



DIVISION OF
CORPORATION FINANCE

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

March 22, 2019

Elizabeth A. Ising
Gibson, Dunn & Crutcher LLP
shareholderproposals@gibsondunn.com

Re: McDonald's Corporation
Incoming letter dated January 21, 2019

Dear Ms. Ising:

This letter is in response to your correspondence dated January 21, 2019 concerning the shareholder proposal (the "Proposal") submitted to McDonald's Corporation (the "Company") by The Humane League (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence on the Proponent's behalf dated February 21, 2019. 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,

M. Hughes Bates
Special Counsel

Enclosure

cc: Sanford Lewis
sanfordlewis@strategiccounsel.net

March 22, 2019

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: McDonald's Corporation
Incoming letter dated January 21, 2019

The Proposal requests that the Company disclose the economic risks it faces as a result of campaigns targeting the Company over concerns about cruelty to chickens.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(7). In our view, the Proposal focuses primarily on matters relating to the Company's ordinary business operations. 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). In reaching this position, we have not found it necessary to address the alternative bases for omission upon which the Company relies.

Sincerely,

Frank Pigott
Attorney-Adviser

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.

SANFORD J. LEWIS, ATTORNEY

Via electronic mail

February 21, 2019
Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to McDonald's Corporation Regarding Impacts of Consumer Campaigns on Cruelty to Chickens on Behalf of The Humane League

Ladies and Gentlemen:

The Humane League (the "Proponent") is beneficial owner of common stock of McDonald's Corporation (the "Company") and has submitted a shareholder proposal (the "Proposal") to the Company. I have been asked by the Proponent to respond to the letter dated January 21, 2019 ("Company Letter") sent to the Securities and Exchange Commission by Elizabeth Ising of Gibson Dunn. In that letter, the Company contends that the Proposal may be excluded from the Company's 2019 proxy statement.

I have reviewed the Proposal, as well as the letter sent by the Company, and based upon the foregoing, as well as the relevant rules, it is my opinion that the Proposal must be included in the Company's 2019 proxy materials and that it is not excludable under Rule 14a-8. A copy of this letter is being emailed concurrently to Elizabeth Ising of Gibson Dunn.

SUMMARY

The Proposal asks that the Company disclose "the economic risks it faces as a result of campaigns targeting the Company over concerns about cruelty to chickens."

The Company claims the Proponent did not provide verification of its ownership of the required number or amount of Company shares for at least the one year period prior to and including the date it submitted the Proposal, and that the Broker Letter in which the Proponent sent stock verification information ("Broker Letter") did not refer to the Proponent, but to "The Humane League of Philadelphia". As such, the Company argues the Proposal should be excluded based on Rule 14a-8(b) And Rule 14a-8(f)(1). The Proponent has met the requirements of Rule 14a-8(b) And Rule 14a-8(f)(1) because it provided the Company with timely verification of continuous stock ownership in the requisite amount, and adequate evidence of continuous share ownership. In addition, the initial broker letter contained a reference to the Proponent's prior organizational name, which was corrected in the broker's subsequent ownership documentation.

The Company also claims the Proposal relates to the Company's ordinary business matters, and is therefore excludable under Rule 14a-8(i)(7). Specifically, the Company states that "assessment and management of the potential economic consequences on the Company—including additional costs—of consumer campaigns concerning the Company's products implicates central considerations for the Company's management of its business operations¹". The subject matter of the Proposal, however, addresses a significant policy issue for the Company — animal cruelty in the Company's supply chain— and therefore consistent with Staff Legal Bulletin 14 E, the subject matter transcends ordinary business and the focus on risks or economic consequences of the subject matter are appropriate and the Proposal is not excludable pursuant to Rule 14a-8(i)(7). In particular, the Proposal is consistent with Staff precedents where the Staff found proposals assessing the impacts of public pressure not excludable. Further, there is substantial nexus of this issue to the Company's business, demonstrated by an array of protests at the Company's restaurants, coupled with weighty investor interest and widespread media coverage.

THE PROPOSAL

Resolved: Shareholders request that McDonald's disclose the economic risks it faces as a result of campaigns targeting the Company over concerns about cruelty to chickens. The report should be made within six months of the 2019 annual meeting, prepared at reasonable cost and omit proprietary information.

Supporting Statement:

In 2018, several independent animal protection charities launched consumer-facing campaigns alleging the mistreatment of chickens in McDonald's supply chain.

These campaigns state that McDonald's lags behind dozens of other companies—including Burger King, Subway, Jack in the Box, Sonic Drive-In, Chipotle, Dunkin' Brands, and Starbucks—when it comes to meaningfully addressing concerns about how chickens are bred and housed. And the campaigns have included high-profile actions like a seven-figure television advertising campaign, full-page advertising in the *New York Times*, video billboard advertising in Times Square, social media advertising, public protests, and more.

As New York State Comptroller Thomas DiNapoli wrote to McDonald's (which the state's pension funds hold substantial shares in): "I am writing with respect to the potential financial and reputational risks associated with McDonald's chicken welfare practices, and the potential for those practices to negatively impact the Fund's investments in the company." He continued: "Based upon the Fund's experience as a long-term investor, we believe that the ability to mitigate risks and establish and maintain responsible animal welfare practices are hallmarks of a company with a sound, sustainable and profitable long term strategy."

Please also consider the following:

¹ Company Letter p. 9

- Chicken is critical to McDonald's. As a 2009 New York Times article noted: "chicken sales at McDonald's have doubled since 2002, and it now buys more chicken worldwide than beef."
- This is especially relevant in light of a 2018 National Chicken Council study which found 78% of consumers are concerned about how chickens are bred and 77% are concerned about how they're housed—the very issues highlighted by the above-mentioned campaigns. The study also suggests that two of the three biggest concerns holding consumers back from buying more chicken are how chickens are raised and housed.
- Thus, with consumer concerns about chicken production being so high that they may be decreasing demand (as reported by the poultry industry's own trade group)—and with chicken such an important part of McDonald's menu—it's reasonable to assume that the above-mentioned campaigns may result in actual significant costs to McDonald's.

Additionally, these campaigns may impact McDonald's market position. "In the case of animal welfare," reports the World Bank's International Finance Corporation, "failure to keep pace...could put companies and their investors at a competitive disadvantage."

Conclusion:

Chicken is vital to McDonald's. There is evidence that consumer concerns about the treatment of chickens are so high that sales may be negatively impacted. And there is a series of major, high-profile campaigns targeting McDonald's over the treatment of chickens. We encourage shareholders to vote FOR this proposal so that shareholders can more fully understand what the resulting economic risks to the Company are.

ANALYSIS

I. The Proposal may not be excluded under Rule 14a-8(b) And Rule 14a-8(f)(1) because the Proponent provided the Company timely verification of continuous stock ownership in the requisite amount.

The Company claims the Proposal may be excluded because the Proponent failed to provide proof of continuous stock ownership in response to the Company's request ("Deficiency Notice"). The Company received proof of continuous stock ownership twice—the first verification was sent from Fidelity Investments on December 11, 2018 (the "Broker Letter"), and the second was sent in response to the Company's Deficiency Notice ("Second Broker Letter").

The Broker Letter stated:

Please accept this letter as confirmation that The Humane League of Philadelphia has had a continuous ownership of 30,000 shares of McDonalds Corporation (MCD) valued over \$2,000 for at least 12 months prior to and including December 10, 2018.

The Second Broker Letter stated:

Please accept this letter as confirmation that The Humane League has owned 30 shares of McDonalds Corporation (MCD) valued over \$2,000 for at least 12 months prior to and including December 13, 2018.

In both letters the Company was provided with sufficient information per Rule 14a-8(b)(1), namely that the Proponent had continuously held at least \$2,000 worth of the Company's securities. The Company claims, however, that a "two-day gap" appears between the December 10, 2018 date in the Broker Letter, and the December 13, 2018 date in the Second Broker Letter sent in response to the Deficiency Notice. The Company argues implausibly, that the Proponent traded out and back into its ownership position during this two day difference in dates, and therefore the entire one-year period preceding and including the date of the Proposal's submission was not addressed by the Proponent.

In nearly identical cases, the Staff has not found a proposal to be excludable on the basis of Rule 14a-8(f) and 14a-8(b). For example, in *AES Corporation* (Jan. 21, 2015), the Company requested permission to omit a shareholder proposal from its 2015 proxy materials pursuant to Rule 14a-8(f) arguing that the Proponent had failed to supply, within 14 days of receipt of AES's request, documentary support sufficiently evidencing that it satisfied the minimum ownership requirement as required by Rule 14a-8(b). The proponent in this case had submitted two proof of ownership letters from different custodian banks, which listed consecutive dates – one letter demonstrated ownership until October 31st, and the other demonstrated ownership beginning on November 1st. The date range covered by the two letters demonstrated continuous ownership for the required period, yet the Company argued that since the Proponent's communication did not explicitly state that they held "continuous ownership" in the Company – the Proponent's letter stated simply that the two proof of ownership letters "certified ownership, for over a year" – the Proponent's investment managers might have sold all of their collective holdings on October 31 and repurchased them the next day, creating an interruption in the requisite ownership continuity. The Proponent argued that there was no basis for this claim, that the combination of the two letters evidenced continuous ownership, and furthermore that the Company's Deficiency Notices never gave any indication that notwithstanding the otherwise facially adequate ownership letters, the Company was asking for proof that the Proponent's holdings had not all been sold one day and bought back the next. The Division of Corporation Finance was unable to accept AES's view and concluded that exclusion of the proposal from the proxy materials was not appropriate under Rule 14a-8(f). The Staff denied an effectively identical request in *Chevron Corporation* (Feb. 23, 2015) and *Southern Company* (Feb. 16, 2015).²

² See also In *McKesson Corporation* (April 30, 2013), the Company sought to exclude a proposal under rules 14a-8(b) and 14a-8(f), claiming that the Proponent's proof of ownership did not demonstrate continuous ownership for the required one-year period. In this case, the proposal was submitted on February 7, 2013. Two ownership letters were submitted in response to a Deficiency Notice sent on February 20, 2013. The first letter, dated February 26, 2013, stated that the Proponent's shares had "been held continuously since at least January 1, 2012." The second letter, dated February 27, 2013, stated that the "account has continuously held at least 60 shares of MCK common stock since at least January 1, 2012". The Company argued that the language "at least", in the grammatical context

Similarly, in General Electric Company (Dec. 16, 2014), where the Proponent's proof of ownership letter did not explicitly state ownership through the date of the Proposal submission and the Company sought exclusion on the basis of Rule 14a-8(f), the Staff also was unable to concur with the Company's request for exclusion. This case dealt with a Proposal submitted October 14, 2014. A proof of ownership letter sent by the Proponent's broker dated October 21, 2014, which was received by facsimile October 22, 2014, evidenced continuous ownership of the requisite shares "since October 1, 2013". It would appear that, similarly to McKesson Corporation, here too the Staff and company was also able to discern from the context and timing of the communications that ownership was continuous through the latter correspondence.

The examples above demonstrate that, given the context here, the December 13, 2018 date in the Second Broker Letter encompassed the December 11, 2018 date in the original Broker Letter, and ownership of the requisite stock was continuous during the entire one-year period preceding and including the date of the Proposal's submission.

Regarding the name of the Proponent

The Company Letter additionally asserts that the Proponent did not provide sufficient documentary evidence of its ownership because the first Broker Letter provided ownership information for "The Humane League of Philadelphia", and therefore did not refer to the Proponent. However, the statement from the Broker merely reflected the organization's prior name, which had not been corrected in the broker's file. The subsequent letter corrected the issue. Enclosed in Appendix A is documentation regarding the organizational name change, and a letter from the broker, clarifying the error. These materials include documentation that it is the same organization, and an updated letter from the broker confirming this.

Accordingly, the documentation provided to the Company in response to the Deficiency Notice provided adequate evidence of continuous proof of ownership. The purposes of the proof of ownership rule in ensuring reasonable documentation of ownership are not served by excluding the Proposal on these narrowly technical grounds.

II. The Proposal may not be excluded under Rule 14(a)-8(i)(7) because it exclusively addresses matters related to the significant policy issue regarding concerns about cruelty to chickens in the restaurant's supply chain.

The Company claims the Proposal relates to the Company's ordinary business and is, therefore,

of these two letters, could only reasonably be construed to indicate that the shares had been held for a one-year period from January 1, 2012 to January 1, 2013, thereby creating a gap between the Proponent's continuous one-year period of ownership of the Company's common stock as of January 1, 2013 and February 7, 2013. The Staff did not agree, found instead that these letters did demonstrate continuous ownership for the required period, and was unable to concur with the Company's request to omit the proposal. Although the ownership letters did not explicitly note the date February 7, 2013, the context of the communication indicated that proof of ownership was inclusive of this date.

excludable. The Company goes on to explain that the Proposal relates to the Company's ordinary business because it addresses the Company's "assessment and management of potential economic consequences, including additional costs, of consumer campaigns targeting the Company for its sales of chicken products." However, the Proposal is not excludable because it solely focuses on a significant policy issue facing the Company — concerns about cruelty to chickens—and therefore transcends ordinary business.

As the Staff indicated in Legal Bulletin No. 14E (Oct. 27, 2009), in evaluating shareholder proposals that request a risk assessment:

[R]ather than focusing on whether a proposal and supporting statement relate to the company engaging in an evaluation of risk, we will instead focus on the subject matter to which the risk pertains or that gives rise to the risk. . . . [S]imilar to the way in which we analyze proposals asking for the preparation of a report, the formation of a committee or the inclusion of disclosure in a Commission-prescribed document—where we look to the underlying subject matter of the report, committee or disclosure to determine whether the proposal relates to ordinary business—we will consider whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company.

In this instance, the subject matter that gives rise to the Proposal is cruelty to chickens in the Company's supply chain. Therefore, the Proposal is not excludable under Rule 14a-8(i)(7).

A. The Proposal is consistent with proposals at restaurants finding that focus on animal cruelty in the supply chain for key ingredients in a restaurant's products transcends ordinary business.

