

REFINITIV

DELTA REPORT

10-Q

MCD - MCDONALDS CORP
10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	493
CHANGES	164
DELETIONS	195
ADDITIONS	134

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June September 30, 2024**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-5231

McDONALD'S CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

110 North Carpenter Street

Chicago, Illinois

(Address of Principal Executive Offices)

36-2361282

(I.R.S. Employer
Identification No.)

60607

(Zip Code)

(630) 623-3000

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	MCD	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
Emerging Growth Company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

717,343,247 716,619,686

(Number of shares of common stock

outstanding as of **June 30, 2024 September 30, 2024**)

McDONALD'S CORPORATION

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEET

(unaudited)

(unaudited)

(unaudited)

In millions, except per share data

In millions, except per share data

In millions, except per share data

Assets

Current assets

Current assets

Current assets

Cash and equivalents

June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
------------------	----------------------	-----------------------	----------------------

Cash and equivalents
Cash and equivalents
Accounts and notes receivable
Inventories, at cost, not in excess of market
Prepaid expenses and other current assets
Total current assets
Total current assets
Total current assets
Other assets
Investments in and advances to affiliates
Investments in and advances to affiliates
Investments in and advances to affiliates
Goodwill
Miscellaneous
Total other assets
Lease right-of-use asset, net
Property and equipment
Property and equipment, at cost
Property and equipment, at cost
Property and equipment, at cost
Accumulated depreciation and amortization
Net property and equipment
Total assets
Liabilities and shareholders' equity
Current liabilities
Current liabilities
Current liabilities
Short-term borrowings and current maturities of long-term debt
Short-term borrowings and current maturities of long-term debt
Short-term borrowings and current maturities of long-term debt
Accounts payable
Dividend Payable
Lease liability
Income taxes
Other taxes
Accrued interest
Accrued payroll and other liabilities
Total current liabilities
Total current liabilities
Total current liabilities
Long-term debt
Long-term lease liability
Long-term income taxes
Deferred revenues - initial franchise fees
Other long-term liabilities
Deferred income taxes
Shareholders' equity (deficit)
Preferred stock, no par value; authorized – 165.0 million shares; issued – none
Preferred stock, no par value; authorized – 165.0 million shares; issued – none
Preferred stock, no par value; authorized – 165.0 million shares; issued – none
Common stock, \$0.01 par value; authorized – 3.5 billion shares; issued – 1,660.6 million shares

Additional paid-in capital
Retained earnings
Accumulated other comprehensive income (loss)
Common stock in treasury, at cost; 943.3 and 937.9 million shares
Common stock in treasury, at cost; 944.0 and 937.9 million shares
Total shareholders' equity (deficit)
Total liabilities and shareholders' equity (deficit)

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

		Quarters Ended		Quarters Ended		Quarters Ended	Six Months Ended		Nine Months Ended		September 30,
		June 30,		June 30,		June 30,	June 30,		September 30,		September 30,
		2024	2023	2024	2023	2024	2023	In millions, except per share data	2024	2023	2024
In millions, except per share data	In millions, except per share data										
Revenues											
Sales by Company-owned and operated restaurants											
Sales by Company-owned and operated restaurants											
Sales by Company-owned and operated restaurants											
Revenues from franchised restaurants											
Other revenues											
Total revenues											
Operating costs and expenses											
Company-owned and operated restaurant expenses											
Company-owned and operated restaurant expenses											
Company-owned and operated restaurant expenses											
Franchised restaurants-occupancy expenses											
Other restaurant expenses											
Selling, general & administrative expenses											
Depreciation and amortization											
Depreciation and amortization											
Depreciation and amortization											
Other											
Other operating (income) expense, net											
Total operating costs and expenses											
Operating income											
Interest expense											
Nonoperating (income) expense, net											
Income before provision for income taxes											
Provision for income taxes											
Net income											
Earnings per common share-basic											
Earnings per common share-diluted											

Dividends declared per common share
Weighted-average shares outstanding-basic
Weighted-average shares outstanding-diluted

