Via email shareholderproposals@sec.gov
U.S. Securities and Exchange Commission
Office of Chief Counsel
Division of Corporation Finance
100 F Street, NE, Washington, DC 20549-2736

Re: Shareholder Proposal to Amazon.com 2020 Meeting

Ladies and gentlemen:

This is to respond to the Gibson Dunn-Amazon letter of January 24, 2020. My proposal does not seek “to ‘micro-manage’ the company by probing too deeply into matters of a complex nature”.

Shareholder proposals by nature are only recommendations so the board always has flexibility to implement them in the spirit rather than by exact numbers, and my proposal especially adds that “The Company’s board of directors has the flexibility to implement this proposal”. Here in my proposal, every reasonable shareholder with common sense would agree that from the current ratio 684:1, any policy improvement to reach close to the flexible ratio 20:1 is very good to implement my proposal recommendation.

The executive (NEO) compensation policy is simple by nature. For example, one good example is that Twitter CEO Jack Dorsey received a total salary of $1.40 in 2018; one bad example is that Apple’s five NEOs (except CEO) awarded themselves the same $1,000,000 salary, the same $20,000,105 stock award and the same $4,000,000 non-equity incentive plan compensation each in 2015 (Apple Inc. Notice of 2017 Annual Meeting of Shareholders and Proxy Statement Proposal No. 8). Where is the “complex nature” of the executive compensation? Shareholders, as a group, are in a position to make an informed judgment and should not be deprived of the right to vote on such a simple policy issue. Making such a simple thing as executive compensation policy complicated is a waste of company resource, a misleading against shareholders interest and a disdain of common sense.
What are the meaning and purpose of the relevant Congress acts and the SEC regulations if they are excluded from corporate governance? Amazon should not be allowed to make the Dodd-Frank Act and the SEC amend Item 402 of Regulation S-K irrelevant to its executive compensation policy.

Should you have any questions, please contact me at *** or ***

Respectfully,

Jing Zhao

Cc: Ronald O. Mueller RMueller@gibsondunn.com & shareholderproposals@gibsondunn.com, Victor Twu VTwu@gibsondunn.com, Mark F. Hoffman markhoff@amazon.com
January 24, 2020

VIA E-MAIL

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

Re: Amazon.com, Inc.
Shareholder Proposal of Jing Zhao
Securities Exchange Act of 1934—Rule 14a-8

Ladies and Gentlemen:

This letter is to inform you that our client, Amazon.com, Inc. (the “Company”), intends to omit from its proxy statement and form of proxy for its 2020 Annual Shareholders’ Meeting (collectively, the “2020 Proxy Materials”) a shareholder proposal (the “Proposal”) and statements in support thereof (the “Supporting Statement”) received from Jing Zhao (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 2020 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.
THE PROPOSAL

The Proposal states:

Resolved: stockholders recommend that Amazon.com, Inc. (our Company) reduce the Named Executive Officer (NEO) Pay Ratios by 5-10% each year until the ratios reach 20 to 1.

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

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff concur in our view that the Proposal may be excluded from the 2020 Proxy Materials pursuant to Rule 14a-8(i)(7) because the Proposal seeks to micromanage the Company.

ANALYSIS

The Proposal May Be Excluded Under Rule 14a-8(i)(7) Because The Proposal Seeks To Micromanage The Company.

A. Background On The Ordinary Business Standard Under Rule 14a-8(i)(7).

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. As relevant here, one of those considerations is “the degree to which the proposal seeks to ‘micro-manage’ the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” Id. (citing Exchange Act Release No. 12999 (Nov. 22, 1976)). The 1998 Release further states that “[t]his consideration may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” In Staff Legal Bulletin No. 14K (Oct. 16, 2019) (“SLB 14K”), the Staff clarified that in considering arguments for exclusion based on micromanagement, the Staff looks to see “whether the proposal seeks intricate detail or imposes
a specific strategy, method, action, outcome or timeline for addressing an issue, thereby supplanting the judgment of management and the board” (emphases added).