Numerous past decisions have found that proposals addressing issues of animal welfare and restaurant supply chains were not excludable as relating to ordinary business, where the proposals focused on animal welfare issues relating to the supply chains of restaurants. *Outback Steakhouse, Inc.* (March 6, 2006) (poultry slaughter methods); *Wendy's Int'l, Inc.* (Feb. 8, 2005) (involving food safety and inhumane slaughter of animals purchased by fast food chains); *Denny's* (March 17, 2009) (commit to selling at least 10% cage-free eggs by volume), *Wendy's International, Inc.* (February 19, 2008) (report on the economic feasibility of committing to purchase a percentage of its eggs from cage-free hens); and *Bob Evans Farms, Inc.* (June 6, 2011) (phase-in the use of cage-free eggs in Bob Evans restaurants).

A common theme in these past decisions was that the animal product in question represented a significant part of the ingredients featured in each restaurant's products, and was relevant to the restaurant chain's reputation.³ This created needed nexus of the subject matter to the Company.

³ See also *Hormel Foods Corp.* (Nov. 10, 2005) (proposal to establish committee to investigate effect of "factory farming" on animals whose meat is used in Company products, and make recommendations concerning how the Company can encourage the development of more humane farming techniques), also not excludable.

Here, as documented below, there is a strong nexus for this issue to McDonald's.

In addition, it is well established in Staff decisions that animal cruelty is a significant social policy issue, and there are numerous prior decisions finding that a proposal focused on animal welfare may appear on the proxy, even though it might relate to some aspects of ordinary business. *See for example, Outback Steakhouse, Inc.* (March 6, 2006) (poultry slaughter methods); *Wendy's Int'l, Inc.* (Feb. 8, 2005) (involving food safety and inhumane slaughter of animals purchased by fast food chains). *See also Hormel Foods Corp.* (Nov. 10, 2005) (proposal to establish committee to investigate effect of "factory farming" on animals whose meat is used in Company products, and make recommendations concerning how the company can encourage the development of more humane farming techniques).⁴

Because the subject matter of the Proposal is squarely addressed to a significant social policy issue, namely, animal cruelty in the Company's product portfolio, any incidental relationship to the Company's ordinary business matters cannot serve as a basis for exclusion from the proxy.

Moreover, Staff Legal Bulletin 14E directly applies to consideration of the particular focus of the Proposal on risks posed to the Company by this subject matter. Because the underlying subject matter of the Proposal addresses, in its entirety, the topic of animal cruelty, the further focus on the impact on the Company of pressure campaigns related to animal cruelty issues does not eliminate the connection to the transcendent policy issue. The Staff has previously found that proposals relating to public concern or pressure campaigns were not excludable under 14(a)-8(i)(7). Proposals addressing the impact of public pressure on a company have long been considered non-excludable.

Numerous proposals permitted by the Staff despite Rule 14a-8(i)(7) objections have requested reports on how the company is responding to and being affected by "public pressure." *See, for example, proposals:*

- seeking disclosure regarding company responses to public pressure on greenhouse gas reduction, *The Ryland Group, Inc.* (February 1, 2005); *Reliant Resources, Inc.* (March 5, 2004); and *Valero Energy Corporation* (February 6, 2004).
- requesting the company assignee Committee of independent directors of the Board assess and report on the Company's response to *public pressure* to significantly reduce greenhouse gases. *Apache Corp* (March 16, 2004); and *Anadarko Petroleum Corporation* (February 4, 2004).
- seeking report on assessment of company response to rising *public pressure to increase energy efficiency*. *Pulte Homes, Inc.* (March 1, 2007), *Celgene Corporation* (March 19,

⁴ For other instances in which the issue of animal cruelty was found to transcend ordinary business, see decisions on animal testing. *Wyeth* (February 4, 2004); *American Home Products Corp.* (January 16, 1996); and *American Home Products Corp.* (February 25, 1993); *Bristol-Myers Squibb Company* (March 7, 1991); *Proctor & Gamble Co.* (July 27, 1988); and *Avon Products, Inc.* (March 30, 1988).

2015).

- requesting the Board of Directors report to shareholders the risks from *rising pressure* to contain U.S. specialty drug prices, *Gilead Sciences, Inc.* (February 23, 2015), and risks related to *public concern* over drug pricing strategies and how those risks are integrated into the Company's compensation policies. *Amgen Inc.* (March 16, 2018).

In each instance, the Staff was unable to concur that the proposal was excludable under Rule 14a-8(i)(7).

In the present instance, the Proposal's inquiry regarding the impact of public pressure (rather than on directly asking the Company to alter the sale of particular products, for instance) removes the Proposal further from the zone of ordinary business. It provides an appropriate framework for shareholders to get a handle on how the issue of animal cruelty is affecting the Company, without prescribing specific changes to sale or use of particular products.

Prior ordinary business exclusions cited by the Company are inapropos

The Company Letter cites a scattershot series of irrelevant ordinary business rulings in its attempt to find a rationale or metaphor for exclusion of the Proposal – in each of the instances cited, the request of the proposal in question stray beyond a focus on a significant policy issue. For instance, the letter cites *Exxon Mobil Corp.* (avail. Mar. 6, 2012). In *Exxon Mobil Corp.*, the shareholder proposal similarly sought a report “discussing possible short and long term *risks to the company's finances and operations* posed by the environmental, social *and economic challenges* associated with the oil sands” (emphasis added). In that instance, the scope of the ask strayed beyond the significant policy issue, by including any “economic challenges associated with oil sands” not just environmental and social challenges. In contrast, the present Proposal is narrowly scoped for a focus on the impact of animal cruelty issues. Next the Company Letter cites *TJX Companies, Inc.* (Mar. 29, 2011) annual assessment of the risks created by the actions the company takes to avoid or minimize U.S. federal, state and local taxes - where ordinary business exclusion resulted because the issue of avoidance of taxes was not found by the Staff to address a significant policy issue.

Similarly, the decisions that the Company Letter sites on exclusion of proposals on “pressure campaigns” and “consumer campaigns” lacked an underlying focus on a recognized, significant policy issue. They either focused on a specific underlying subject matter that was not related to a significant policy issue, or to pressure campaigns generally, which lacked the connection to the significant policy issue present here of a focus on animal cruelty. For instance, *Johnson & Johnson* (Jan. 31, 2018) focused on “potential risks and costs to the [c]ompany caused by pressure campaigns from outside organizations that seek to dictate the [c]ompany's free speech and freedom of association rights”; *Best Buy Co., Inc.* (Feb. 23, 2017) (where the proposal focused on “detailing the known and potential risks and costs to the company caused by pressure campaigns”); *Dean Foods Co.* (avail. Mar. 9, 2007), *recon. denied* (requesting, among other things, a report on the company's policies and procedures to address consumer and media criticism of the company's organic dairy production because the proposal related to “customer

relations and decisions relating to supplier relationships”).

Nor does the Proposal focus on “customer relations” outside of its significant policy focus. Contrast *The Coca-Cola Co.* (Feb. 17, 2010, *recon. denied* Mar. 3, 2010), asking for the company to “discussing policy options to respond to the public concerns . . . regarding bottled water, including . . . the options of providing additional information to consumers.” *McDonald’s Corp.* (Mar. 19, 1990) recommending that the company adopt policies governing, among other issues, the company’s interactions with its customers and noting that the proposal concerned “the Company’s customer and business policies,” which “involve decisions dealing with the Company’s business operations”.

In sum, the proposal is squarely directed toward a significant policy issue and is not excludable pursuant to Rule 14a-8(i)(7).

B. Nexus: The subject matter of the Proposal addresses a significant issue for the Company.

In order for the proposal to be non-excludable under Rule 14a-8(i)(7) there also must be a nexus between the significant policy issue and the specific company. Here that Nexus is clear.

The issue of cruelty of chickens is significant to the Company, as demonstrated by recent protests, widespread media coverage, and significant investor interest. These issues affect the Company’s reputation and may, over time, affect financial performance by eroding the customer base and investor confidence. Organized campaign actions have staged highly publicized protests to raise awareness about the cruel treatment of chickens in the Company’s chicken supply chain.

Several independent animal protection charities and concerned consumers have held over 50 public protests since May 2018 and urge consumers to boycott the Company (see photos below), with several week-long protests centered around McDonald’s Chicago headquarters. Protest events have received over 60 media mentions and produced dozens of letters to the editor, while celebrity letters to McDonald’s executives have increased the publicity surrounding the campaign and consumer dissatisfaction. Animal protection charities and concerned consumers have produced and circulated Facebook ads, YouTube ads and videos, Google ads, and bench ads that have reportedly garnered nearly 3.5 million views. In addition to a full-page ad in the New York Times, a digital billboard advertisement was posted in Times Square, one of the most visited tourist attractions, which generated a potential 13,957,650 impressions. Also, a seven-figure television advertising campaign generated more than 14 million impressions, and outreach efforts through multiple channels have driven in more than 10,000 phone calls to the Company from concerned consumers calling about cruelty to chickens in the Company’s supply chain.

Investor concern and interest in the issue of animal cruelty and impacts on finances

The global investor statement on animal welfare, which as of April 2018 had been endorsed by investors with \$3.2 trillion in assets under management, states in part:



Photos of recent protests targeting McDonald's over the issue of cruelty to chickens used in the company's products

Long-term value creation requires companies to fully consider the range of business risks and opportunities that they face, and to take appropriate action to manage these. We recognise that, alongside traditional financial risks and opportunities, environmental, social and governance (ESG) issues are potentially material to the financial performance of companies. We therefore expect companies to demonstrate that they are effectively managing these issues.

Farm animal welfare is an important issue for companies and suppliers across the food sector, including those in the retail, food processing, food service and hospitality sectors. Regulation, labelling requirements, consumer concerns, media coverage and new business opportunities are all important drivers for action. In recent years, food scares, high profile cases of animal mistreatment, and concerns about human health risks linked to food safety have forced companies to look more closely at issues such as food provenance, traceability and quality, and to be more transparent on the management of their supply chains.

As investors, we seek assurances that the companies in which we invest have fully considered the risks and opportunities associated with farm animal welfare, and have effective policies and processes for dealing with the challenges. Analysis of a company's practices and performance on farm animal welfare can provide valuable insights into these companies' quality of management and the quality of their risk management processes.

Through our inclusion in this statement, we are agreed on the following:

- We believe the issue of farm animal welfare is potentially material to long-term investment value creation in the food sector, and is a relevant consideration when forming views on the strategic positioning of companies in the food sector.
- We believe that food companies have an important role to play in raising farm animal welfare standards within their own operations and in their supply chains ...

In addition, more than 70 institutional investors worldwide, representing nearly \$5 trillion in AUM are working together through Farm Animal Investment Risk and Return (FAIRR) to raise awareness and improve performance regarding the material Environmental, Social, and Governance (ESG) risks and opportunities caused by intensive livestock production. FAIRR explains its take on animal welfare as follows⁵:

Increasing demand for animal products is driving industrial livestock production, dependent on practices such as close confinement and genetic manipulations focused on high production at the expense of welfare. *This model comes with significant reputational risks, especially with consumers increasingly paying attention to welfare and valuing brand transparency.* (Emphasis added).

⁵ "The Future of Food: The Investment Case for a Protein Shake Up." 2016 Briefing. P. 2.

FAIRR argues that animal welfare, along with other factors can cause “supply chain disruption” “The collective impact and possible accumulation of these factors means that supply chains reliant on exploitative and unsustainable practices are inherently more susceptible to disruption.”

FAIRR endorses the Business Benchmark on Farm Animal Welfare, an annual assessment of food company policy commitment performance and disclosures. The Benchmark maintains the Global Investor Statement on Farm Animal Welfare and convenes the Global Investor Collaboration on Farm Animal Welfare, a collaborative engagement between major institutional investors and food companies on the issue of farm animal welfare. In addition, BBFAW manages extensive engagement programmes with companies and with investors, and provides practical guidance and tools for companies and for investors on key animal welfare issues.

Significant investor interest is also demonstrated by the New York State Comptroller Thomas P. DiNapoli’s recent warning to the Company regarding its animal welfare practices. In September 2018, New York State Comptroller Thomas DiNapoli (manager of the New York State Common Retirement Fund, a major shareholder of Company stock) issued a call to the Company’s executives to adopt more precise welfare standards.⁶ The comptroller highlighted “the potential financial and reputational risks associated with McDonald’s chicken welfare practices, and the potential for those practices to negatively impact the Fund’s investments in the company.” As reported in a September 21, 2018 Bloomberg News article⁷:

McDonald’s Corp. has long been on the receiving end of calls to take better care of its chickens. Earlier this month, actors and musicians, including Kristen Bell, Joan Jett and Weird Al Yankovic, have lent their names to demands for more humane treatment.

Now there’s a new name on that list, and it carries a lot more weight. In a letter dated Aug. 22, 2018 and obtained by Bloomberg News, New York State Comptroller Thomas P. DiNapoli expressed concerns over the “potential financial and reputational risks associated with McDonald’s chicken welfare practices.” DiNapoli was writing in his capacity as trustee of the New York State Common Retirement Fund, the third-largest public pension fund in the U.S. and—as of July 31—holder of more than \$300 million in McDonald’s stock.

The warning, addressed to McDonald’s Chairman Enrique Hernandez, Jr. and Chief Executive Officer Stephen J. Easterbrook, follows a broad media campaign by the Humane Society of the United States, including a television ad running in McDonald’s home town

⁶ “McDonald’s Gets a Warning From New York’s Pension Fund Over” 21 Sep. 2018, <https://www.bloomberg.com/news/articles/2018-09-21/mcdonald-s-gets-a-warning-from-new-york-s-pension-fund-over-chickens>. Accessed 6 Feb. 2019.

⁷ “McDonald’s Gets a Warning From New York’s Pension Fund Over Chickens.” 21 Jan. 2018, <https://www.bloomberg.com/news/articles/2018-09-21/mcdonald-s-gets-a-warning-from-new-york-s-pension-fund-over-chickens>. Accessed 18 Feb. 2019.

of Chicago and a letter with 20 celebrity signatories. They all urge the restaurant giant to follow competitors such as Burger King and Subway in making “modest reforms” to its chicken welfare policies, including transitioning to more humane breeds and slaughter practices.

While McDonald’s, the nation’s largest restaurant chain, has committed to using cage-free eggs by 2025 and gestation crate-free pork by 2022, it has yet to join competitors in promising these specific steps for chickens, by far the most populous animal on American farms.

DiNapoli called on the company to adopt precise standards for broiler chicken welfare, like those provided by the Royal Society for the Prevention of Cruelty to Animals (RSPCA) or the Global Animal Partnership (GAP). The point, though, isn’t just to take better care of animals, he said. It’s to protect the company, and thus its investors—including such big, institutional ones as New York.