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

		Quarters Ended	Quarters Ended	Quarters Ended	Six Months Ended	Nine Months Ended				
			June 30,			September 30,				
In millions	In millions	2024	2023	2024	2023	In millions	2023	2024	2023	2024
Net income										
Other comprehensive income (loss), net of tax										
Foreign currency translation adjustments:										
Foreign currency translation adjustments:										
Foreign currency translation adjustments:										
Gain (loss) recognized in accumulated other comprehensive income ("AOCI"), including net investment hedges										
Gain (loss) recognized in accumulated other comprehensive income ("AOCI"), including net investment hedges										
Gain (loss) recognized in accumulated other comprehensive income ("AOCI"), including net investment hedges										
Reclassification of (gain) loss to net income										
Foreign currency translation adjustments-net of tax benefit (expense) of \$(29), \$18, \$(122) and \$54										
Foreign currency translation adjustments-net of tax benefit (expense) of \$158, \$(98), \$36 and \$(44)										
Cash flow hedges:										
Gain (loss) recognized in AOCI										
Gain (loss) recognized in AOCI										
Gain (loss) recognized in AOCI										
Reclassification of (gain) loss to net income										
Cash flow hedges-net of tax benefit (expense) of \$(1), \$1, \$(13) and \$5										
Cash flow hedges-net of tax benefit (expense) of \$15, \$(14), \$2 and \$(8)										
Defined benefit pension plans:										
Gain (loss) recognized in AOCI										
Gain (loss) recognized in AOCI										
Gain (loss) recognized in AOCI										
Reclassification of (gain) loss to net income										
Defined benefit pension plans-net of tax benefit (expense) of \$1, \$0, \$1 and \$1										
Defined benefit pension plans-net of tax benefit (expense) of \$0, \$0, \$1 and \$1										
Total other comprehensive income (loss), net of tax										

Comprehensive income

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

Quarters Ended
Quarters Ended
Quarters Ended

In millions

In millions

In millions

Operating activities

Operating activities

Operating activities

Net income

Net income

Net income

Adjustments to reconcile to cash provided by operations

Adjustments to reconcile to cash provided by operations

Adjustments to reconcile to cash provided by operations

Charges and credits:

Charges and credits:

Charges and credits:

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Deferred income taxes

Deferred income taxes

Deferred income taxes

Share-based compensation

Share-based compensation

Share-based compensation

Other

Other

Other

Changes in working capital items

Changes in working capital items

Changes in working capital items

Cash provided by operations

Cash provided by operations

Cash provided by operations

Investing activities

Investing activities

Investing activities

Capital expenditures

Capital expenditures

Capital expenditures

Purchases of restaurant businesses

Purchases of restaurant businesses

Purchases of restaurant businesses
Purchases of equity method investments
Purchases of equity method investments
Purchases of equity method investments
Sales of restaurant businesses
Sales of restaurant businesses
Sales of restaurant businesses
Sales of property
Sales of property
Sales of property
Other
Other
Other
Cash used for investing activities
Cash used for investing activities
Cash used for investing activities
Financing activities
Financing activities
Financing activities
Net short-term borrowings (repayments)
Net short-term borrowings (repayments)
Net short-term borrowings (repayments)
Long-term financing issuances
Long-term financing issuances
Long-term financing issuances
Long-term financing repayments
Long-term financing repayments
Long-term financing repayments
Treasury stock purchases
Treasury stock purchases
Treasury stock purchases
Common stock dividends
Common stock dividends
Common stock dividends
Proceeds from stock option exercises
Proceeds from stock option exercises
Proceeds from stock option exercises
Other
Other
Other
Cash used for financing activities
Cash used for financing activities
Cash used for financing activities
Effect of exchange rates on cash and cash equivalents
Effect of exchange rates on cash and cash equivalents
Effect of exchange rates on cash and cash equivalents
Cash and equivalents increase (decrease)
Cash and equivalents increase (decrease)
Cash and equivalents increase (decrease)
Cash and equivalents at beginning of period
Cash and equivalents at beginning of period

Cash and equivalents at beginning of period
Cash and equivalents at end of period
Cash and equivalents at end of period
Cash and equivalents at end of period

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)										For the six months ended June 30, 2023	For the nine months ended September 30, 2023
	Common stock issued		Accumulated other comprehensive income (loss)	Common stock in treasury	Total shareholders' equity (deficit)	Common stock issued	Accumulated other comprehensive income (loss)	Common stock in treasury	Total shareholders' equity (deficit)		
In millions, except per share data											
In millions, except per share data											
In millions, except per share data	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount
Balance at December 31, 2022											
Net income											
Other comprehensive income (loss), net of tax											
Comprehensive income											
Common stock cash dividends (\$3.04 per share)											
Common stock cash dividends (\$4.56 per share)											
Treasury stock purchases											
Share-based compensation											
Stock option exercises and other											
Balance at June 30, 2023											
Balance at September 30, 2023											
For the six months ended June 30, 2024											
For the nine months ended September 30, 2024											
For the six months ended June 30, 2024											
For the nine months ended September 30, 2024											
For the six months ended June 30, 2024											
For the nine months ended September 30, 2024											
	Common stock issued		Accumulated other comprehensive income (loss)	Common stock in treasury	Total shareholders' equity (deficit)	Common stock issued	Accumulated other comprehensive income (loss)	Common stock in treasury	Total shareholders' equity (deficit)		
In millions, except per share data											
In millions, except per share data											

In millions, except per share data	Shares	Amount	Shares	Amount
Balance at December 31, 2023				
Net income				
Other comprehensive income (loss), net of tax				
Comprehensive income				
Common stock cash dividends (\$3.34 per share)				
Common stock cash dividends (\$6.78 per share)				
Treasury stock purchases				
Share-based compensation				
Stock option exercises and other				
Balance at June 30, 2024				
Balance at September 30, 2024				