In Staff Legal Bulletin No. 14J (Oct. 23, 2018), the Staff confirmed that this standard applies to proposals that micromanage senior executive compensation (“[T]he Division may agree that proposals addressing senior executive and/or director compensation that seek intricate detail, or seek to impose specific timeframes or methods for implementing complex policies can be excluded under Rule 14a-8(i)(7) on the basis of micromanagement”). In addition, the Staff clarified in SLB 14K that whether a proposal micromanages the company “rests on an evaluation of the manner in which a proposal seeks to address the subject matter raised, rather than the subject matter itself.”

B. The Proposal Seeks To Micromanage The Company By Unduly Limiting The Ability Of Management And The Board To Manage Complex Matters.

Here, the Proposal requests that the Company “reduce the Named Executive Officer (NEO) Pay Ratios by 5-10% each year until the ratios reach 20 to 1.” By imposing a specific strategy (setting NEO-employee pay ratios at exactly 20-to-1) and method (reduce current NEO-employee pay ratios 5-10% each year) in order to address a complex issue (executive compensation), the Proposal would, in the words of SLB 14K, “unduly limit the ability of management and the board to manage complex matters with a level of flexibility necessary to fulfill their fiduciary duties to shareholders.” Thus, as discussed below, the Proposal is excludable under Rule 14a-8(i)(7) because it seeks to micromanage the Company.

The Staff recently concurred in exclusion of a substantially similar proposal addressing pay ratios. In *The Walt Disney Co. (Karen Lizette Perricone Revocable Trust)* (avail. Dec. 6, 2019), the proposal requested the board to “limit the annual total compensation of [the] Chairman and Chief Executive Officer to a ratio not to exceed the total annual compensation of [the company]’s median employee by more than 500:1.” The proposal also required that the ratio be attained within a five-year timeframe. The company argued, among other things, that “[t]he [p]roposal seeks to ‘micromanage’ the [c]ompany by specifying a particular maximum pay ratio . . . as well as a particular means and a specific timeframe for doing so.” The Staff concurred that the proposal was excludable under Rule 14a-8(i)(7).

Similarly, the Staff has concurred that other shareholder proposals attempting to micromanage a company’s executive compensation practices by prescribing specific methods for implementation as a substitute for the judgment of management are excludable under Rule 14a-8(i)(7). For example, in *JPMorgan Chase & Co.* (avail. Mar. 22, 2019), a proposal requested that the board adopt a policy prohibiting the vesting of equity-based awards for senior executives who voluntarily resigned to enter government service. The company argued that by requiring a new policy on all awards or plans after the 2019 annual meeting, the proposal imposed specific outcomes and a specific timeframe with respect to the company’s executive and employee benefits. The Staff concurred in exclusion noting that “the [p]roposal micromanages the [c]ompany by seeking to impose specific methods for implementing complex policies.” See also *AbbVie Inc.* (avail. Feb. 15, 2019) (concurring in exclusion of a proposal requesting a policy
to prohibit financial performance metric adjustments to exclude legal or compliance costs for the purposes of determining senior executive incentive compensation as micromanaging the company with the Staff noting that the proposal “would prohibit any adjustment of the broad categories of expenses covered by the [p]roposal without regard to specific circumstances or the possibility of reasonable exceptions”); Johnson & Johnson (avail. Feb. 14, 2019) (same).