“Although these standards are important from an animal welfare perspective,” the letter states, “they also make business sense.” DiNapoli cited both increased consumer demand for higher welfare animal products, and the negative publicity McDonald’s has garnered by lagging behind. He concluded his letter with a request for “a response detailing what the company is doing to build on its recent chicken welfare policy and align it with widely accepted best practices like RSPCA and GAP.”

Consumer concerns and reputation

Growing consumer concern demonstrates the potential for loss of reputation for the Company. A 2018 study by the National Chicken Council (presented by WATTAgNet)⁸ shows that 78% of consumers are concerned with how chickens are bred and 77% are concerned with how they are housed, up from 72% in the 2017 survey.⁹ Additionally, consumers’ concern regarding the time it takes to raise a chicken increased to 61% in 2018, a 6 percentage-point increase from 2017. A 2014 study by the American Society for the Prevention of Cruelty to Animals found the welfare of chickens raised for meat is important to 81% of chicken consumers.¹⁰

Protests and negative publicity can lower stock prices. A 2015 report by investor initiative FAIRR¹¹ presents several case studies highlighting the potential financial and social risks of ignoring animal welfare concerns, notably the loss of reputation and future investors who are increasingly looking for investment opportunities that prioritize animal welfare. A case study in

⁸ "Webinar: 2018 Chicken Consumption Survey: what consumers want"
<https://www.wattagnet.com/events/1889-webinar-2018-chicken-consumption-survey-what-consumers-want>. Accessed 4 Feb. 2019.

⁹ "US Chicken Consumption - The National Chicken Council." 18 Jul. 2017,
https://www.nationalchickencouncil.org/wp-content/uploads/2017/07/US3002925_NCC_Consumption_Presentation_Final_170713.pdf. Accessed 4 Feb. 2019.

¹⁰ Edge Research. “Humane Treatment of Chickens Raised for Food.” ASPCA, September 2, 2014.
https://www.aspc.org/sites/default/files/aspc_broiler_chicken_omnibus_survey_memo.pdf.

¹¹ "CONSIDERING FARM ANIMAL WELFARE IN INVESTMENT ... - FAIRR." <http://www.fairr.org/wp-content/uploads/FAIRR-Case-Studies-and-Guidance-June-2015.pdf>. Accessed 1 Feb. 2019.

the FAIRR report covering UK grocery chain Tesco¹² notes that the company “suffered a 13% drop in share price when TV documentary ‘Hugh’s Chicken Run’ exposed the poor conditions Tesco’s broiler chickens were subjected to.” The 2013 release of the documentary “Blackfish” led to a large decrease in SeaWorld’s stock prices due to a lawsuit and the negative publicity of the animal welfare scandal.¹³ Sociologists King and Soule (2007)¹⁴ studied data from 30 years of US protest actions and show that protests affect stock prices when protests cover issues related to a critical resource input like consumer and labor satisfaction.¹⁵

Studies of US corporations (2011)¹⁶ show that even “indirect” activism (i.e., protests without boycotts or direct shareholder action) place reputational pressure on corporations through “mediated disruptions” or media attention. They show that mediated disruptions are interrelated with market disruptions, so that negative publicity can lead to negative financial impacts. Mediated disruptions include public demonstrations, media attention, and celebrity endorsements. The number of independent groups involved in activism has a positive effect on mediated disruptions, and a firm’s reputational ranking increases its vulnerability to mediated disruptions. Additional studies demonstrate (2012)¹⁷ activism targeting US firms show that primary stakeholder (i.e., shareholder) activism increases perceived environmental risk, which in turn impacts future financial performance even when activism did not directly impact short-term profitability. Another study (2015)¹⁸ of Korean food service franchisees show that corporate/franchisor social responsibility (FSR) and image are important in maintaining store owner/franchisee satisfaction and long-term relationships. Negative FSR will jeopardize the franchisor-franchisee relationship, a very important source of revenue for McDonald’s Corporation.

Reputation as measured by Corporate Social Responsibility (CSR) actions affects long-term market valuation. A 2016¹⁹ study surveyed²⁰ US consumers regarding their perception of social responsibility of several fast food companies; the results show that consumers consistently rank the Company as having one of the lowest reputations for social responsibility. The authors note

¹² *Ibid.*, 22

¹³ “Chart: What the documentary ‘Blackfish’ has done to SeaWorld - The” 12 Dec. 2014, <https://www.washingtonpost.com/news/wonk/wp/2014/12/12/chart-what-the-documentary-blackfish-has-done-to-seaworld/>. Accessed 4 Feb. 2019.

¹⁴ “Social Movements as Extra-Institutional Entrepreneurs - SAGE Journals.” <http://journals.sagepub.com/doi/10.2189/asqu.52.3.413>. Accessed 4 Feb. 2019.

¹⁵ In addition, the length of an individual protest event and greater media coverage significantly affected stock prices.

¹⁶ “The tactical disruptiveness of social movements: Sources of market” 1 Nov. 2011, <https://www.scholars.northwestern.edu/en/publications/the-tactical-disruptiveness-of-social-movements-sources-of-market>. Accessed 1 Feb. 2019.

¹⁷ “Social Movements, Risk Perceptions, and Economic ... - SAGE Journals.” <http://journals.sagepub.com/doi/pdf/10.1177/0003122412448796>. Accessed 1 Feb. 2019.

¹⁸ “Why does franchisor social responsibility really matter? - Science Direct.” <https://www.sciencedirect.com/science/article/pii/S0278431915001668>. Accessed 1 Feb. 2019.

¹⁹ “Perceptions of Social Responsibility of Prominent Fast Food Restaurants.” 11 Jun. 2016, https://file.scirp.org/pdf/ME_2016061516172127.pdf. Accessed 6 Feb. 2019.

²⁰ “Perceptions of Corporate Social Responsibility of ... - AgEcon Search.” 3 Nov. 2016, <https://ageconsearch.umn.edu/bitstream/249997/2/2-Morgan-et.al.pdf>. Accessed 6 Feb. 2019.

that consumers are more aware of the CSR initiatives of the Company than its competitors. Another 2016²¹ study of US restaurants shows that a company with high CSR awareness experiences amplified financial impacts (as measured by Tobin's q, a ratio of a firm's market value to asset value) as the result of positive and negative CSR actions. A study²² of US fast-food and full-service restaurants shows that positive CSR actions affect financial performance (Tobin's q) of fast-food restaurants more than full-service.

Reputation as measured by online ratings influence customer choice. Bad ratings have more impact than good ratings. Similarly, bad reviews and information are more impactful than good reviews and information, as shown by years of psychological research²³. Meanwhile, star ratings last forever. A 2015 New York Times article²⁴ discusses how customers use online reviews overwhelmingly for their star ratings to choose restaurants. Data provided by US chain restaurants has shown that both the number and rating of online reviews are positively correlated with net sales, guest counts, and average check amount, so that a lower online rating on social media platforms is associated with poor financial performance²⁵. Another study of US restaurants showed that lower Yelp ratings caused restaurants to fill reservations 19 percentage points less frequently²⁶. Campaign actions of animal protection charities and concerned consumers have had an impact in that they have played a significant role in reducing McDonald's Headquarter Restaurant ratings from 4.0/5.0 to 2.5/5.0 in a matter of days.

News coverage describes how the campaign to achieve better welfare conditions for animals in the Company's supply chain has spurred a movement²⁷:

The campaign, dubbed "I'm Not Lovin' It," has united the animal welfare movement as never before.....organizing street protests, letter-writing campaigns, and quieter, behind-the-scenes efforts, all of which are designed to persuade McDonald's to require its two big chicken suppliers, Tyson Foods and Keystone Foods, to improve their animal welfare practices.

The stakes are high: Of the 9 billion farm animals raised and slaughtered for food each year in the U.S., the vast majority—about 8 billion—are broiler chickens (as

²¹ "CSR and financial performance: The role of CSR ... - Science Direct." <https://www.sciencedirect.com/science/article/pii/S0278431916300652>. Accessed 1 Feb. 2019.

²² "Does the restaurant type matter for investment in ... - ScienceDirect." <https://www.sciencedirect.com/science/article/pii/S0278431916300895>. Accessed 1 Feb. 2019.

²³ "Bad is stronger than good.." <https://psycnet.apa.org/record/2001-11965-001>. Accessed 4 Feb. 2019.

²⁴ "A Bad Review Is Forever: How to Counter Online Complaints - The" 9 Dec. 2015, <https://www.nytimes.com/2015/12/10/business/smallbusiness/small-business-counter-bad-reviews.html>. Accessed 1 Feb. 2019.

²⁵ "The impact of social media reviews on restaurant ... - Science Direct." <https://www.sciencedirect.com/science/article/pii/S0278431916300184>. Accessed 1 Feb. 2019.

²⁶ "Learning from the Crowd: Regression ... - Wiley Online Library." 16 Jan. 2012, <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.1468-0297.2012.02512.x>. Accessed 1 Feb. 2019.

²⁷ "McDonald's Sells More Chicken Than Beef. This Campaign Demands it Treat Birds Better". 19 Apr. 2018. <https://civileats.com/2018/04/19/mcdonalds-sells-more-chicken-than-beef-this-campaign-demands-it-treat-the-birds-better/>. Accessed 18 Feb. 2019.

opposed to laying hens). McDonald's, which already sells more chicken than burgers, plans to expand its chicken offerings, taking direct aim at such competitors as Chick-fil-A.

"McDonald's is the giant machine," says Leah Garces, the executive director of Compassion in World Farming U.S. "It's them and Walmart—they're the key deciders."

McDonald's clout was made evident in 2015, when, after years of campaigning by animal advocates, the fast food chain, which is the U.S.'s largest buyer of eggs, said it would gradually insist that all of its eggs come from hens not confined to cages. It also said it would buy only broiler chickens raised without antibiotics.

Those two changes, Fortune magazine said, are "potentially transformative not only for McDonald's—where chickens and eggs now account for 50 percent of the items on the menu—but for the entire American food industry." Wayne Pacelle, former president of the Humane Society of the U.S., said at the time that "McDonald's admirable move makes clear that egg production's future is cage-free."

An Uphill Battle

This battle over broiler chickens will be tougher, for several reasons.

First, there's no catchy phrase or concept, like "cage free," to rally consumer sentiment on behalf of the chickens raised for meat. Animal welfare groups want producers to adopt slower-growing breeds of chickens and to provide the birds with more space and more light, but consumers know very little—maybe because they don't want to know—about how chickens are raised. More than nine in 10 Americans mistakenly believe that broiler chickens are raised in cages, according to a food-industry study. "Consumers are woefully unknowledgeable of modern broiler production practices," an industry study reported.

Second, McDonald's and its big suppliers, notably Tyson, say that the higher welfare standards sought by the animal advocates will raise the costs and environmental impact of chicken production. Slower-growing chickens require more feed, which is mostly corn and soybeans, grown on industrial-size farms that use large amounts of fertilizer, water, and land.

In a report called *The Truth About McDonald's*, the groups say that chickens that are bred to grow faster and develop enlarged breasts suffer from "reduced walking ability and activity, high mortality, and skin lesions." Today's chickens grow to maturity in just 48 days, on average, less than half the time it took to grow a chicken a century ago, and their bones are often too weak to support their weight.

Media coverage is also reporting more specifically on the health issues caused by the welfare conditions of chickens used in the Company's chicken supply chain, and how

the Company is being condemned in the UK²⁸:

McDonald's is under fire from animal-welfare activists who say the chickens it uses for food suffer heart failure and lameness because they are forced to grow fat too quickly.

Menu items such as McNuggets, chicken sandwiches and salads come from birds that have been selectively bred over time to put on weight more rapidly than is natural, causing painful health problems, according to the campaigners.

They claim the world's biggest fast-food chain failed to address the issue of the fast-growing breed when it issued a new animal-welfare policy last year.

The animal welfare campaigners have now launched a worldwide campaign, beginning with McDonald's, lobbying against companies that use the breed in intensive farming systems.

...The company also pledged to conduct trials with suppliers to measure the wellbeing of different breeds.

There is also media coverage of celebrity involvement in the debate of animal welfare in the Company's supply chain²⁹:

Eddie Falco takes the humane treatment of animals very seriously.

On Thursday, the "Sopranos" actress appeared at an Animal Equality protest outside a McDonald's location at Times Square in New York, and she even brought her son Anderson along.

The protest concerned the fast food chain's treatment of chickens for its chicken products.

In a Facebook Live video of the event, Falco spoke about the "abuse" of industrialized animal farming.

There is also news coverage of the advertising campaigns organized by animal activist groups³⁰. A full-page ad in the New York Times, purchased by six animal activist groups, is calling for McDonald's Corp. to source its chicken from suppliers who follow specific breeding practices. The ad reads

²⁸ "McDonald's condemned for using chickens that suffer heart failure." 24 Aug. 2018. <https://www.independent.co.uk/news/uk/home-news/mcdonald-s-chickens-mcnuggets-salad-welfare-breed-humane-league-a8506381.html> Accessed 19 Feb. 2019.

²⁹ "Eddie Falco Brings Son To Protest McDonald's In Times Square." 17 Aug. 2018. https://etcanada.com/news/358264/eddie-falco-brings-son-to-protest-mcdonalds-in-times-square/amp/?__twitter_impression=true. Accessed 19 Feb. 2019.

³⁰ "Activists pressure McDonald's on supplier chicken breeding, housing practices." 27 March 2018. <https://www.meatpoultry.com/articles/18148-activists-pressure-mcdonald-s-on-supplier-chicken-breeding-housing-practices>. Accessed 19 Feb. 2019.

“Nearly 90 other food companies, including Burger King, Subway, Jack in the Box Inc., Dunkin’ Donuts, and SONIC have established specific and meaningful reforms for their suppliers – reforms that address these concerns. It’s time for McDonald’s to do the right thing.”

The groups are asking McDonald’s to:

- Implement higher, science-based animal welfare standards for its chicken supply chain by switching to healthier breeds of birds;
- Use suppliers who provide more room for chickens to move;
- Use suppliers who monitor air and litter quality; and
- Provide environmental enrichment.

“As long as McDonald’s allows its suppliers to breed birds to grow so large and fast they can’t even walk without pain and overcrowd them inside dark warehouses, the company will lag behind its competitors on animal welfare,” said Matt Rice, president of Mercy for Animals. “McDonald’s must acknowledge that extreme animal cruelty has no place in a civilized society. By failing to adopt a meaningful chicken welfare policy, McDonald’s is out of step with consumer expectations and business trends.”

