Company, at [Roger.Patterson@disney.com](mailto:Roger.Patterson@disney.com). In addition, should the Proponent choose to submit any response or other correspondence to the Commission, we request that the Proponent concurrently provide

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that response or other correspondence to the Company, as required pursuant to Rule 14a-8(k) and SLB 14D, and copy the undersigned.

Best regards,

A handwritten signature in cursive script, appearing to read "Lillian Brown".

Lillian Brown

Enclosures

cc: Roger J. Patterson  
Associate General Counsel and Assistant Secretary  
The Walt Disney Company  
500 S. Buena Vista Street  
Burbank, CA 91521-0615

Justin Danhof, Esq.  
National Center for Public Policy Research  
20 F Street, NW, Suite 700  
Washington, DC 20001

**EXHIBIT A**



Via FedEx

September 14, 2017

Alan N. Braverman  
Corporate Secretary  
The Walt Disney Company  
500 South Buena Vista Street  
Burbank, California 91521-1030

RECEIVED

SEP 15 2017

ALAN BRAVERMAN

Dear Mr. Braverman,

I hereby submit the enclosed shareholder proposal ("Proposal") for inclusion in The Walt Disney Company (the "Company") proxy statement to be circulated to Company shareholders in conjunction with the next annual meeting of shareholders. The Proposal is submitted under Rule 14(a)-8 (Proposals of Security Holders) of the United States Securities and Exchange Commission's proxy regulations.

I submit the Proposal as General Counsel of the National Center for Public Policy Research, which has continuously owned The Walt Disney Company stock with a value exceeding \$2,000 for a year prior to and including the date of this Proposal and which intends to hold these shares through the date of the Company's 2018 annual meeting of shareholders. A Proof of Ownership letter is forthcoming and will be delivered to the Company.

Copies of correspondence or a request for a "no-action" letter should be forwarded to Justin Danhof, Esq, General Counsel, National Center For Public Policy Research, 20 F Street, NW, Suite 700, Washington, DC 20001 and emailed to [JDanhof@nationalcenter.org](mailto:JDanhof@nationalcenter.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Justin Danhof", is written over a horizontal line.

Justin Danhof, Esq.

Enclosure: Shareholder Proposal

## **A Proposal for Truth**

**Whereas**, the company has multiple media platforms that have been accused of political bias.

Whereas, President Donald Trump has accused the company's media platforms of engaging in the production and delivery of fake news.

Whereas, the company's media platforms report on climate change issues, yet the company is also one of the country's largest emitters of carbon dioxide. This conflict calls into question the company's veracity.

Whereas, the company's CEO, Bob Iger, injected himself into the climate change debate by withdrawing from a presidential advisory board in protest over President Trump's decision to withdraw from the Paris Climate Accord. This outburst calls into question the company's veracity. Furthermore, the U.S. Securities and Exchange Commission has consistently ruled that climate change is a significant policy issue.

Whereas, the company's media platforms report on politicians and political stories. At the same time, the company spends millions on lobbying, campaign contributions and contributions to political action committees. This conflict calls into question the company's veracity. The U.S. Securities and Exchange Commission has also consistently ruled that corporate political spending/activity is a significant policy issue.

Whereas, the company's media platforms report on immigration issues such as President Trump's executive orders on immigration and travel and the Deferred Action for Childhood Arrivals (DACA). At the same time, the company has been accused of displacing American workers with foreign employees. This conflict calls into question the company's veracity.

Whereas, exposés by WikiLeaks and others show members of the American news media have worked directly with political actors to advance specific political agendas and to promote certain candidates for public office. Rather than news or opinion, these actions could be considered lobbying and electioneering. The U.S. Securities and Exchange Commission has also consistently ruled that indirect spending on politics and lobbying is a significant policy issue.

**Resolved:** The proponent requests that the Board of Directors adopt a policy requiring that the company's news operations tell the truth, and issue an annual report to shareholders explaining instances where the company failed to meet this basic journalistic obligation.

## **Supporting Statement**

Some news organizations have faced backlash and even boycotts over political corruption and collusion. Disney's Board should be aware of such risks.

As the operator of multiple national media platforms, the company has a duty to the American people. Public trust in the media is near historic lows. A September 2016 Gallup poll showed that less than one-third of Americans trust the media.