Here, the Proposal has terms even more prescriptive than those in Walt Disney. For example, the Proposal requires that an exact pay ratio of 20-to-1 be achieved—no more and no less—whereas in Walt Disney the proposal established a limit to be achieved (no more than 500-to-1). Furthermore, the Proposal includes a specific means of implementation—reduce NEO pay ratios by 5-10% each and every year until the ratio is achieved—thereby also effectively imposing a specific time frame for implementation. Like the proposals in AbbVie and Johnson & Johnson, the Proposal does not permit any variation based on specific circumstances or the possibility of reasonable exceptions. In this regard, as in Walt Disney and the other precedents cited above, the Proposal imposes a specific strategy and method in order to address a complex issue as a substitute for the judgment of the Company’s Board of Directors (the “Board”) and management. With respect to NEO compensation matters, the Proposal would force the Board’s Leadership Development and Compensation Committee (the “Committee”) to act in accordance with the rigid requirements of the Proposal to meet the 5-10% annual reduction, and ultimately the 20-to-1 NEO pay ratio, forgoing any other factors that the Committee might otherwise deem important or relevant, such as: tenure and scope of responsibilities, market compensation data, or the Company’s current practice of granting equity awards every other year.1 As disclosed in the Company’s Definitive Proxy Statement for its 2019 Annual Meeting of Shareholders, the Committee has designed the Company’s compensation program with a number of considerations in mind, including the need to attract and retain the highest-caliber employees while also reinforcing the Company’s core values, including customer obsession, innovation, bias for action, acting like owners and thinking long-term, a high hiring bar, and frugality. The Committee’s executive compensation decisions involve complex considerations, including, but not limited to, recruitment, retention, and consistency of program design across employee groups.

For example, the Company currently compensates its NEOs primarily through stock-based compensation that vests over an extended period of time (except for its Chief Executive Officer (the “CEO”), who has never received stock-based compensation due to his substantial ownership in the Company). Because the Company’s compensation program is designed to reward long-term performance and operate over a period of years, NEOs may not necessarily receive stock-based awards every year. Thus, while NEOs (other than the CEO) received restricted stock unit awards in 2018, they did not receive any equity awards in 2017, which resulted in each NEO compensation to median employee compensation pay ratio being less than 20-to-1 for 2017. If

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1 As discussed below, the Proposal could restrict the Committee’s ability to grant equity awards at all, given that the value of such awards is based on the price of the Company’s shares and would likely result in an NEO pay ratio that is not exactly 20-to-1.
implemented, the Proposal would prohibit this situation and would dictate how compensation had to be structured over multiple years. Moreover, due to the Proposal’s strict 20-to-1 mandate, and the inability to determine the median employee’s total compensation until after the end of the year, the Company would effectively be prohibited from awarding significant (or any) equity compensation during the year, and could only achieve the 20-to-1 ratio by awarding cash bonuses after the end of the year, once the median employee’s total compensation is known. In addition, the Proposal would ultimately require that all NEOs be paid the exact same amount—twenty times the median employee compensation—allowing no discretion for variance and effectively mandating exactly how much NEOs are to be paid, once the median employee compensation is determined, in order to meet the requisite 20-to-1 ratio. The Proposal thus imposes “a specific strategy, method, action, outcome [and] timeline for addressing an issue, thereby supplanting the judgment” of the Committee. As such, the Proposal is properly excludable under Rule 14a-8(i)(7) because its seeks to micromanage the Company.


As discussed above, a proposal that seeks to micromanage a company’s business operations is excludable under Rule 14a-8(i)(7) even if it involves a significant policy issue. For example, the Staff’s responses in JPMorgan Chase and AbbVie (discussed above) are particularly relevant. In those letters, the Staff concurred with the exclusion of proposals that intruded upon the day-to-day, ordinary business operations of the companies even though the proposals at issue addressed matters implicating senior executive compensation. In addition, the Staff clarified in SLB 14K that whether a proposal micromanages the company “rests on an evaluation of the manner in which a proposal seeks to address the subject matter raised, rather than the subject matter itself.” Here, even if the Proposal is viewed as raising significant policy issues, the extent of intrusion by the Proposal on the Company’s ordinary operations, as described above, necessarily means that the subject matter does not “transcend[] the day-to-day business matters of the company.” See Staff Legal Bulletin No. 14E (Oct. 27, 2009). Therefore, consistent with the Staff’s decisions in the precedent cited above, the Proposal may be properly excluded under Rule 14a-8(i)(7).