The wide range of news outlets, domestic and international, reporting on various aspects of the movement to improve welfare conditions of chickens used in the Company’s supply chain demonstrate the subject of debate surrounding the topic raised in the Proposal is pervasive and far-reaching.

CONCLUSION

Based on the foregoing, we believe that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2019 proxy statement pursuant to Rule 14a-8. As such, we respectfully request that the Staff inform the Company that it is denying the no action letter request. If you have any questions, please contact me at 413 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,

Sanford Lewis

cc: Elizabeth A. Ising

APPENDIX A
PROOF OF OWNERSHIP DOCUMENTATION



December 12, 2018

VIA UPS OVERNIGHT DELIVERY and email: corporatesecretary@us.mcd.com

Mr. Jerry Krulewitch
Office of the Corporate Secretary
McDonald's Corporation
Department 010
110 North Carpenter Street
Chicago, IL 60607

Re: Shareholder Proposal for 2019 Annual Meeting

Dear Mr. Krulewitch:

Enclosed herewith please find a shareowner proposal for inclusion in the proxy statement for the 2019 annual meeting, along with a letter from The Humane League's brokerage firm, Fidelity Investments, confirming ownership of McDonald's common stock. The Humane League has held at least \$2,000 worth of common stock continuously for more than one year, and intends to hold at least this amount through and including the date of the 2019 shareholders meeting.

Please contact me should you have any questions or require further information. We would be pleased to discuss the issues presented by this proposal with you. If McDonald's will attempt to exclude any portion of this proposal under Rule 14a-8, please advise me within 14 days of your receipt of this proposal. I can be reached at 704-507-2260 or via email at wwatts@thehumaneleague.org.

Sincerely,

Wendy Watts
General Counsel

Enclosures: As stated.

EMPOWERING CHANGE. DRIVING PROGRESS.

P.O. Box 10476 | Rockville, MD 20849 | 888-211-5241 | www.thehumaneleague.org

Personal Investing

P.O. Box 770001
Cincinnati, OH 45277-0045



December 11, 2018

The Humane League of Philadelphia
Attn: Rachel Huff-Wagenborg
P.O. Box 10476
Rockville, MD 20849-0476

Dear Ms. Huff-Wagenborg:

Thank you for contacting Fidelity Investments in regards to the account ending *** . I appreciate the opportunity to assist you.

Please accept this letter as confirmation that The Humane League of Philadelphia has had a continuous ownership of 30,000 shares of McDonalds Corporation (MCD) valued over \$2,000 for at least 12 months prior to and including December 10, 2018.

I hope you find this information helpful. If you have any additional questions or concerns, feel free to contact a Fidelity representative at 800-544-6666. We appreciate your business.

Sincerely,

A handwritten signature in cursive script that reads 'David P. Stolz'.

David P. Stolz
Personal Investing Operations

Our File: W877253-10DEC18

February 20, 2019

Mr. Jerry Krulewitch
Office of the Corporate Secretary
McDonald's Corporation
Department 010
110 North Carpenter Street
Chicago, IL 60607

Re: Shareholder Proposal for 2019 Annual Meeting

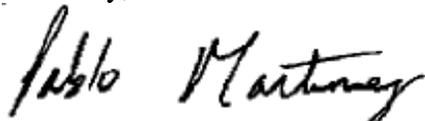
Dear Mr. Krulewitch:

This letter is in response to a recent request from our client, The Humane League, to provide you with account information. I appreciate the opportunity to assist you.

Please accept this letter as confirmation that the account name was updated on December 20, 2018, from The Humane League of Philadelphia to The Humane League. The letter dated December 11, 2018, listed The Humane League of Philadelphia and the letter dated December 28, 2018, lists the updated name. The account has owned 30 shares of McDonalds Corporation (MCD) continuously for at least 12 months prior to and including December 12, 2018.

I hope you find this information helpful. If you have any questions regarding this issue or general inquiries regarding your account, please contact a Fidelity representative at 800-544-6666 for assistance.

Sincerely,

A handwritten signature in black ink that reads "Pablo Martinez". The signature is written in a cursive, flowing style.

Pablo Martinez
Personal Investing Operations

Our File: W938647-20FEB19



January 4, 2019

VIA UPS OVERNIGHT DELIVERY and email: jennifer.card@us.mcd.com

Ms. Jennifer Card
Senior Counsel - Securities, Governance and Corporate
McDonald's Corporation
110 North Carpenter Street
Chicago, IL 60607

Re: Shareholder Proposal for 2019 Annual Meeting

Dear Ms. Card:

I write in response to your letter dated December 26, 2018 and enclose herewith, per your request, a new proof of ownership letter from Fidelity Investments reflecting the correct entity name of our organization, and The Humane League's continuous ownership of the required number and amount of McDonald's shares for the one-year period preceding and including December 12, 2018, the date The Humane League's shareholder proposal was submitted to McDonald's.

The Humane League has held at least \$2,000 worth of common stock continuously for more than one year, and intends to hold at least this amount through and including the date of the 2019 shareholders meeting.

Please contact me should you have any questions or require further information. We would be pleased to discuss the issues presented by this proposal with you. I can be reached at 704-507-2260 or via email at wwatts@thehumaneleague.org.

Sincerely,

Wendy Watts
General Counsel

Enclosure: As stated.

EMPOWERING CHANGE. DRIVING PROGRESS.

P.O. Box 10476 | Rockville, MD 20849 | 888-211-5241 | www.thehumaneleague.org



December 28, 2018

Mr. Jerry Krulewitch
Office of the Corporate Secretary
McDonald's Corporation
Department 010
110 North Carpenter Street
Chicago, IL 60607

Re: Shareholder Proposal for 2019 Annual Meeting

Dear Mr. Krulewitch:

This letter is in response to a recent request from our client, The Humane League, to provide you with account information. I appreciate the opportunity to assist you.

Please accept this letter as confirmation that The Humane League has owned 30 shares of McDonalds Corporation (MCD) valued over \$2,000 for at least 12 months prior to and including December 13, 2018.

I hope you find this information helpful. If you have any questions regarding this issue or general inquiries regarding your account, please contact a Fidelity representative at 800-544-6666 for assistance.

Sincerely,

A handwritten signature in black ink that reads 'Pablo Martinez'.

Pablo Martinez
Personal Investing Operations

Our File: W797087-28DEC18

COMMONWEALTH OF PENNSYLVANIA

DEPARTMENT OF STATE

JUNE 3, 2015

TO ALL WHOM THESE PRESENTS SHALL COME, GREETING:

The Humane League

I, Pedro A. Cortés, Acting Secretary of the Commonwealth of Pennsylvania do hereby certify that the foregoing and annexed is a true and correct copy of
ARTICLES OF AMENDMENT-NONPROFIT filed on October 18, 2010
which appear of record in this department.



IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the Secretary's Office to be affixed, the day and year above written.

Pedro A. Cortés

Acting Secretary of the Commonwealth

6. Check one of the following:

- The amendment was adopted by the shareholders or members pursuant to 15 Pa.C.S. § 1914(a) and (b) or § 5914(a).
- The amendment was adopted by the board of directors pursuant to 15 Pa. C.S. § 1914(c) or § 5914(b).

7. Check, and if appropriate, complete one of the following:

- The amendment adopted by the corporation, set forth in full, is as follows

The name of the corporation shall be changed to "The Humane League"

- The amendment adopted by the corporation is set forth in full in Exhibit A attached hereto and made a part hereof.

8. Check if the amendment restates the Articles:

- The restated Articles of Incorporation supersede the original articles and all amendments thereto.

IN TESTIMONY WHEREOF, the undersigned corporation has caused these Articles of Amendment to be signed by a duly authorized officer thereof this

15 day of October, 2010

The Humane League of Philadelphia, Inc.

Name of Corporation



Signature

Director

Title

January 21, 2019

VIA E-MAIL

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

Re: *McDonald's Corporation*
Shareholder Proposal of The Humane League
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, McDonald's Corporation (the "Company"), intends to omit from its proxy statement and form of proxy for its 2019 Annual Meeting of Shareholders (collectively, the "2019 Proxy Materials") a shareholder proposal (the "Proposal") and statements in support thereof (the "Supporting Statement") submitted by The Humane League (the "Proponent").

Pursuant to Rule 14a-8(j), we have:

- filed this letter with the Securities and Exchange Commission (the "Commission") no later than eighty (80) calendar days before the Company intends to file its definitive 2019 Proxy Materials with the Commission; and
- concurrently sent copies of this correspondence to the Proponent.

Rule 14a-8(k) and Staff Legal Bulletin No. 14D (Nov. 7, 2008) ("SLB 14D") provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the Commission or the staff of the Division of Corporation Finance (the "Staff"). Accordingly, we are taking this opportunity to inform the Proponent that if the Proponent elects to submit additional correspondence to the Commission or the Staff with respect to this Proposal, a copy of that correspondence should be furnished concurrently to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

Office of Chief Counsel
Division of Corporation Finance
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THE PROPOSAL

The Proposal states:

Resolved: Shareholders request that McDonald's disclose the economic risks it faces as a result of campaigns targeting the Company over concerns about cruelty to chickens. The report should be made within six months of the 2019 annual meeting, prepared at reasonable cost and omit proprietary information.

A copy of the Proposal, the Supporting Statement and related correspondence with the Proponent are attached to this letter as Exhibit A.

BASES FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2019 Proxy Materials pursuant to:

- Rule 14a-8(b) and Rule 14a-8(f)(1) because the Proponent failed to provide the requisite proof of continuous stock ownership in response to the Company's proper request for that information; and
- Rule 14a-8(i)(7) because the Proposal relates to the Company's ordinary business operations.

ANALYSIS

I. The Proposal May Be Excluded Under Rule 14a-8(b) And Rule 14a-8(f)(1) Because The Proponent Failed To Establish The Requisite Eligibility To Submit The Proposal.

A. Background

The Proponent sent the Proposal, a cover letter, and a letter from Fidelity Investments dated December 11, 2018 (the "Broker Letter") by overnight mail to the Company on December 12, 2018, which the Company received at its principal executive offices in Chicago, Illinois, on December 13, 2018. See Exhibit A.

The Broker Letter stated, in relevant part:

Please accept this letter as confirmation that The Humane League of Philadelphia has had a continuous ownership of 30,000 shares of McDonalds Corporation (MCD) valued over \$2,000 for at least 12 months prior to and including December 10, 2018.

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See Exhibit A. As such, the Proponent's submission failed to provide verification of the Proponent's ownership of the required number or amount of Company shares for at least the one year prior to and including the date the Proponent submitted the proposal (*i.e.*, December 12, 2018). In addition, the Company reviewed its stock records, which did not indicate that the Proponent was the record owner of any shares of the Company's stock. The Broker Letter also did not refer to the Proponent, but instead to "The Humane League of Philadelphia."

Accordingly, in a letter dated December 26, 2018, which was sent on that day via email, the Company notified the Proponent of the procedural deficiencies as required by Rule 14a-8(f) (the "Deficiency Notice"). In the Deficiency Notice, attached hereto as Exhibit B, the Company clearly informed the Proponent of the requirements of Rule 14a-8 and how the Proponent could cure the procedural deficiencies. Specifically, the Deficiency Notice stated:

- the ownership requirements of Rule 14a-8(b);
- that, according to the Company's stock records, the Proponent was not a record owner of sufficient shares;
- that the Broker Letter was insufficient because while it addressed ownership of "The Humane League of Philadelphia" for the 12 months prior to and including December 10, 2018, the Broker Letter did not refer to the Proponent, nor did it verify the Proponent's continuous ownership for the one-year period preceding and including December 12, 2018, the date the Proposal was submitted to the Company;
- that "[t]o remedy these defects, you must obtain a new proof of ownership letter reflecting the correct entity name and verifying your continuous ownership of the required number or amount of Company shares for the one-year period preceding and including December 12, 2018"; and
- that any response to the Deficiency Notice had to be postmarked or transmitted electronically no later than 14 calendar days from the date the Proponent received the Deficiency Notice.

The Deficiency Notice also included a copy of Rule 14a-8 and Staff Legal Bulletin No. 14F (Oct. 18, 2011) ("SLB 14F"). The Deficiency Notice was sent within 14 days of the date the Company received the Proposal. The Company received the Proponent's response to the Deficiency Notice on January 7, 2019, which included a letter from Fidelity Investments dated December 28, 2018 (the "Second Broker Letter"). See Exhibit C. The Second Broker Letter stated, in relevant part:

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Please accept this letter as confirmation that The Humane League has owned 30 shares of McDonalds Corporation (MCD) valued over \$2,000 for at least 12 months prior to and including December 13, 2018.

As discussed in more detail below, the Second Broker Letter, like the Broker Letter, is insufficient because it fails to verify the Proponent's continuous ownership of the required number or amount of shares for the period from December 12, 2017 to December 12, 2018.

The 14-day deadline to respond to the Deficiency Notice expired on January 9, 2019, and the Company has not received any further correspondence from the Proponent addressing the deficiencies identified in the Deficiency Notice.

B. Analysis

The Company may exclude the Proposal under Rule 14a-8(f)(1) because the Proponent failed to establish its eligibility to submit the Proposal despite the Company's explicit and timely notice of the Proposal's procedural deficiencies. Specifically, the Proponent has not demonstrated that it continuously owned the required number of Company shares for the one-year period prior to and including the date the Proposal was submitted to the Company as required by Rule 14a-8(b).

Rule 14a-8(b)(1) provides, in part, that "[i]n order to be eligible to submit a proposal, [a shareholder] must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date [the shareholder] submit[s] the proposal." Staff Legal Bulletin No. 14 specifies that when the shareholder is not the registered holder, the shareholder "is responsible for proving his or her eligibility to submit a proposal to the company," which the shareholder may do by one of the two ways provided in Rule 14a-8(b)(2). *See* Section C.1.c, Staff Legal Bulletin No. 14 (Jul. 13, 2001). SLB 14F clarified that these proof of ownership letters must come from the "record" holder of the Proponent's shares, and that only Depository Trust Company ("DTC") participants are viewed as record holders of securities that are deposited at DTC.