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)									
				For the quarter ended June 30, 2023			For the quarter ended September 30, 2023		
	Common stock issued		Accumulated other comprehensive income (loss)	Common stock in treasury	Total shareholders' equity (deficit)	Common stock issued	Accumulated other comprehensive income (loss)	Common stock in treasury	Total shareholders' equity (deficit)
In millions, except per share data									
In millions, except per share data									
In millions, except per share data	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
Balance at March 31, 2023									
Balance at June 30, 2023									
Net income									
Other comprehensive income (loss), net of tax									
Comprehensive income									
Common stock cash dividends (\$1.52 per share)									
Treasury stock purchases									
Share-based compensation									
Stock option exercises and other									
Balance at June 30, 2023									
Balance at September 30, 2023									
For the quarter ended June 30, 2024									
For the quarter ended September 30, 2024									
For the quarter ended June 30, 2024									
For the quarter ended September 30, 2024									
For the quarter ended June 30, 2024									

	Common stock issued		Accumulated other comprehensive income (loss)		Common stock in treasury	Total shareholders' equity (deficit)	Common stock issued		Accumulated other comprehensive income (loss)		Common stock in treasury	Total shareholders' equity (deficit)
In millions, except per share data												
In millions, except per share data												
In millions, except per share data	Shares	Amount	Shares	Amount	Amount							
Balance at March 31, 2024												
Balance at June 30, 2024												
Net income												
Other comprehensive income (loss), net of tax												
Comprehensive income												
Common stock cash dividends (\$1.67 per share)												
Common stock cash dividends (\$3.44 per share)												
Treasury stock purchases												
Share-based compensation	Share-based compensation			38					Share-based compensation		40	40
Stock option exercises and other												
Balance at June 30, 2024												
Balance at September 30, 2024												

See Notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

McDonald's Corporation, the registrant, together with its subsidiaries, is referred to herein as the "Company." The Company, its franchisees and suppliers, are referred to herein as the "System."

Basis of Presentation

The accompanying condensed consolidated financial statements should be read in conjunction with the Consolidated Financial Statements contained in the Company's December 31, 2023 Annual Report on Form 10-K. In the opinion of management, all normal recurring adjustments necessary for a fair presentation have been included. The results for the quarter and six nine months ended June 30, 2024 September 30, 2024 do not necessarily indicate the results that may be expected for the full year.

Change in Presentation

In the first quarter of 2024, the Company changed its rounding presentation to the nearest whole number in millions of reported amounts, except per share data or as otherwise designated. The change in rounding presentation has been applied to all prior year amounts presented. In certain circumstances, this change adjusted previously reported balances, however, these changes were not significant, and no other changes were made to previously reported financial information. Additionally, certain columns and rows within the financial statements and tables presented may not add due to rounding. Percentages have been calculated from the underlying whole-dollar amounts for all periods presented.

Restaurant Information

The following table presents restaurant information by ownership type:

Restaurants at June 30,		
Restaurants at June 30,		
Restaurants at June 30,	2024	2023
Restaurants at September 30,		
Restaurants at September 30,		
Restaurants at September 30,	2024	2023
Conventional franchised		
Developmental licensed		
Foreign affiliated		
Total Franchised		
Company-owned and operated		
Total Systemwide restaurants		

The results of operations of restaurant businesses purchased and sold in transactions with franchisees were not material either individually or in the aggregate to the accompanying condensed consolidated financial statements for the periods prior to purchase and sale. statements.

Per Common Share Information

Diluted earnings per common share is calculated as net income divided by diluted weighted-average shares. Diluted weighted-average shares include weighted-average shares outstanding plus the dilutive effect of share-based compensation, calculated using the treasury stock method, of 3.2 million 3.3 million shares and 4.7 million 4.4 million shares for the quarters ended 2024 and 2023, respectively, and 3.7 million 3.6 million shares and 4.6 million shares for the six nine months ended 2024 and 2023, respectively. Share-based compensation awards that would have been antidilutive, and therefore were not included in the calculation of diluted weighted-average shares, totaled 3.2 million 2.0 million shares and 1.2 million shares for the quarters ended 2024 and 2023, respectively, and 2.2 million 2.0 million shares and 2.1 million shares for the six nine months ended 2024 and 2023, respectively.

Recent Accounting Pronouncements

Recent Accounting Pronouncements Not Yet Adopted

Segment Reporting

In November 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"). The pronouncement expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods beginning after December 15, 2024. We are currently in the process of determining the impact that ASU 2023-07 will have on the Company's consolidated financial statement disclosures.

Income Taxes

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). The pronouncement expands the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. We are currently in the process of determining the impact that ASU 2023-09 will have on the Company's consolidated financial statement disclosures.