CONCLUSION

Based upon the foregoing analysis, the Company intends to exclude the Proposal from its 2020 Proxy Materials, and we respectfully request that the Staff concur that the Proposal may be excluded under Rule 14a-8.

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) 955-8671, or Mark Hoffman, the Company’s Vice President & Associate General Counsel, Corporate and Securities, and Legal Operations, and Assistant Secretary, at (206) 266-2132.

Sincerely,

Ronald O. Mueller

Enclosures

cc:   Mark Hoffman, Amazon.com, Inc.
      Jing Zhao
Corporation Secretary  
Amazon.com, Inc.  
410 Terry Avenue North  
Seattle, Washington 98109  
(via certified mail & amazon-ir@amazon.com)

Re: Proposal to 2020 Stockholders Meeting

Dear Secretary:

Enclosed please find my stockholder proposal for inclusion in our company’s proxy materials for the 2020 annual meeting of stockholders and a letter confirming my shares. I will continuously hold these shares through the 2020 annual meeting of stockholders.

I would request that you provide an email to receive proposals from stockholders.

Should you have any questions, please contact me at or .

Yours truly,

Jing Zhao

Enclosure: Stockholder proposal
Letter of shares
Stockholder Proposal on NEO Pay Ratios

Resolved: stockholders recommend that Amazon.com, Inc. (our Company) reduce the Named Executive Officer (NEO) Pay Ratios by 5-10% each year until the ratios reach 20 to 1.

Supporting Statement

Section 953(b) of the Dodd-Frank Act directed the SEC to amend Item 402 of Regulation S-K to require each company to disclose the annual total compensation of the CEO, the median of the annual total compensation of all employees (except the CEO), and the ratio of these two amounts (CEO pay ratio). In 2018, our Company’s CEO pay ratio was 58 to 1 (Notice of 2019 Annual Meeting of Shareholders pp. 46, 50-51), NEOs (except CEO) pay ratios are amazingly high 240 to 1 ($6,933,349 to $28,836), 361 to 1 (10,399,662 to $28,836), 684 to 1 (19,732,666 to $28,836), and 684 to 1 (19,722,047 to $28,836). Compared with big European and Japanese companies where the NEO pay ratios are less than 20 to 1, America’s NEOs, especially our Company’s NEOs, are overpaid too much.

Nationwide, “Median compensation for 132 chief executives of S&P 500 companies reached $12.4 million in 2018, up from $11.7 million for the same group in 2017, according to a Wall Street Journal analysis.” (March 17, 2019). “CEOs rake in 940% more than 40 years ago, while average workers earn 12% more” (CBSNEWS August 14, 2019). America’s ballooning executive compensation is not sustainable for the economy.

It is time for American executives as citizens to take the social responsibility on their own initiative rather than to be forced to do so by the public, such as United States Senator Elizabeth Warren’s plan “transforming large American companies by letting their workers elect at least 40% of the company’s board members to give them a powerful voice in decisions about wages.”

The Company’s board of directors has the flexibility to implement this proposal, such as including representatives from employees to the Leadership Development and Compensation Committee.
11/13/2019

Jing Zhao ***

Re: Your TD Ameritrade Account Ending in ***

Dear Jing Zhao,

Thank you for allowing me to assist you today. As you requested, this letter is to confirm that you have continuously held 2 shares of Amazon.com Inc (AMZN) since June 25, 2018, and continue to hold this position today.

If we can be of any further assistance, please let us know. Just log in to your account and go to the Message Center to write us. You can also call Client Services at 800-669-3900. We're available 24 hours a day, seven days a week.

Sincerely,

Jeremy Carrasco
Resource Specialist
TD Ameritrade

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