Rule 14a-8(f) provides that a company may exclude a shareholder proposal if the proponent fails to provide evidence of eligibility under Rule 14a-8, including failing to provide the beneficial ownership information required under Rule 14a-8(b), provided that the company timely notifies the proponent of the problem and the proponent fails to correct the deficiency within the required time. Staff Legal Bulletin No. 14G (Oct. 16, 2012) ("SLB 14G") provides guidance on the manner in which companies should notify proponents of a failure to provide proof of ownership for the one-year period required under Rule 14a-8(b)(1). Among other

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things, SLB 14G reiterates “that companies should provide adequate detail about what a proponent must do to remedy all eligibility or procedural defects,” and states that a company must “provide[] a notice of defect that identifies the specific date on which the proposal was submitted and explains that the proponent must obtain a new proof of ownership letter verifying continuous ownership of the requisite amount of securities for the one-year period preceding and including such date to cure the defect.”

The Staff consistently has granted no-action relief to companies where proponents have failed, following a timely and proper request by a company, to furnish the full and proper evidence of continuous share ownership for the full one-year period preceding and including the submission date of the proposal. For example, in *The Home Depot, Inc.* (avail. Feb. 5, 2007), the company, upon receiving a proposal that had been submitted on October 19, 2006, sent a deficiency notice to the shareholder regarding the lack of proof of ownership. The letter from the broker that the shareholder sent in response to the deficiency notice stated that the shareholder had ownership of the shares from November 7, 2005 to November 7, 2006. However, the Staff concurred in the exclusion of the proposal because the letter did not account for the period from October 19, 2005 to November 7, 2005 and therefore was insufficient to prove continuous share ownership for one year as of October 19, 2006, the date the proposal was submitted. See *PepsiCo, Inc. (Albert)* (avail. Jan. 10, 2013) (concurring with exclusion under Rule 14a-8(b) and Rule 14a-8(f) of a proposal where the proponent’s purported proof of ownership covered the one year period up to and including November 19, 2012, but the proposal was submitted on November 20, 2012). See also *Mondelēz International, Inc.* (avail. Feb. 11, 2014) (letter from broker stating ownership for one year as of November 27, 2013 was insufficient to prove continuous ownership for one year as of November 29, 2013); *Union Pacific Corp.* (avail. Mar. 5, 2010) (letter from broker stating ownership for one year as of November 17, 2009 was insufficient to prove continuous ownership as of November 19, 2009); *The McGraw Hill Companies, Inc.* (avail. Jan. 28, 2008) (letter from broker stating ownership for one year as of November 16, 2007 was insufficient to prove continuous ownership for one year as of November 19, 2007).

The Staff also has permitted the exclusion of a shareholder proposal based on language in the proof of ownership letter that did not sufficiently pinpoint the dates for which the proponent had ownership of its stock. In *Andrea Electronics Corp.* (avail. June 13, 2013), the company, upon receiving a proposal that had been submitted on March 1, 2013, sent a deficiency notice to the shareholder regarding the proponent’s insufficient proof of ownership. In response, the proponent sent a letter from its broker stating that the proponent’s account held a position in the company “[o]n or about July 8, 2008” and that “[a]s of March 26, 2013 the [proponent’s] account holds a current position of 125,468 shares.” However, the Staff concurred in the exclusion of the proposal because the statements in the broker letter did not prove continuous ownership for the one-year period preceding and including March 1, 2013, as the statements left

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open the possibility that the proponent exited and entered its position in the company's securities at various times between July 8, 2008 and March 26, 2013. *See also Intel Corp.* (avail. Mar. 11, 2016) (letter from broker stating that "as of 12/03/2015" the proponent had ownership of the requisite shares "and that such beneficial ownership has existed for one or more years" was insufficient to prove continuous ownership for one year as of November 30, 2015, the date the proposal was submitted); *Johnson & Johnson* (avail. Jan 8, 2013) (letter from broker stating that the shares had been continuously held since November 2011 was insufficient to prove continuous ownership for one year as of November 13, 2012, the date the proposal was submitted); *International Business Machines Corp.* (avail. Dec. 26, 2002) (letter from broker stating that the proponent "owns the following shares and has owned them for more than one year as of September 2002" left open the possibility that the proponent had sold her shares on a date prior to September 5, 2002, the date her proposal was submitted, and was thus insufficient to prove continuous ownership for one year as of the submission date); *International Business Machines Corp.* (avail. Jan. 14, 2002) (letter from bank stating that the shares had been held "since prior to November 30, 2000" was insufficient to prove continuous ownership for one year as of November 8, 2001, the date the proposal was submitted).

In addition, the Staff previously has allowed companies to omit shareholder proposals pursuant to Rules 14a-8(f)(1) and 14a-8(b) where after receiving proper notice from a company the proof of ownership submitted by the shareholder failed to specifically establish that the shareholder continuously held the requisite amount of the company's securities for one year as of the date the proposal was submitted. For example, in *General Electric Co.* (avail. Jan. 6, 2016), the Staff concurred that a broker's letter stating that a proponent purchased shares on a specific date more than a year earlier and that the proponent currently held company shares did not establish that the proponent owned the requisite amount of company shares continuously for the one-year period as of the date the proposal was submitted. *See also Union Pacific Corp.* (avail. Jan. 29, 2010) (concurring with the exclusion of a shareholder proposal under Rule 14a-8(b) and Rule 14a 8(f) and noting that "the proponent appears to have failed to supply, within 14 days of receipt of Union Pacific's request, documentary support sufficiently evidencing that it has satisfied the minimum ownership requirement for the one-year period required by Rule 14a-8(b)").

As discussed in the "Background" section above, the Proponent did not include in its original submission sufficient documentary evidence of the Proponent's ownership of Company shares. The Broker Letter provided ownership for "The Humane League of Philadelphia" and confirmed its continuous ownership of 30 shares of Company stock for the 12 months prior to and including December 10, 2018. Even if the Broker Letter referred to the Proponent, it failed to address the entire one-year period preceding and including the date of the Proposal's submission because it did not verify ownership as of December 11 and December 12, 2018, a two-day gap. In this respect, the Broker Letter would be similar to the broker letters offered in

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The Home Depot, Inc. and *Comcast Corp.*, which were deemed insufficient to prove continuous ownership over the required period.

The Company's Deficiency Notice provided a detailed description of what the Proponent had to do to remedy the deficiencies in its submission, specifically stating that the Proponent "must obtain a new proof of ownership letter reflecting the correct entity name and verifying your continuous ownership of the required number or amount of Company shares for the one-year period preceding and including December 12, 2018, the date the Proposal was submitted to the Company." See Exhibit B. Notwithstanding these instructions, the Second Broker Letter states only, "The Humane League has owned 30 shares of McDonalds Corporation (MCD) valued over \$2,000 for at least 12 months prior to and including December 13, 2018." See Exhibit C. This fails to respond to the Deficiency Notice's request for a proof verifying the Proponent's *continuous* ownership for the one year preceding December 12, 2018 (the date the Proposal was submitted). See Exhibit B.

As in *General Electric Co.* and *Union Pacific*, the Second Broker Letter does not address the *continuous* ownership of the requisite amount of Company shares. Like the language that was found to be inadequate in *Intel Corp.*, *Andrea Electronics Corp.*, *Johnson & Johnson*, and *International Business Machines Corp.* (avail. Dec. 26, 2002), the language in the Second Broker Letter stating only that the Proponent "has owned" its shares "for at least 12 months prior to and including December 13, 2018" leaves open the possibility that the Proponent did not continuously own Company shares throughout the required period. At most, the Second Broker Letter pinpoints December 13, 2018 as a date on which the Proponent owned Company shares and that such ownership has existed "for at least 12 months prior to" that date. Therefore, the Second Broker Letter does not foreclose the possibility that the Proponent has traded out and back into its ownership position in the Company shares over the one-year period preceding the date that the Proposal was submitted, similar to the possibility left open by the insufficient broker letter in *Intel Corp.* and *Andrea Electronics Corp.* The statements in the Second Broker Letter would be equally applicable where there has been intermittent ownership during the period of time that continuous ownership is required pursuant to Rule 14a-8(b)(1).

Accordingly, consistent with the precedent cited above, the Proposal is excludable because, despite receiving timely and proper notice pursuant to Rule 14a-8(f)(1), the Proponent has not demonstrated that it continuously owned the required number of Company shares for the one-year period prior to and including the date the Proposal was submitted to the Company, as required by Rule 14a-8(b).

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II. The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because It Involves Matters Related To The Company's Ordinary Business Operations.

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's "ordinary business" operations. According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the term "ordinary business" "refers to matters that are not necessarily 'ordinary' in the common meaning of the word," but instead the term "is rooted in the corporate law concept providing management with flexibility in directing certain core matters involving the company's business and operations." Exchange Act Release No. 40018 (May 21, 1998) (the "1998 Release").

In the 1998 Release, the Commission stated that 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 to solve such problems at an annual shareholders meeting," and identified two central considerations that underlie this policy. The first of the two considerations, which is relevant to the Proposal, is that "[c]ertain 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." *Id.* (citing Exchange Act Release No. 12999 (Nov. 22, 1976)).

Moreover, framing a proposal in the form of a request for a report does not change the nature of the proposal. The Staff has stated that a proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the substance of the report is within the ordinary business of the issuer. *See* Exchange Act Release No. 20091 (Aug. 16, 1983). And the Proposal's request that the Company disclose specific risks does not preclude exclusion if the underlying subject matter of the proposal is ordinary business. As the Staff indicated in Staff Legal Bulletin No. 14E (Oct. 27, 2009) ("SLB 14E"), in evaluating shareholder proposals that request a risk assessment:

[R]ather than focusing on whether a proposal and supporting statement relate to the company engaging in an evaluation of risk, we will instead focus on the subject matter to which the risk pertains or that gives rise to the risk [S]imilar to the way in which we analyze proposals asking for the preparation of a report, the formation of a committee or the inclusion of disclosure in a Commission-prescribed document—where we look to the underlying subject matter of the report, committee or disclosure to determine whether the proposal relates to ordinary business—we will consider whether the underlying subject matter of the risk evaluation involves a matter of ordinary business to the company.

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Here, the Proposal seeks disclosure of the “economic risks [the Company] faces as a result of campaigns targeting the Company over concerns about cruelty to chickens.” Thus, the Proposal requests an assessment of risks relating to aspects of the Company’s ordinary business operations, and therefore the Proposal may be excluded under Rule 14a-8(i)(7).

A. *The Proposal Is Excludable Under Rule 14a-8(i)(7) Because It Relates To The Company’s Ordinary Business Matters*

The Proposal is excludable pursuant to Rule 14a-8(i)(7) as relating to the Company’s ordinary business operations because it addresses the Company’s assessment and management of potential economic consequences, including additional costs, of consumer campaigns targeting the Company for its sales of chicken products. Specifically, the Proposal requests that the Company “disclose the economic risks it faces as a result of campaigns targeting the Company over concerns about cruelty to chickens.” The Supporting Statement then surmises that it is “reasonable to assume that the . . . campaigns may result in actual significant costs to” the Company and that “consumer concerns about the treatment of chickens are so high that sales may be negatively impacted.” The Company is one of the world’s largest food companies, and the sale of chicken products and the management of economic challenges related to those products is part of its ordinary business operations. The Company recognizes the importance of working with its suppliers to implement practices that protect and improve the health and welfare of the millions of animals in its supply chain, including chicken.¹ That said, the assessment and management of the potential economic consequences on the Company—including additional costs—of consumer campaigns concerning the Company’s products implicates central considerations for the Company’s management of its business operations. Reviewing and addressing those matters is a complex process and is “so fundamental to management’s ability to run [the Company] on a day-to-day basis that [it] could not, as a practical matter, be subject to direct shareholder oversight.” *See* 1998 Release.

In this regard, the Proposal is similar to the proposal that the Staff concurred could be excluded in *Exxon Mobil Corp.* (avail. Mar. 6, 2012). In *Exxon Mobil Corp.*, the shareholder proposal similarly sought a report “discussing possible short and long term *risks to the company’s finances and operations* posed by the environmental, social and economic challenges associated with the oil sands” (emphasis added). The proposal’s supporting statement, similar to the Supporting Statement here, also emphasized the financial costs to the company. For example, the proposal noted, “risk information of interest to shareholders could include, among other things, assessing the impact of worst-case along with reasonably likely scenarios regarding[,]” among others, “[p]ublic opposition through the lifecycle of oil sands operations.”

¹ *See* Animal Health and Welfare, McDonald’s, available at <https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-food/animal-health-and-welfare.html>.

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According to the proposal, shareholders sought this information because they believed the company had “not adequately reported on how possible risks associated with oil sands projects may impact [the] company’s long term financial performance, given [its] significant investments in this area.” In seeking the proposal’s exclusion, the company noted that “[a]ssessing financial and operational risks posed by the challenges associated with oil sands is an intricate process that takes into account a number of factors” and that “[d]ecisions related to the use of oil sands in product development are fundamental to management’s ability to run the [c]ompany on a day-to-day basis, and shareholders are not in a position to make an informed judgment on such highly technical matters.” The Staff concurred that the proposal was excludable under Rule 14a-8(i)(7) “as relating to [the company’s] ordinary business operations” as “the proposal address[ed] the ‘economic challenges’ associated with the oil sands and [did] not, in [its] view, focus on a significant policy issue.” *See also The TJX Companies, Inc.* (avail. Mar. 29, 2011) (concurring with the exclusion of a proposal requesting an annual assessment of the risks created by the actions the company takes to avoid or minimize U.S. federal, state and local taxes and a report to shareholders on the assessment as “relating to TJX’s ordinary business operations” because “the proposal relates to decisions concerning the company’s tax expenses and sources of financing”); *Peregrine Pharmaceuticals, Inc. (S. Smith)* (avail. July 28, 2006) (concurring with the exclusion of a shareholder proposal under Rule 14a-8(i)(7) where a proposal seeking statistics on the company’s operations dealt with the “disclosure of ordinary business matters”); *Johnson Controls, Inc.* (avail. Oct. 26, 1999) (concurring with the exclusion under Rule 14a-8(i)(7) of a shareholder proposal seeking additional financial information).