Accelerating the Organization

In January 2023, the Company announced an evolution of its successful *Accelerating the Arches* strategy. Enhancements to the strategy included the addition of Restaurant Development to the Company's growth pillars and an internal effort to modernize ways of working, *Accelerating the Organization*, both of which are aimed at elevating the Company's performance. *Accelerating the Organization* is designed to unlock further growth as the Company focuses on becoming faster, more innovative and more efficient for its customers and people.

The Company incurred \$101 million \$146 million of restructuring charges related to *Accelerating the Organization* in the six nine months ended June 30, 2024 September 30, 2024. These charges were recorded in the Other operating (income) expense, net line within the consolidated statement of income, and primarily recorded within the Corporate segment. For the period presented, restructuring charges primarily consisted of professional services costs. There were no significant non-cash impairment charges included in the amounts listed in the table below.

The following table summarizes the balance of accrued expenses related to this strategic initiative (in millions):

	Employee Termination Benefits	Employee Termination Benefits	Costs to Terminate Contracts	Professional Services and Other Costs	Total	Employee Termination Benefits	Costs to Terminate Contracts	Professional Services and Other Costs	Total
2024									
Accrued Balance at Beginning of Year									
Accrued Balance at Beginning of Year									
Accrued Balance at Beginning of Year									

Restructuring Costs Incurred
Cash Payments
Other Non-Cash Items
Accrued Balance at March 31, 2024
Restructuring Costs Incurred
Cash Payments
Other Non-Cash Items
Accrued Balance at June 30, 2024
Restructuring Costs Incurred
Cash Payments
Other Non-Cash Items
Accrued Balance at September 30, 2024

The Company continues to evolve its ways of working by driving efficiency and effectiveness across the organization, primarily led by its Global Business Services organization. Transformation efforts under *Accelerating the Organization* will continue to result in various restructuring charges as the strategy progresses through its anticipated completion during 2027. The Company expects to incur approximately \$250 million of restructuring charges in 2024, primarily related to professional services costs.

Equity Method Investments

The Company has various investments accounted for using the equity method. Under the equity method of accounting, the Company records its proportionate share of the net income or loss of each equity method investee, with a corresponding change to the carrying value of the investment. The carrying value of the investment is also adjusted for any dividends received and the effect of foreign exchange. The Company records its proportionate share of net income or loss within the Other operating (income) expense, net line on the consolidated statement of **net** income. The carrying value of the investments are recorded within the Investments in and advances to affiliates line on the consolidated balance sheet.

The Company's primary equity method investments include partial ownership in Grand Foods Holding, an entity that operates and manages McDonald's business in mainland China, Hong Kong and Macau, and partial ownership in McDonald's Japan Holdings Co., Ltd, an entity that operates and manages McDonald's business in Japan. The Company has granted these entities the right to operate the McDonald's business as part of a Master Franchise Agreement. Revenue related to these agreements are accounted for in a manner consistent with the Company's other franchise arrangements.

The following table summarizes the amounts related to the Company's primary equity method investees during the periods presented.

June 30, 2024							December 31, 2023							
September 30, 2024							December 31, 2023							
	In Millions	Percentage Ownership	Fair Value (Level 1)	Carrying Amount	Percentage Ownership	Fair Value (Level 1)	Carrying Amount	In Millions	Percentage Ownership	Fair Value (Level 1)	Carrying Amount	Percentage Ownership	Fair Value (Level 1)	Carrying Amount
Grand Foods Holding McDonald's Japan Holdings Co., Ltd														

On January 30, 2024, the Company acquired an additional 28% ownership stake in Grand Foods Holding from the global investment firm Carlyle in exchange for \$1.8 billion in cash. The acquisition increased the Company's equity ownership to 48%, but did not result in control of the entity. As such, the Company remains a minority partner and will continue to account for the investment under the equity method.

As of **June 30, 2024** **September 30, 2024**, the aggregate carrying amount of the Company's investments in these equity method investees exceeded its proportionate share of the net assets of these equity method investees by **\$1.5 billion** **\$1.4 billion**. This difference is not amortized. Management has concluded that there are no indicators of impairment related to these investments.

The following table summarizes the amounts recorded related to the Company's primary equity method investments during the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and **June 30, 2023** **September 30, 2023**, respectively.

Six Months Ended June 30,				Nine Months Ended September 30,			
In Millions	In Millions	2024	2023	In Millions	2024	2023	2023
Revenue							
Equity in Earnings							
Accounts Receivable							
Dividends Received							

Income Taxes

The effective income tax rate was 20.9% 20.7% and 18.0% 20.7% for the quarters ended 2024 and 2023, respectively, and 20.4% 20.5% and 19.1% 19.7% for the six nine months ended 2024 and 2023, respectively. The effective tax rate for both periods of 2023 reflected an income tax benefit of \$55 million related to the remeasurement of a deferred tax liability.

Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date and are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

There were no significant changes to the valuation techniques used to measure fair value as described in the Company’s December 31, 2023 Annual Report on Form 10-K.