In many high-profile instances, the company has abandoned its duty to the public.

In September 2017, one of the company's most prominent sports reporters called the President a "white supremacist." That's not true.

Furthermore, in July 2017, the company's ABC News smeared a prominent religious freedom organization when it labelled the Alliance Defending Freedom a "anti-LGBTQ hate group." That's not true.

These actions, and many others committed by the company's media personnel, violate the public trust and call into question the company's commitment to the truth.



RECEIVED

SEP 21 2017

ALAN BRAVERMAN

Via FedEx

September 19, 2017

Alan N. Braverman  
Corporate Secretary  
The Walt Disney Company  
500 South Buena Vista Street  
Burbank, California 91521-1030

Dear Mr. Braverman,

Enclosed please find a Proof of Ownership letter from UBS Financial Services Inc. in connection with the shareholder proposal submitted under Rule 14(a)-8 (Proposals of Security Holders) of the United States Securities and Exchange Commission's proxy regulations by the National Center for Public Policy Research to The Walt Disney Company on September 14, 2017.

Copies of correspondence or a request for a "no-action" letter should be forwarded to Justin Danhof, Esq, General Counsel, National Center for Public Policy Research, 20 F Street, NW, Suite 700, Washington, DC 20001 and emailed to [JDanhof@nationalcenter.org](mailto:JDanhof@nationalcenter.org).

Sincerely,

A handwritten signature in blue ink, appearing to read "Justin Danhof", with a long horizontal flourish extending to the right.

Justin Danhof, Esq.

Enclosure: Ownership Letter



UBS Financial Services Inc.  
1501 K Street NW, Suite 1100  
Washington, DC 20005  
Tel. 855-594-1054  
<http://www.ubs.com/team/cfsgroup>

CFS Group

Anthony Connor  
Senior Vice President – Wealth Management  
Portfolio Management Program

Bryon Fusini  
Senior Vice President – Wealth Management  
Financial Advisor

Richard Stein  
Senior Wealth Strategy Associate

Dianne Scott  
Sr. Registered Client Service Associate

[www.ubs.com](http://www.ubs.com)

Alan N. Braverman  
Corporate Secretary  
The Walt Disney Company  
500 South Buena Vista Street  
Burbank, California 91521-1030

September 19, 2017

## Confirmation: Information regarding the account of The National Center for Public Policy Research

Dear Mr. Braverman,

The following client has requested UBS Financial Services Inc. to provide you with a letter of reference to confirm its banking relationship with our firm.

The National Center for Public Policy Research has been a valued client of ours since October 2002 and as of the close of business on 09/14/2017, the National Center for Public Research held, and has held continuously for at least one year 144 shares of the Walt Disney Company common stock. UBS continues to hold the said stock.

Please be aware this account is a securities account not a "bank" account. Securities, mutual funds and other non-deposit investment products are not FDIC-insured or bank guaranteed and are subject to market fluctuation.

### Questions

If you have any questions about this information, please contact Dianne Scott at (202) 585-5412.

UBS Financial Services is a member firm of the Securities Investor Protection Corporation (SIPC).

Sincerely,

Dianne Scott  
UBS Financial Services Inc.

cc: Justin Danhof, Esq., National Center for Public Policy Research



The **WALT DISNEY** Company

**Roger J. Patterson**  
Associate General Counsel and Assistant Secretary  
Registered In-House Counsel

September 28, 2017

**VIA OVERNIGHT COURIER AND E-MAIL**

Justin Danhof, Esq.  
General Counsel  
National Center for Public Policy Research  
20 F Street, N.W., Suite 700  
Washington, D.C. 20001  
JDanhof@nationalcenter.org

Dear Mr. Danhof:

This letter acknowledges that we received on September 15, 2017, your letter dated September 14, 2017 submitting a proposal for consideration at the Company's 2018 annual meeting of stockholders regarding media practices.

We have confirmed that you meet the eligibility requirements for submitting a proposal set forth in Rule 14a-8(b) to (e). We will review the proposal with the Board of Directors, which will determine its response to the proposal. If the proposal is included in the proxy statement for the 2018 Annual Meeting, our shareholder services department will be in touch with you regarding the logistics for presenting the proposal closer to the time of the annual meeting.

Sincerely yours,

  
Roger J. Patterson