Similarly, in several situations the Staff has concurred with the exclusion under Rule 14a-8(i)(7) of shareholder proposals like the Proposal relating to the potential impacts of “pressure campaigns” and consumer campaigns. *See, e.g., Johnson & Johnson* (avail. Jan. 31, 2018) (where the proposal focused on “potential risks and costs to the [c]ompany caused by pressure campaigns from outside organizations that seek to dictate the [c]ompany’s free speech and freedom of association rights”); *Best Buy Co., Inc.* (avail. Feb. 23, 2017) (where the proposal focused on “detailing the known and potential risks and costs to the company caused by pressure campaigns”); *Dean Foods Co.* (avail. Mar. 9, 2007), *recon. denied* (requesting, among other things, a report on the company’s policies and procedures to address consumer and media criticism of the company’s organic dairy production because the proposal related to “customer relations and decisions relating to supplier relationships”).

In addition to the Proposal addressing the Company’s assessment and management of the potential economic consequences of consumer campaigns concerning the Company’s products, implementation of the Proposal would necessarily involve shareholders in the Company’s operations involving customer relations. The Staff has recognized that proposals pertaining to a company’s customer relations practices are excludable under Rule 14a-8(i)(7). For example, in *The Coca-Cola Co.* (avail. Feb. 17, 2010, *recon. denied* Mar. 3, 2010), a proposal recommended

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that the company issue a report “discussing policy options to respond to the public concerns . . . regarding bottled water, including . . . the options of providing additional information to consumers.” In its no-action request, the company argued that the proposal “[sought] to regulate the scope and content of publicly available information concerning [its] products”—a task which was “outside the knowledge and expertise of shareholders.” The Staff concurred, noting that “[p]roposals that concern customer relations and decisions relating to product quality are generally excludable under rule 14a-8(i)(7).” *See also McDonald’s Corp.* (avail. Mar. 19, 1990) (concurring in the exclusion of a proposal recommending that the company adopt policies governing, among other issues, the company’s interactions with its customers and noting that the proposal concerned “the Company’s customer and business policies,” which “involve decisions dealing with the Company’s business operations”). In order to report on the economic consequences of consumer campaigns regarding the sale of chickens, the Company will need to discuss—similar to the reporting requested in the proposal in *The Coca Cola Co.*—its efforts to communicate to customers the Company’s ongoing work with suppliers to implement practices that protect and improve the health and welfare of the millions of animals in its supply chain, including chickens. Thus, the Proposal also is excludable under Rule 14a-8(i)(7) as relating to the Company’s customer relations.

B. The Proposal Does Not Transcend The Company’s Ordinary Business

The well-established precedent set forth above demonstrates that the Proposal addresses ordinary business matters and therefore is excludable under Rule 14a-8(i)(7). While the Staff stated in the 1998 Release that proposals “focusing on sufficiently significant social policy issues . . . generally would not be considered to be excludable,” the Proposal at most touches upon (but does not focus on) the significant policy issue of the humane treatment of animals. Therefore, because the Proposal encompasses ordinary business matters, the Proposal properly can be excluded under Rule 14a-8(i)(7).

For example, in *PetSmart, Inc.* (avail. Mar. 24, 2011), the proposal requested that the board require its suppliers to certify they had not violated “the Animal Welfare Act, the Lacey Act, or any state law equivalents,” the principal purpose of which related to preventing animal cruelty. The Staff granted no-action relief under Rule 14a-8(i)(7) and stated, “[a]lthough the humane treatment of animals is a significant policy issue, we note your view that the scope of the laws covered by the proposal is ‘fairly broad in nature from serious violations such as animal abuse to violations of administrative matters such as record keeping.’” Thus, because the shareholder proposal encompassed ordinary business matters, it was excludable under Rule 14a-8(i)(7) even though it mentioned a significant policy issue. *See also Mattel, Inc.* (avail. Feb. 10, 2012) (concurring with the exclusion of a proposal that requested the company require its suppliers publish a report detailing their compliance with the International Council of Toy Industries Code of Business Practices, noting that the ICTJ encompasses “several topics that

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relate to . . . ordinary business operations and are not significant policy issues”); *JPMorgan Chase & Co.* (avail. Mar. 12, 2010) (concurring with the exclusion of a proposal that requested the adoption of a policy banning future financing of companies engaged in a particular practice that impacted the environment because the proposal addressed “matters beyond the environmental impact of JPMorgan Chase’s project finance decisions”); *Apache Corp.* (avail. Mar. 5, 2008) (concurring with the exclusion of a proposal requesting the implementation of equal employment opportunity policies based on certain principles and noting that “some of the principles relate to Apache’s ordinary business operations”); *General Electric Co.* (avail. Feb. 10, 2000) (concurring with the exclusion of a proposal relating to the accounting and use of funds for the company’s executive compensation program because it both touched upon the significant policy issue of senior executive compensation, and involved the ordinary business matter of choice of accounting method).

Moreover, the Staff has consistently concurred with the exclusion of shareholder proposals relating to the sales of specific products where the shareholder proposal addressed the humane treatment of animals. *See, e.g., Amazon.com, Inc.* (avail. Mar. 11, 2016) (concurring with the exclusion of a proposal asking the board to prepare “a report addressing animal cruelty in the supply chain . . . [including] the reputational and financial risks associated [there]with” as “relating to Amazon’s ordinary business operations” because “the proposal relates to the products and services offered for sale by the company”); *Amazon.com, Inc.* (avail. Mar. 27, 2015) (concurring with the exclusion of a proposal requesting disclosure of reputational and financial risks related to the treatment of animals in the company’s supply chain as “relating to Amazon’s ordinary business operations” because it “relates to the products and services offered for sale by the company”).

Here the Proposal refers to the humane treatment of animals but is about the economic risks associated with any decreased sales of chicken and the related customer relations efforts. For these reasons, and similar to the proposals in the precedent above, while the Proposal at most touches on a significant policy issue (the humane treatment of animals), the Proposal’s express text demonstrates that its main focus is elsewhere—on assessment and management of the potential economic consequences, including additional costs, of consumer campaigns concerning the Company’s products and the related customer relations efforts. Accordingly, because the Proposal concerns ordinary business matters and does not focus on a significant policy issue, the Proposal may be excluded pursuant to Rule 14a-8(i)(7).

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CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if the Company excludes the Proposal from its 2019 Proxy Materials.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. Correspondence regarding this letter should be sent to shareholderproposals@gibsondunn.com. If we can be of any further assistance in this matter, please do not hesitate to call me at (202) 955-8287, or to email Denise A. Horne, the Company's Corporate Vice President, Associate General Counsel and Assistant Secretary, at Denise.Horne@us.mcd.com.

Sincerely,



Elizabeth A. Ising

Enclosures

cc: Denise A. Horne, McDonald's Corporation
Wendy Watts, The Humane League

EXHIBIT A



December 12, 2018

VIA UPS OVERNIGHT DELIVERY and email: corporatesecretary@us.mcd.com

Mr. Jerry Krulewitch
Office of the Corporate Secretary
McDonald's Corporation
Department 010
110 North Carpenter Street
Chicago, IL 60607

Re: Shareholder Proposal for 2019 Annual Meeting

Dear Mr. Krulewitch:

Enclosed herewith please find a shareowner proposal for inclusion in the proxy statement for the 2019 annual meeting, along with a letter from The Humane League's brokerage firm, Fidelity Investments, confirming ownership of McDonald's common stock. The Humane League has held at least \$2,000 worth of common stock continuously for more than one year, and intends to hold at least this amount through and including the date of the 2019 shareholders meeting.

Please contact me should you have any questions or require further information. We would be pleased to discuss the issues presented by this proposal with you. If McDonald's will attempt to exclude any portion of this proposal under Rule 14a-8, please advise me within 14 days of your receipt of this proposal. I can be reached at 704-507-2260 or via email at wwatts@thehumaneleague.org.

Sincerely,

Wendy Watts
General Counsel

Enclosures: As stated.

EMPOWERING CHANGE. DRIVING PROGRESS.

P.O. Box 10476 | Rockville, MD 20849 | 888-211-5241 | www.thehumaneleague.org

Personal Investing

P.O. Box 770001
Cincinnati, OH 45277-0045



December 11, 2018

The Humane League of Philadelphia
Attn: Rachel Huff-Wagenborg
P.O. Box 10476
Rockville, MD 20849-0476

Dear Ms. Huff-Wagenborg:

Thank you for contacting Fidelity Investments in regards to the account ending *** . I appreciate the opportunity to assist you.

Please accept this letter as confirmation that The Humane League of Philadelphia has had a continuous ownership of 30,000 shares of McDonalds Corporation (MCD) valued over \$2,000 for at least 12 months prior to and including December 10, 2018.

I hope you find this information helpful. If you have any additional questions or concerns, feel free to contact a Fidelity representative at 800-544-6666. We appreciate your business.

Sincerely,

A handwritten signature in cursive script that reads 'David P. Stolz'.

David P. Stolz
Personal Investing Operations

Our File: W877253-10DEC18

Resolved: Shareholders request that McDonald's disclose the economic risks it faces as a result of campaigns targeting the Company over concerns about cruelty to chickens. The report should be made within six months of the 2019 annual meeting, prepared at reasonable cost and omit proprietary information.

Supporting Statement:

In 2018, several independent animal protection charities launched consumer-facing campaigns alleging the mistreatment of chickens in McDonald's supply chain.

These campaigns state that McDonald's lags behind dozens of other companies—including Burger King, Subway, Jack in the Box, Sonic Drive-In, Chipotle, Dunkin' Brands, and Starbucks—when it comes to meaningfully addressing concerns about how chickens are bred and housed. And the campaigns have included high-profile actions like a seven-figure television advertising campaign, full-page advertising in the *New York Times*, video billboard advertising in Times Square, social media advertising, public protests, and more.

As New York State Comptroller Thomas DiNapoli wrote to McDonald's (which the state's pension funds hold substantial shares in): "I am writing with respect to the potential financial and reputational risks associated with McDonald's chicken welfare practices, and the potential for those practices to negatively impact the Fund's investments in the company." He continued: "Based upon the Fund's experience as a long-term investor, we believe that the ability to mitigate risks and establish and maintain responsible animal welfare practices are hallmarks of a company with a sound, sustainable and profitable long term strategy."

Please also consider the following:

- Chicken is critical to McDonald's. As a 2009 *New York Times* article noted: "chicken sales at McDonald's have doubled since 2002, and it now buys more chicken worldwide than beef."
- This is especially relevant in light of a 2018 National Chicken Council study which found 78% of consumers are concerned about how chickens are bred and 77% are concerned about how they're housed—the very issues highlighted by the above-mentioned campaigns. The study also suggests that two of the three biggest concerns holding consumers back from buying more chicken are how chickens are raised and housed.
- Thus, with consumer concerns about chicken production being so high that they may be decreasing demand (as reported by the poultry industry's own trade group)—and with chicken such an important part of McDonald's menu—it's reasonable to assume that the above-mentioned campaigns may result in actual significant costs to McDonald's.

Additionally, these campaigns may impact McDonald's market position. "In the case of animal welfare," reports the World Bank's International Finance Corporation, "failure to keep pace...could put companies and their investors at a competitive disadvantage."

Conclusion:

Chicken is vital to McDonald's. There is evidence that consumer concerns about the treatment of chickens are so high that sales may be negatively impacted. And there is a series of major, high-profile campaigns targeting McDonald's over the treatment of chickens. We encourage shareholders to vote FOR this proposal so that shareholders can more fully understand what the resulting economic risks to the Company are.

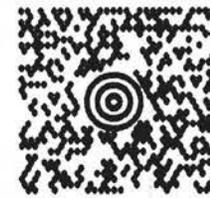
WENDY WATTS
(704) 507-2221

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WEST HOLLYWOOD, CA 90446

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Ask UPS

EXHIBIT B

From: Assaf-Holmes, Lauren
Sent: Wednesday, December 26, 2018 2:01 PM
To: 'wwatts@thehumaneleague.org'
Subject: McDonald's Corporation (Humane League) Correspondence
Attachments: MCD Humane League Letter.pdf

Attached on behalf of our client, McDonald's Corporation, please find our notice of deficiency with respect to the shareholder proposal you submitted.

Best,

Lauren

Lauren Assaf

GIBSON DUNN

Gibson, Dunn & Crutcher LLP
3161 Michelson Drive, Irvine, CA 92612-4412
Tel +1 949.451.3990 • Fax +1 949.475.4680
LAssaf@gibsondunn.com • www.gibsondunn.com

December 26, 2018

VIA OVERNIGHT MAIL AND EMAIL

Wendy Watts
General Counsel
The Humane League
P.O. Box 10476
Rockville, MD 20849
wwatts@thehumaneleague.org

Dear Ms. Watts:

I am writing on behalf of McDonald's Corporation (the "**Company**"), which received on December 13, 2018, your shareholder proposal regarding campaigns targeting the Company, submitted pursuant to Securities and Exchange Commission ("**SEC**") Rule 14a-8 for inclusion in the proxy statement for the Company's 2019 Annual Meeting of Shareholders (the "**Proposal**").

The Proposal contains certain procedural deficiencies, which SEC regulations require us to bring to your attention.

Rule 14a-8(b) under the Securities Exchange Act of 1934, as amended, provides that shareholder proponents must submit sufficient proof of their continuous ownership of at least \$2,000 in market value, or 1%, of a company's shares entitled to vote on the proposal for at least one year as of the date the shareholder proposal was submitted. The Company's stock records do not indicate that you are the record owner of sufficient shares to satisfy this requirement. In addition, to date we have not received adequate proof that you have satisfied Rule 14a-8's ownership requirements as of the date that the Proposal was submitted to the Company. The December 11, 2018 letter from Fidelity Investments that you provided is insufficient because it verifies ownership for the 12 months prior to and including December 10, 2018, rather than for the one-year period preceding and including December 12, 2018, the date the Proposal was submitted to the Company. In addition, the proof of ownership addresses ownership for "The Humane League of Philadelphia," which is not the entity name that appears in your cover letter ("The Humane League").

To remedy these defects, you must obtain a new proof of ownership letter reflecting the correct entity name and verifying your continuous ownership of the required number or amount of Company shares for the one-year period preceding and including December 12, 2018, the date the Proposal was submitted to the Company. As explained in Rule 14a-8(b) and in SEC staff guidance, sufficient proof must be in the form of:

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December 26, 2018
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- (1) a written statement from the “record” holder of your shares (usually a broker or a bank) verifying that you continuously held the required number or amount of Company shares for the one-year period preceding and including December 12, 2018; or
- (2) if you have filed with the SEC a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5, or amendments to those documents or updated forms, reflecting your ownership of the required number or amount of Company shares as of or before the date on which the one-year eligibility period begins, a copy of the schedule and/or form, and any subsequent amendments reporting a change in the ownership level and a written statement that you continuously held the required number or amount of Company shares for the one-year period.