At June 30, 2024 September 30, 2024, the fair value of the Company’s debt obligations was estimated at \$36.4 billion \$38.8 billion, compared to a carrying amount of \$38.5 \$39.6 billion. The fair value of debt obligations is based upon quoted market prices, classified as Level 2 within the valuation hierarchy. The carrying amount of cash and equivalents and notes receivable approximate fair value.

Financial Instruments and Hedging Activities

The Company is exposed to global market risks, including the effect of changes in interest rates and foreign currency fluctuations. The Company uses foreign currency denominated debt and derivative instruments to mitigate the impact of these changes. The Company does not hold or issue derivatives for trading purposes.

The following table presents the fair values of derivative instruments included on the condensed consolidated balance sheet:

	Derivative Assets				Derivative Liabilities		Derivative Assets				Derivative Liabilities			
	Balance Sheet	June 30, 2024	December 31, 2023	Classification	Balance Sheet	June 30, 2024	December 31, 2023	Balance Sheet	September 30, 2024	December 31, 2023	Balance Sheet	September 30, 2024	December 31, 2023	Classification
In millions	In millions				In millions			In millions			In millions			

Derivatives designated as hedging instruments

Foreign currency
Foreign currency
Foreign currency
Interest rate
Foreign currency
Interest rate
Total
derivatives designated as hedging instruments

Derivatives
not
designated
as hedging
instruments

Equity																	
Equity																	
Equity																	
Foreign currency																	
Equity	Equity	Miscellaneous other assets	\$116	\$	\$	189					Equity	Miscellaneous other assets	\$	—	\$	\$	189
Total derivatives not designated as hedging instruments																	
Total derivatives																	

The following table presents the pre-tax amounts from derivative instruments affecting income and AOCI for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and **2023**, respectively:

	Location of gain or loss recognized in income on derivative	Location of gain or loss recognized in income on derivative	Location of gain or loss recognized in income on derivative														
				Gain (loss) recognized in AOCI	Gain (loss) reclassified into income from AOCI	Gain (loss) recognized in income on derivative		Gain (loss) recognized in AOCI		Gain (loss) reclassified into income from AOCI		Gain (loss) recognized in income on derivative					
In millions																	
In millions																	
In millions				2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Foreign currency																	
Interest rate																	
Interest rate																	
Interest rate																	
Cash flow hedges																	
Cash flow hedges																	
Cash flow hedges																	
Foreign currency denominated debt																	
Foreign currency denominated debt																	
Foreign currency denominated debt																	

denominated
debt
Foreign
currency
derivatives

Foreign
currency
derivatives

Foreign
currency
derivatives

Foreign
currency
derivatives⁽¹⁾

Foreign
currency
derivatives⁽¹⁾

Foreign
currency
derivatives⁽¹⁾

Net
investment
hedges

Foreign
currency

Foreign
currency

Foreign
currency

Equity

Undesignated
derivatives

Undesignated
derivatives

Undesignated
derivatives

⁽¹⁾The amount of gain (loss) recognized in income related to components excluded from effectiveness testing.

Fair Value Hedges

The Company enters into fair value hedges to reduce the exposure to changes in fair values of certain liabilities. The Company enters into fair value hedges that convert a portion of its fixed rate debt into floating rate debt by use of interest rate swaps. At June 30, 2024 September 30, 2024, the carrying amount of fixed-rate debt that was effectively converted was an equivalent notional amount of \$763 million \$795 million, which included a decrease of \$58 million \$39 million of cumulative hedging adjustments. For the six nine months ended June 30, 2024 September 30, 2024, the Company recognized a \$4 million \$22 million gain on the fair value of interest rate swaps, and a corresponding loss on the fair value of the related hedged debt instrument to interest expense.

Cash Flow Hedges

The Company enters into cash flow hedges to reduce the exposure to variability in certain expected future cash flows. To protect against the reduction in value of forecasted foreign currency cash flows (such as royalties denominated in foreign currencies), the Company uses foreign currency forwards to hedge a portion of anticipated exposures. The hedges cover up to the next 18 months for certain exposures and are denominated in various currencies. As of June 30, 2024 September 30, 2024, the Company had derivatives outstanding with an equivalent notional amount of \$2.2 billion that hedged a portion of forecasted foreign currency denominated cash flows. To protect against the variability of interest rates on anticipated bond issuances, the Company may use treasury locks to hedge a portion of expected future cash flows. As of September 30, 2024, the Company had derivatives outstanding with a notional amount of \$500 million that hedge a portion of forecasted cash flows. Based on market conditions at June 30, 2024 September 30, 2024, the \$33 million \$12 million in cumulative cash flow hedging gains, losses, after tax, is not expected to have a significant effect on the Company's earnings over the next 12 months.

