

## Shareholder Resolution

Whereas, in our 2008 Corporate Responsibility Report, McDonald's Corporation (the Corporation) commits to "ensure industry-leading animal husbandry practices" and our "Animal Welfare Guiding Principles" express our "commitment to ensuring animals are free from cruelty, abuse and neglect."

McDonald's has implemented cage-free egg purchasing policies in other countries: we have committed to phase out all 'caged' whole eggs in our EU restaurants by the end of 2010 and 100% of the Corporation's UK egg sales are already cage-free. Conversely, no eggs sold by McDonald's-US are cage-free. McDonald's-US not only lags behind McDonald's-UK, but also behind domestic competitors. Burger King, Denny's, Carl's Jr., and Hardee's all use cage-free eggs in the US. As a result, "industry-leading best practices" increasingly mean shunning battery cage confinement. In addition to these competitors, other major players in the restaurant and food-service industries and scores of universities are already moving in that direction.

Typically, caged egg-laying hens are confined in wire battery cages so small the birds cannot even spread their wings. Under McDonald's current guidelines, our US suppliers need only provide hens a mere 72 square inches of cage space—less than a letter-sized sheet of paper—on which to spend nearly their whole lives.

The prestigious Pew Commission on Industrial Farm Animal Production—an independent panel including former US Secretary of Agriculture Dan Glickman—concluded after an extensive two-year study that battery cages for laying hens should be phased out on animal welfare and food safety grounds.

In October 2008, *The New York Times* editorial board noted: "[Industrial farming] means endless rows of laying hens kept in battery cages so small that the birds cannot even stretch their wings. **No philosophy can justify this kind of cruelty, not even the philosophy of cheapness.**" [emphasis added]

In November, Californians overwhelmingly passed the Prevention of Farm Animal Cruelty Act, criminalizing the confinement of laying hens in battery cages (with a phase-out period), punishable by jail time and fines. California, in addition to being our nation's most populous state, is the birthplace of McDonald's, and home to more than 600 McDonald's restaurants.

The Corporation's own US Animal Welfare Council member Diane Halverson states: "The standard industry practice of confining laying hens in battery cages is an institutionalized cruelty that must be abolished."

**RESOLVED**, shareholders request that the Board of Directors adopt a policy to phase-in the use of cage-free eggs at our United States locations, in keeping with our company's stated commitment to be an industry leader on animal welfare issues.

### SUPPORTING STATEMENT

In the proponents' opinion, our company risks loss of business and reputation by not switching to cage-free eggs; our lack of progress on this issue in the US belies our animal welfare policy. By phasing in cage-free eggs, McDonald's can keep pace with competitors and better meet public expectations and our own commitments to animal welfare.

We urge you to vote FOR the resolution.