If you intend to demonstrate ownership by submitting a written statement from the “record” holder of your shares as set forth in (1) above, please note that most large U.S. brokers and banks deposit their customers’ securities with, and hold those securities through, the Depository Trust Company (“DTC”), a registered clearing agency that acts as a securities depository (DTC is also known through the account name of Cede & Co.). Under SEC Staff Legal Bulletin No. 14F, only DTC participants are viewed as record holders of securities that are deposited at DTC. You can confirm whether your broker or bank is a DTC participant by asking your broker or bank or by checking DTC’s participant list, which is available at <http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/alpha.ashx>. In these situations, shareholders need to obtain proof of ownership from the DTC participant through which the securities are held, as follows:

- (1) If your broker or bank is a DTC participant, then you need to submit a written statement from your broker or bank verifying that you continuously held the required number or amount of Company shares for the one-year period preceding and including December 12, 2018.
- (2) If your broker or bank is not a DTC participant, then you need to submit proof of ownership from the DTC participant through which the shares are held verifying that you continuously held the required number or amount of Company shares for the one-year period preceding and including December 12, 2018. You should be able to find out the identity of the DTC participant by asking your broker or bank. If your broker is an introducing broker, you may also be able to learn the identity and telephone number of the DTC participant through your account statements, because the clearing broker identified on your account statements will generally be a DTC participant. If the DTC participant that holds your shares is not able to confirm your individual holdings but is able to confirm the holdings of your broker or bank, then you need to satisfy the proof of ownership requirements by

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Wendy Watts
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obtaining and submitting two proof of ownership statements verifying that, for the one-year period preceding and including December 12, 2018, the required number or amount of Company shares were continuously held: (i) one from your broker or bank confirming your ownership, and (ii) the other from the DTC participant confirming the broker or bank's ownership.

The SEC's rules require that any response to this letter be postmarked or transmitted electronically no later than 14 calendar days from the date you receive this letter. Please address any response to Jennifer Card, the Company's Senior Counsel – Securities, Governance and Corporate, at McDonald's Corporation, 110 North Carpenter Street, Chicago, Illinois 60607. Alternatively, you may transmit any response to Ms. Card by email at jennifer.card@us.mcd.com.

If you have any questions with respect to the foregoing, please contact me at (202) 955-8287. For your reference, I enclose a copy of Rule 14a-8 and Staff Legal Bulletin No. 14F.

Sincerely,



Elizabeth A. Ising

cc: Jennifer Card, Senior Counsel – Securities, Governance and Corporate
McDonald's Corporation

Enclosures

Rule 14a-8 – Shareholder Proposals

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

(a) *Question 1: What is a proposal?* A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

(b) *Question 2: Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible?*

(1) In order to be eligible to submit a proposal, you must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders. However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D (§240.13d-101), Schedule 13G (§240.13d-102), Form 3 (§249.103 of this chapter), Form 4 (§249.104 of this chapter) and/or Form 5 (§249.105 of this chapter), or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.

(c) *Question 3:* How many proposals may I submit? Each shareholder may submit no more than one proposal to a company for a particular shareholders' meeting.

(d) *Question 4:* How long can my proposal be? The proposal, including any accompanying supporting statement, may not exceed 500 words.

(e) *Question 5:* What is the deadline for submitting a proposal?

(1) If you are submitting your proposal for the company's annual meeting, you can in most cases find the deadline in last year's proxy statement. However, if the company did not hold an annual meeting last year, or has changed the date of its meeting for this year more than 30 days from last year's meeting, you can usually find the deadline in one of the company's quarterly reports on Form 10-Q (§249.308a of this chapter), or in shareholder reports of investment companies under §270.30d-1 of this chapter of the Investment Company Act of 1940. In order to avoid controversy, shareholders should submit their proposals by means, including electronic means, that permit them to prove the date of delivery.

(2) The deadline is calculated in the following manner if the proposal is submitted for a regularly scheduled annual meeting. The proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting. However, if the company did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than 30 days from the date of the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting your proposal for a meeting of shareholders other than a regularly scheduled annual meeting, the deadline is a reasonable time before the company begins to print and send its proxy materials.

(f) *Question 6:* What if I fail to follow one of the eligibility or procedural requirements explained in answers to Questions 1 through 4 of this section?

(1) The company may exclude your proposal, but only after it has notified you of the problem, and you have failed adequately to correct it. Within 14 calendar days of receiving your proposal, the company must notify you in writing of any procedural or eligibility deficiencies, as well as of the time frame for your response. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you received the company's notification. A company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline. If the company intends to exclude the proposal, it will later have to make a submission under §240.14a-8 and provide you with a copy under Question 10 below, §240.14a-8(j).

(2) If you fail in your promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of your proposals from its proxy materials for any meeting held in the following two calendar years.

(g) *Question 7:* Who has the burden of persuading the Commission or its staff that my proposal can be excluded? Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

(h) *Question 8:* Must I appear personally at the shareholders' meeting to present the proposal?

(1) Either you, or your representative who is qualified under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds its shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.

(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

(i) *Question 9:* If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal?

(1) *Improper under state law:* If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

Note to paragraph (i)(1): Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.

(2) *Violation of law:* If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

Note to paragraph (i)(2): We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law would result in a violation of any state or federal law.

(3) *Violation of proxy rules:* If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including §240.14a-9, which prohibits materially false or misleading statements in proxy soliciting materials;

(4) *Personal grievance; special interest:* If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5) *Relevance:* If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6) *Absence of power/authority:* If the company would lack the power or authority to implement the proposal;

(7) *Management functions*: If the proposal deals with a matter relating to the company's ordinary business operations;

(8) *Director elections*: If the proposal:

- (i) Would disqualify a nominee who is standing for election;
- (ii) Would remove a director from office before his or her term expired;
- (iii) Questions the competence, business judgment, or character of one or more nominees or directors;
- (iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or
- (v) Otherwise could affect the outcome of the upcoming election of directors.

(9) *Conflicts with company's proposal*: If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting;

Note to paragraph (i)(9): A company's submission to the Commission under this section should specify the points of conflict with the company's proposal.

(10) *Substantially implemented*: If the company has already substantially implemented the proposal;

Note to paragraph (i)(10): A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant to Item 402 of Regulation S-K (§229.402 of this chapter) or any successor to Item 402 (a "say-on-pay vote") or that relates to the frequency of say-on-pay votes, provided that in the most recent shareholder vote required by §240.14a-21(b) of this chapter a single year (i.e., one, two, or three years) received approval of a majority of votes cast on the matter and the company has adopted a policy on the frequency of say-on-pay votes that is consistent with the choice of the majority of votes cast in the most recent shareholder vote required by §240.14a-21(b) of this chapter.

(11) *Duplication*: If the proposal substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting;

(12) *Resubmissions*: If the proposal deals with substantially the same subject matter as another proposal or proposals that has or have been previously included in the company's proxy materials within the preceding 5 calendar years, a company may exclude it from its proxy materials for any meeting held within 3 calendar years of the last time it was included if the proposal received:

- (i) Less than 3% of the vote if proposed once within the preceding 5 calendar years;
- (ii) Less than 6% of the vote on its last submission to shareholders if proposed twice previously within the preceding 5 calendar years; or
- (iii) Less than 10% of the vote on its last submission to shareholders if proposed three times or more previously within the preceding 5 calendar years; and

(13) *Specific amount of dividends*: If the proposal relates to specific amounts of cash or stock dividends.

(j) *Question 10*: What procedures must the company follow if it intends to exclude my proposal?

(1) If the company intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission. The company must simultaneously provide you with a copy of its submission. The Commission staff may permit the company to make its submission later than 80 days before the company files its definitive proxy statement and form of proxy, if the company demonstrates good cause for missing the deadline.

(2) The company must file six paper copies of the following:

(i) The proposal;

(ii) An explanation of why the company believes that it may exclude the proposal, which should, if possible, refer to the most recent applicable authority, such as prior Division letters issued under the rule; and

(iii) A supporting opinion of counsel when such reasons are based on matters of state or foreign law.

(k) *Question 11*: May I submit my own statement to the Commission responding to the company's arguments? Yes, you may submit a response, but it is not required. You should try to submit any response to us, with a copy to the company, as soon as possible after the company makes its submission. This way, the Commission staff will have time to consider fully your submission before it issues its response. You should submit six paper copies of your response.

(l) *Question 12*: If the company includes my shareholder proposal in its proxy materials, what information about me must it include along with the proposal itself?

(1) The company's proxy statement must include your name and address, as well as the number of the company's voting securities that you hold. However, instead of providing that information, the company may instead include a statement that it will provide the information to shareholders promptly upon receiving an oral or written request.

(2) The company is not responsible for the contents of your proposal or supporting statement.

(m) *Question 13*: What can I do if the company includes in its proxy statement reasons why it believes shareholders should not vote in favor of my proposal, and I disagree with some of its statements?

(1) The company may elect to include in its proxy statement reasons why it believes shareholders should vote against your proposal. The company is allowed to make arguments reflecting its own point of view, just as you may express your own point of view in your proposal's supporting statement.

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our anti-fraud rule, §240.14a-9, you should promptly send to the Commission staff and the company a letter explaining the reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) In all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before its files definitive copies of its proxy statement and form of proxy under §240.14a-6.



**Division of Corporation Finance
Securities and Exchange Commission**

Shareholder Proposals

Staff Legal Bulletin No. 14F (CF)

Action: Publication of CF Staff Legal Bulletin

Date: October 18, 2011

Summary: This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

Supplementary Information: The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

Contacts: For further information, please contact the Division's Office of Chief Counsel by calling (202) 551-3500 or by submitting a web-based request form at https://tts.sec.gov/cgi-bin/corp_fin_interpretive.

A. The purpose of this bulletin

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information regarding:

- Brokers and banks that constitute "record" holders under Rule 14a-8 (b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;
- Common errors shareholders can avoid when submitting proof of ownership to companies;
- The submission of revised proposals;
- Procedures for withdrawing no-action requests regarding proposals submitted by multiple proponents; and
- The Division's new process for transmitting Rule 14a-8 no-action responses by email.

You can find additional guidance regarding Rule 14a-8 in the following bulletins that are available on the Commission's website: [SLB No. 14](#), [SLB No. 14A](#), [SLB No. 14B](#), [SLB No. 14C](#), [SLB No. 14D](#) and [SLB No. 14E](#).

B. The types of brokers and banks that constitute “record” holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

1. Eligibility to submit a proposal under Rule 14a-8

To be eligible to submit a shareholder proposal, a shareholder must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the shareholder meeting for at least one year as of the date the shareholder submits the proposal. The shareholder must also continue to hold the required amount of securities through the date of the meeting and must provide the company with a written statement of intent to do so.¹

The steps that a shareholder must take to verify his or her eligibility to submit a proposal depend on how the shareholder owns the securities. There are two types of security holders in the U.S.: registered owners and beneficial owners.² Registered owners have a direct relationship with the issuer because their ownership of shares is listed on the records maintained by the issuer or its transfer agent. If a shareholder is a registered owner, the company can independently confirm that the shareholder's holdings satisfy Rule 14a-8(b)'s eligibility requirement.

The vast majority of investors in shares issued by U.S. companies, however, are beneficial owners, which means that they hold their securities in book-entry form through a securities intermediary, such as a broker or a bank. Beneficial owners are sometimes referred to as “street name” holders. Rule 14a-8(b)(2)(i) provides that a beneficial owner can provide proof of ownership to support his or her eligibility to submit a proposal by submitting a written statement “from the ‘record’ holder of [the] securities (usually a broker or bank),” verifying that, at the time the proposal was submitted, the shareholder held the required amount of securities continuously for at least one year.³

2. The role of the Depository Trust Company

Most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company (“DTC”), a registered clearing agency acting as a securities depository. Such brokers and banks are often referred to as “participants” in DTC.⁴ The names of these DTC participants, however, do not appear as the registered owners of the securities deposited with DTC on the list of shareholders maintained by the company or, more typically, by its transfer agent. Rather, DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants. A company can request from DTC a “securities position listing” as of a specified date, which identifies the DTC participants having a position in the company's securities and the number of securities held by each DTC participant on that date.⁵

3. Brokers and banks that constitute “record” holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

In *The Hain Celestial Group, Inc.* (Oct. 1, 2008), we took the position that an introducing broker could be considered a “record” holder for purposes of

Rule 14a-8(b)(2)(i). An introducing broker is a broker that engages in sales and other activities involving customer contact, such as opening customer accounts and accepting customer orders, but is not permitted to maintain custody of customer funds and securities.⁶ Instead, an introducing broker engages another broker, known as a “clearing broker,” to hold custody of client funds and securities, to clear and execute customer trades, and to handle other functions such as issuing confirmations of customer trades and customer account statements. Clearing brokers generally are DTC participants; introducing brokers generally are not. As introducing brokers generally are not DTC participants, and therefore typically do not appear on DTC’s securities position listing, *Hain Celestial* has required companies to accept proof of ownership letters from brokers in cases where, unlike the positions of registered owners and brokers and banks that are DTC participants, the company is unable to verify the positions against its own or its transfer agent’s records or against DTC’s securities position listing.

In light of questions we have received following two recent court cases relating to proof of ownership under Rule 14a-8⁷ and in light of the Commission’s discussion of registered and beneficial owners in the Proxy Mechanics Concept Release, we have reconsidered our views as to what types of brokers and banks should be considered “record” holders under Rule 14a-8(b)(2)(i). Because of the transparency of DTC participants’ positions in a company’s securities, we will take the view going forward that, for Rule 14a-8(b)(2)(i) purposes, only DTC participants should be viewed as “record” holders of securities that are deposited at DTC. As a result, we will no longer follow *Hain Celestial*.

We believe that taking this approach as to who constitutes a “record” holder for purposes of Rule 14a-8(b)(2)(i) will provide greater certainty to beneficial owners and companies. We also note that this approach is consistent with Exchange Act Rule 12g5-1 and a 1988 staff no-action letter addressing that rule,⁸ under which brokers and banks that are DTC participants are considered to be the record holders of securities on deposit with DTC when calculating the number of record holders for purposes of Sections 12(g) and 15(d) of the Exchange Act.