Net Investment Hedges

The Company uses foreign currency denominated debt (third-party and intercompany) and foreign currency derivatives to hedge its investments in certain foreign subsidiaries and affiliates. Realized and unrealized translation adjustments from these hedges are included in shareholders' equity in the foreign currency translation component of Other comprehensive income ("OCI") and offset translation adjustments on the underlying net assets of foreign subsidiaries and affiliates, which also are recorded in OCI. As of **June 30, 2024** **September 30, 2024**, **\$13.6 billion** **\$14.3 billion** of the Company's third-party foreign currency denominated debt, **\$539 million** **\$560 million** of the Company's intercompany foreign currency denominated debt and **\$1.7** **\$1.8** billion of foreign currency derivatives were designated to hedge investments in certain foreign subsidiaries and affiliates.

Undesignated Hedges

The Company enters into certain derivatives that are not designated for hedge accounting. Therefore, the changes in the fair value of these derivatives are recognized immediately in earnings together with the gain or loss from the hedged balance sheet position. As an example, the Company enters into equity derivative contracts, including total return swaps, to hedge market-driven changes in certain of its supplemental benefit plan liabilities. The Company may also use certain investments to hedge changes in these liabilities. Changes in the fair value of these derivatives or investments are recorded in Selling, general & administrative expenses together with the changes in the supplemental benefit plan liabilities. In addition, the Company uses foreign currency forwards to mitigate the change in fair value of certain foreign currency denominated assets and liabilities. The changes in the fair value of these derivatives are recognized in Nonoperating (income) expense, net, along with the currency gain or loss from the hedged balance sheet position.

Credit Risk

The Company is exposed to credit-related losses in the event of non-performance by its derivative counterparties. The Company did not have significant exposure to any individual counterparty at **June 30, 2024** **September 30, 2024** and has master agreements that contain netting arrangements. For financial reporting purposes, the Company presents gross derivative balances in its financial statements and supplementary data, including for counterparties subject to netting arrangements. Some of these agreements also require each party to post collateral if credit ratings fall below, or aggregate exposures exceed, certain contractual limits. At **June 30, 2024** **September 30, 2024**, the Company was required to post **\$61 million** **\$122 million** of collateral due to the negative fair value of certain derivative positions. The Company's counterparties were not required to post collateral on any derivative position, other than on certain hedges of the Company's supplemental benefit plan liabilities where the counterparties were required to post collateral on their liability positions.

Franchise Arrangements

Revenues from franchised restaurants consisted of:

	Quarters Ended		Quarters Ended		Six Months Ended		Nine Months Ended	
	Quarters Ended		Quarters Ended		Six Months Ended		Nine Months Ended	
	Quarters Ended		Quarters Ended		Six Months Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,	
In millions	In millions	2024	2023	2024	2023	In millions	2024	2023
Rents								
Rents								
Rents								
Royalties								
Initial fees								
Revenues from franchised restaurants								

Segment Information

The Company operates under an organizational structure with the following global business segments reflecting how management reviews and evaluates operating performance:

- U.S. - the Company's largest market. The segment is 95% franchised as of **June 30, 2024** **September 30, 2024**.
- International Operated Markets - comprised of markets or countries in which the Company owns and operates and franchises restaurants, including Australia, Canada, France, Germany, Italy, Poland, Spain and the U.K. The segment is 89% franchised as of **June 30, 2024** **September 30, 2024**.
- International Developmental Licensed Markets & Corporate - comprised primarily of developmental licensee and affiliate markets in the McDonald's System, including equity method investments in China and Japan. Corporate activities are also reported in this segment. The segment is **98%** **99%** franchised as of **June 30, 2024** **September 30, 2024**.

The following table presents the Company's revenues and operating income by segment:

	Quarters Ended		Quarters Ended		Six Months Ended		Quarters Ended		Nine Months Ended	
	Quarters Ended		Quarters Ended		Six Months Ended		Quarters Ended		Nine Months Ended	
	Quarters Ended		Quarters Ended		Six Months Ended		Quarters Ended		Nine Months Ended	
	June 30,		June 30,		September 30,		September 30,		September 30,	
In millions	In millions	2024	2023	2024	2023	In millions	2024	2023	2024	2023
Revenues										
U.S.										
U.S.										
U.S.										
International Operated Markets										

Total revenues**Operating Income**

U.S.

U.S.

U.S.

International Operated Markets

International Developmental Licensed Markets & Corporate

Total operating income**Subsequent Events**

The Company evaluated subsequent events through the date the financial statements were issued and filed with the Securities and Exchange Commission. On July 2, 2024, the Company completed the acquisition of Alonyal Limited, which owns and operates 228 McDonald's restaurants in Israel. As a result of this acquisition, McDonald's will now consolidate the financial statements of Alonyal Limited into its results. Revenues from these restaurants will now be reflected as Company-owned and operated sales, rather than royalties charged to the former developmental licensee partner based on a percentage of sales being recorded within Franchised revenue. The Company will continue to report results from this market within the International Developmental Licensed Markets & Corporate segment. The Company is currently in the process of accounting for this transaction and expects to complete its preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed by the end of the third quarter of 2024. Commission ("SEC"). There were no other subsequent events that required recognition or disclosure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**Basis of Presentation**

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying condensed consolidated financial statements and the notes thereto, and the audited consolidated financial statements and notes thereto included in our 2023 Annual Report on Form 10-K.

In the first quarter of 2024, the Company changed its rounding presentation to the nearest whole number in millions of reported amounts, except per share data or as otherwise designated. The change in rounding presentation has been applied to all prior year amounts presented. In certain circumstances, this change adjusted previously reported balances, however, these changes were not significant, and no other changes were made to previously reported financial information. Additionally, certain columns and rows in financial tables within management's discussion and analysis of financial condition and results of operations may not add due to rounding. Percentages have been calculated from the underlying whole-dollar amounts for all periods presented.

Overview

The Company franchises and owns and operates McDonald's restaurants, which serve a locally relevant menu of quality food and beverages in communities across more than 100 countries. Of the 42,406 42,819 McDonald's restaurants at June 30, 2024 September 30, 2024, approximately 95% were franchised.

The Company's reporting segments are aligned with its strategic priorities and reflect how management reviews and evaluates operating performance. Significant reportable segments include the United States ("U.S.") and International Operated Markets. In addition, there is the International Developmental Licensed Markets & Corporate segment, which includes the results of over 75 countries, as well as Corporate activities.

McDonald's franchised restaurants are owned and operated under one of the following structures - conventional franchise, developmental license or affiliate. The optimal ownership structure for an individual restaurant, trading area or market (country) is based on a variety of factors, including the availability of individuals with entrepreneurial experience and financial resources, as well as the local legal and regulatory environment in critical areas such as property ownership and franchising. The business relationship between the Company and its independent franchisees is supported by adhering to standards and policies, including McDonald's Global Brand Standards, and is of fundamental importance to overall performance and to protecting the McDonald's brand.

The Company is primarily a franchisor and believes franchising is paramount to delivering great-tasting food, locally relevant customer experiences and driving profitability. Franchising enables an individual to be their own employer and maintain control over all employment related matters, marketing and pricing decisions, while also benefiting from the strength of McDonald's global brand, operating system and financial resources.

Directly operating McDonald's restaurants contributes significantly to the Company's ability to act as a credible franchisor. One of the strengths of the franchising model is that the expertise from Company-owned and operated restaurants allows McDonald's to improve the operations and success of all restaurants while innovations from franchisees can be tested and, when viable, efficiently implemented across relevant restaurants. Having Company-owned and operated restaurants provides Company personnel with a venue for restaurant operations training experience. In addition, in our Company-owned and operated restaurants, and in collaboration with franchisees, the Company is able to further develop and refine operating standards, marketing concepts and product and pricing strategies that will ultimately benefit McDonald's restaurants.

The Company's revenues consist of sales by Company-owned and operated restaurants and fees from franchised restaurants owned and operated by conventional franchisees, developmental licensees and affiliates. Fees vary by type of site, amount of Company investment, if any, and local business conditions. These fees, along with occupancy and operating rights, are stipulated in franchise/license agreements that generally have 20-year terms. The Company's Other revenues are comprised of fees paid by franchisees to recover a portion of costs incurred by the Company for various technology platforms and revenues from brand licensing arrangements to market and sell consumer packaged goods using the McDonald's brand.

Conventional Franchise

Under a conventional franchise arrangement, the Company generally owns or secures a long-term lease on the land and building for the restaurant location and the franchisee pays for equipment, signs, seating and décor. The Company believes that ownership of real estate, combined with the co-investment by franchisees, enables it to achieve restaurant performance levels that are among the highest in the industry.

Franchisees are responsible for reinvesting capital in their businesses over time. In addition, to accelerate implementation of certain initiatives, the Company may co-invest with franchisees to fund improvements to their restaurants or operating systems. These investments, developed in collaboration with franchisees, are designed to cater to consumer preferences, improve local business performance and increase the value of the McDonald's brand through the development of modernized, more attractive and higher revenue generating restaurants.

The Company requires franchisees to meet rigorous standards and generally does not work with passive investors. The business relationship with franchisees is designed to facilitate consistency and high quality at all McDonald's restaurants. Conventional franchisees contribute to the Company's revenue, primarily through the payment of rent and royalties based upon a percent of sales, with specified minimum rent payments, along with initial fees paid upon the opening of a new restaurant or grant of a new franchise. The Company's heavily franchised business model is designed to generate stable and predictable revenue, which is largely a function of franchisee sales, and resulting cash flow streams.

Developmental License or Affiliate

Under a developmental license or affiliate arrangement, licensees are responsible for operating and managing their businesses, providing capital (including the real estate interest) and developing and opening new restaurants. The Company generally does not invest any capital under a developmental license or affiliate arrangement, and it receives a royalty based on a percent of sales, and generally receives initial fees upon the opening of a new restaurant or grant of a new license.