Companies have occasionally expressed the view that, because DTC’s nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants, only DTC or Cede & Co. should be viewed as the “record” holder of the securities held on deposit at DTC for purposes of Rule 14a-8(b)(2)(i). We have never interpreted the rule to require a shareholder to obtain a proof of ownership letter from DTC or Cede & Co., and nothing in this guidance should be construed as changing that view.

How can a shareholder determine whether his or her broker or bank is a DTC participant?

Shareholders and companies can confirm whether a particular broker or bank is a DTC participant by checking DTC’s participant list, which is currently available on the Internet at <http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/alpha.ashx>.

What if a shareholder’s broker or bank is not on DTC’s participant list?

The shareholder will need to obtain proof of ownership from the DTC participant through which the securities are held. The shareholder should be able to find out who this DTC participant is by asking the shareholder's broker or bank.⁹

If the DTC participant knows the shareholder's broker or bank's holdings, but does not know the shareholder's holdings, a shareholder could satisfy Rule 14a-8(b)(2)(i) by obtaining and submitting two proof of ownership statements verifying that, at the time the proposal was submitted, the required amount of securities were continuously held for at least one year – one from the shareholder's broker or bank confirming the shareholder's ownership, and the other from the DTC participant confirming the broker or bank's ownership.

How will the staff process no-action requests that argue for exclusion on the basis that the shareholder's proof of ownership is not from a DTC participant?

The staff will grant no-action relief to a company on the basis that the shareholder's proof of ownership is not from a DTC participant only if the company's notice of defect describes the required proof of ownership in a manner that is consistent with the guidance contained in this bulletin. Under Rule 14a-8(f)(1), the shareholder will have an opportunity to obtain the requisite proof of ownership after receiving the notice of defect.

C. Common errors shareholders can avoid when submitting proof of ownership to companies

In this section, we describe two common errors shareholders make when submitting proof of ownership for purposes of Rule 14a-8(b)(2), and we provide guidance on how to avoid these errors.

First, Rule 14a-8(b) requires a shareholder to provide proof of ownership that he or she has "continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal" (emphasis added).¹⁰ We note that many proof of ownership letters do not satisfy this requirement because they do not verify the shareholder's beneficial ownership for the entire one-year period preceding and including the date the proposal is submitted. In some cases, the letter speaks as of a date *before* the date the proposal is submitted, thereby leaving a gap between the date of the verification and the date the proposal is submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the shareholder's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Second, many letters fail to confirm continuous ownership of the securities. This can occur when a broker or bank submits a letter that confirms the shareholder's beneficial ownership only as of a specified date but omits any reference to continuous ownership for a one-year period.

We recognize that the requirements of Rule 14a-8(b) are highly prescriptive and can cause inconvenience for shareholders when submitting proposals.

Although our administration of Rule 14a-8(b) is constrained by the terms of the rule, we believe that shareholders can avoid the two errors highlighted above by arranging to have their broker or bank provide the required verification of ownership as of the date they plan to submit the proposal using the following format:

“As of [date the proposal is submitted], [name of shareholder] held, and has held continuously for at least one year, [number of securities] shares of [company name] [class of securities].”¹¹

As discussed above, a shareholder may also need to provide a separate written statement from the DTC participant through which the shareholder’s securities are held if the shareholder’s broker or bank is not a DTC participant.

D. The submission of revised proposals

On occasion, a shareholder will revise a proposal after submitting it to a company. This section addresses questions we have received regarding revisions to a proposal or supporting statement.

1. A shareholder submits a timely proposal. The shareholder then submits a revised proposal before the company’s deadline for receiving proposals. Must the company accept the revisions?

Yes. In this situation, we believe the revised proposal serves as a replacement of the initial proposal. By submitting a revised proposal, the shareholder has effectively withdrawn the initial proposal. Therefore, the shareholder is not in violation of the one-proposal limitation in Rule 14a-8 (c).¹² If the company intends to submit a no-action request, it must do so with respect to the revised proposal.

We recognize that in Question and Answer E.2 of SLB No. 14, we indicated that if a shareholder makes revisions to a proposal before the company submits its no-action request, the company can choose whether to accept the revisions. However, this guidance has led some companies to believe that, in cases where shareholders attempt to make changes to an initial proposal, the company is free to ignore such revisions even if the revised proposal is submitted before the company’s deadline for receiving shareholder proposals. We are revising our guidance on this issue to make clear that a company may not ignore a revised proposal in this situation.¹³

2. A shareholder submits a timely proposal. After the deadline for receiving proposals, the shareholder submits a revised proposal. Must the company accept the revisions?

No. If a shareholder submits revisions to a proposal after the deadline for receiving proposals under Rule 14a-8(e), the company is not required to accept the revisions. However, if the company does not accept the revisions, it must treat the revised proposal as a second proposal and submit a notice stating its intention to exclude the revised proposal, as required by Rule 14a-8(j). The company’s notice may cite Rule 14a-8(e) as the reason for excluding the revised proposal. If the company does not accept the revisions and intends to exclude the initial proposal, it would also need to submit its reasons for excluding the initial proposal.

3. If a shareholder submits a revised proposal, as of which date must the shareholder prove his or her share ownership?

A shareholder must prove ownership as of the date the original proposal is submitted. When the Commission has discussed revisions to proposals,¹⁴ it has not suggested that a revision triggers a requirement to provide proof of ownership a second time. As outlined in Rule 14a-8(b), proving ownership includes providing a written statement that the shareholder intends to continue to hold the securities through the date of the shareholder meeting. Rule 14a-8(f)(2) provides that if the shareholder “fails in [his or her] promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of [the same shareholder’s] proposals from its proxy materials for any meeting held in the following two calendar years.” With these provisions in mind, we do not interpret Rule 14a-8 as requiring additional proof of ownership when a shareholder submits a revised proposal.¹⁵

E. Procedures for withdrawing no-action requests for proposals submitted by multiple proponents

We have previously addressed the requirements for withdrawing a Rule 14a-8 no-action request in SLB Nos. 14 and 14C. SLB No. 14 notes that a company should include with a withdrawal letter documentation demonstrating that a shareholder has withdrawn the proposal. In cases where a proposal submitted by multiple shareholders is withdrawn, SLB No. 14C states that, if each shareholder has designated a lead individual to act on its behalf and the company is able to demonstrate that the individual is authorized to act on behalf of all of the proponents, the company need only provide a letter from that lead individual indicating that the lead individual is withdrawing the proposal on behalf of all of the proponents.

Because there is no relief granted by the staff in cases where a no-action request is withdrawn following the withdrawal of the related proposal, we recognize that the threshold for withdrawing a no-action request need not be overly burdensome. Going forward, we will process a withdrawal request if the company provides a letter from the lead filer that includes a representation that the lead filer is authorized to withdraw the proposal on behalf of each proponent identified in the company’s no-action request.¹⁶

F. Use of email to transmit our Rule 14a-8 no-action responses to companies and proponents

To date, the Division has transmitted copies of our Rule 14a-8 no-action responses, including copies of the correspondence we have received in connection with such requests, by U.S. mail to companies and proponents. We also post our response and the related correspondence to the Commission’s website shortly after issuance of our response.

In order to accelerate delivery of staff responses to companies and proponents, and to reduce our copying and postage costs, going forward, we intend to transmit our Rule 14a-8 no-action responses by email to companies and proponents. We therefore encourage both companies and proponents to include email contact information in any correspondence to each other and to us. We will use U.S. mail to transmit our no-action response to any company or proponent for which we do not have email contact information.

Given the availability of our responses and the related correspondence on the Commission's website and the requirement under Rule 14a-8 for companies and proponents to copy each other on correspondence submitted to the Commission, we believe it is unnecessary to transmit copies of the related correspondence along with our no-action response. Therefore, we intend to transmit only our staff response and not the correspondence we receive from the parties. We will continue to post to the Commission's website copies of this correspondence at the same time that we post our staff no-action response.

¹ See Rule 14a-8(b).

² For an explanation of the types of share ownership in the U.S., see Concept Release on U.S. Proxy System, Release No. 34-62495 (July 14, 2010) [75 FR 42982] ("Proxy Mechanics Concept Release"), at Section II.A. The term "beneficial owner" does not have a uniform meaning under the federal securities laws. It has a different meaning in this bulletin as compared to "beneficial owner" and "beneficial ownership" in Sections 13 and 16 of the Exchange Act. Our use of the term in this bulletin is not intended to suggest that registered owners are not beneficial owners for purposes of those Exchange Act provisions. See Proposed Amendments to Rule 14a-8 under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Release No. 34-12598 (July 7, 1976) [41 FR 29982], at n.2 ("The term 'beneficial owner' when used in the context of the proxy rules, and in light of the purposes of those rules, may be interpreted to have a broader meaning than it would for certain other purpose[s] under the federal securities laws, such as reporting pursuant to the Williams Act.").

³ If a shareholder has filed a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 reflecting ownership of the required amount of shares, the shareholder may instead prove ownership by submitting a copy of such filings and providing the additional information that is described in Rule 14a-8(b)(2)(ii).

⁴ DTC holds the deposited securities in "fungible bulk," meaning that there are no specifically identifiable shares directly owned by the DTC participants. Rather, each DTC participant holds a pro rata interest or position in the aggregate number of shares of a particular issuer held at DTC. Correspondingly, each customer of a DTC participant – such as an individual investor – owns a pro rata interest in the shares in which the DTC participant has a pro rata interest. See Proxy Mechanics Concept Release, at Section II.B.2.a.

⁵ See Exchange Act Rule 17Ad-8.

⁶ See Net Capital Rule, Release No. 34-31511 (Nov. 24, 1992) [57 FR 56973] ("Net Capital Rule Release"), at Section II.C.

⁷ See *KBR Inc. v. Chevedden*, Civil Action No. H-11-0196, 2011 U.S. Dist. LEXIS 36431, 2011 WL 1463611 (S.D. Tex. Apr. 4, 2011); *Apache Corp. v. Chevedden*, 696 F. Supp. 2d 723 (S.D. Tex. 2010). In both cases, the court concluded that a securities intermediary was not a record holder for purposes of Rule 14a-8(b) because it did not appear on a list of the

company's non-objecting beneficial owners or on any DTC securities position listing, nor was the intermediary a DTC participant.

⁸ *Techne Corp.* (Sept. 20, 1988).

⁹ In addition, if the shareholder's broker is an introducing broker, the shareholder's account statements should include the clearing broker's identity and telephone number. See Net Capital Rule Release, at Section II.C.(iii). The clearing broker will generally be a DTC participant.

¹⁰ For purposes of Rule 14a-8(b), the submission date of a proposal will generally precede the company's receipt date of the proposal, absent the use of electronic or other means of same-day delivery.

¹¹ This format is acceptable for purposes of Rule 14a-8(b), but it is not mandatory or exclusive.

¹² As such, it is not appropriate for a company to send a notice of defect for multiple proposals under Rule 14a-8(c) upon receiving a revised proposal.

¹³ This position will apply to all proposals submitted after an initial proposal but before the company's deadline for receiving proposals, regardless of whether they are explicitly labeled as "revisions" to an initial proposal, unless the shareholder affirmatively indicates an intent to submit a second, *additional* proposal for inclusion in the company's proxy materials. In that case, the company must send the shareholder a notice of defect pursuant to Rule 14a-8(f)(1) if it intends to exclude either proposal from its proxy materials in reliance on Rule 14a-8(c). In light of this guidance, with respect to proposals or revisions received before a company's deadline for submission, we will no longer follow *Layne Christensen Co.* (Mar. 21, 2011) and other prior staff no-action letters in which we took the view that a proposal would violate the Rule 14a-8(c) one-proposal limitation if such proposal is submitted to a company after the company has either submitted a Rule 14a-8 no-action request to exclude an earlier proposal submitted by the same proponent or notified the proponent that the earlier proposal was excludable under the rule.

¹⁴ See, e.g., Adoption of Amendments Relating to Proposals by Security Holders, Release No. 34-12999 (Nov. 22, 1976) [41 FR 52994].

¹⁵ Because the relevant date for proving ownership under Rule 14a-8(b) is the date the proposal is submitted, a proponent who does not adequately prove ownership in connection with a proposal is not permitted to submit another proposal for the same meeting on a later date.

¹⁶ Nothing in this staff position has any effect on the status of any shareholder proposal that is not withdrawn by the proponent or its authorized representative.

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EXHIBIT C



January 4, 2019

VIA UPS OVERNIGHT DELIVERY and email: jennifer.card@us.mcd.com

Ms. Jennifer Card
Senior Counsel - Securities, Governance and Corporate
McDonald's Corporation
110 North Carpenter Street
Chicago, IL 60607

Re: Shareholder Proposal for 2019 Annual Meeting

Dear Ms. Card:

I write in response to your letter dated December 26, 2018 and enclose herewith, per your request, a new proof of ownership letter from Fidelity Investments reflecting the correct entity name of our organization, and The Humane League's continuous ownership of the required number and amount of McDonald's shares for the one-year period preceding and including December 12, 2018, the date The Humane League's shareholder proposal was submitted to McDonald's.

The Humane League has held at least \$2,000 worth of common stock continuously for more than one year, and intends to hold at least this amount through and including the date of the 2019 shareholders meeting.

Please contact me should you have any questions or require further information. We would be pleased to discuss the issues presented by this proposal with you. I can be reached at 704-507-2260 or via email at wwatts@thehumaneleague.org.

Sincerely,

Wendy Watts
General Counsel

Enclosure: As stated.

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December 28, 2018

Mr. Jerry Krulewitch
Office of the Corporate Secretary
McDonald's Corporation
Department 010
110 North Carpenter Street
Chicago, IL 60607

Re: Shareholder Proposal for 2019 Annual Meeting

Dear Mr. Krulewitch:

This letter is in response to a recent request from our client, The Humane League, to provide you with account information. I appreciate the opportunity to assist you.

Please accept this letter as confirmation that The Humane League has owned 30 shares of McDonalds Corporation (MCD) valued over \$2,000 for at least 12 months prior to and including December 13, 2018.

I hope you find this information helpful. If you have any questions regarding this issue or general inquiries regarding your account, please contact a Fidelity representative at 800-544-6666 for assistance.

Sincerely,

A handwritten signature in black ink that reads 'Pablo Martinez'.

Pablo Martinez
Personal Investing Operations

Our File: W797087-28DEC18

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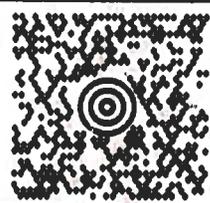
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