While developmental license and affiliate arrangements are largely the same, affiliate arrangements are used in a limited number of foreign markets (primarily China and Japan) within the International Developmental Licensed Markets & Corporate segment, as well as a limited number of individual restaurants within the International Operated Markets segment where the Company also has an equity investment and records its share of net results in equity in earnings of unconsolidated affiliates.

Strategic Direction

The Company's *Accelerating the Arches* growth strategy (the "Strategy") encompasses all aspects of McDonald's business as the leading global omni-channel restaurant brand. Our Strategy reflects the Company's purpose, mission and values, as well as growth pillars that build on the Company's competitive advantages.

Purpose, Mission and Values

The following purpose, mission and values underpin the Company's success and are at the heart of our Strategy.

Through its size and scale, the Company embraces and prioritizes its role in and commitment to the communities in which it operates through its purpose to feed and foster communities, and its mission to make delicious feel-good moments easy for everyone. The Company is guided by five core values that define who it is and how it runs its business across the three-legged stool of McDonald's franchisees, suppliers and employees:

- 1. Serve** - We put our customers and people first;
- 2. Inclusion** - We open our doors to everyone;
- 3. Integrity** - We do the right thing;
- 4. Community** - We are good neighbors; and
- 5. Family** - We get better together.

The Company believes that its people, all around the world, set it apart and bring these values to life daily.

Growth Pillars

The following growth pillars, M-C-D, build on historic strengths and articulate areas of further opportunity. Under our Strategy, the Company will:

- **Maximize our Marketing** by investing in new, culturally relevant approaches, grounded in fan truths, to effectively communicate the story of our brand, food and purpose. The Company continues to build relevance with customers through emotional connections and world class creative, which are central to the brand's "Feel-Good Marketing" approach. This is exemplified by campaigns that elevate the entire brand and continue to be scaled around the globe to connect with customers in authentic and relatable ways. Another way McDonald's connects with its customers is through personalized value and digital offers available in our mobile app. The Company is committed to a marketing strategy that highlights value at every tier of the menu, as providing delicious and affordable menu options remains a cornerstone of the McDonald's brand. This includes everyday low-price options on our menu along with other limited-time deals for our customers.
- **Commit to the Core** menu by tapping into customer demand for the familiar and focusing on serving our iconic products that are beloved by customers around the world such as our World Famous Fries, Big Mac, Quarter Pounder and Chicken McNuggets, which are some of our seventeen unique billion-dollar brands. Building on its foundational strength with burgers, the Company will continue to evolve and innovate its longest-standing menu item with plans to implement "Best Burger"; a series of operational and formulation changes designed to deliver hotter, juicier, tastier burgers to nearly all markets by the end of 2026. Further, the Company is focused on continuing to gain share in the rapidly growing chicken category, as we continue to aggressively expand our chicken brands. This includes plans to offer the McCrispy sandwich in nearly all markets by the end of 2025 and to extend the McCrispy brand into wraps strips and tenders wraps in several markets. These planned innovations and new menu offerings reflect the Company's ability to test and scale quickly to meet evolving customer preferences. The Company also continues to see a significant

significant opportunity with coffee, demonstrated by markets leveraging the McCafé brand, customer experience, value and quality to drive long-term growth.

- **Double Down on the 4D's: Digital, Delivery, Drive Thru and Restaurant Development** by continuing to leverage competitive strengths and building a powerful digital experience growth engine to deliver a personalized and convenient customer experience. As another way to unlock further growth, the Company plans to continue to accelerate the pace of restaurant openings and technology innovation so that whenever and however customers choose to interact with McDonald's, they can enjoy a fast, easy experience that meets their needs.

- **Digital:** The Company's digital experience is transforming how customers order, pay and receive their food. Through digital tools, customers can access personalized offers, participate in a loyalty program, order through our mobile app and receive McDonald's food through the channel of their choice. In the U.S., we are providing increased convenience to customers through "Ready on Arrival": a digital enhancement that enables crew to begin assembling a customer's mobile order prior to arrival at the restaurant to expedite service and elevate customer satisfaction. The Company plans to deploy this initiative across its top six markets by the end of 2025. The Company has successful loyalty programs in approximately 50 markets, including its top six markets. McDonald's loyalty customers have proven to be highly engaged, and the Company plans to increase its 90-day active users to 250 million by 2027. Further, the Company plans to grow its annual Systemwide sales to loyalty members to \$45 billion by 2027.
- **Delivery:** The Company offers delivery **in from** over 36,000 restaurants across approximately 100 markets, representing over 85% of McDonald's restaurants. The Company is continuing to build on and enhance the delivery experience for customers, including adding the ability to place a delivery order in our mobile app (a feature that is currently available in five of the Company's top markets). The Company continues to scale this capability and expects to increase the percentage of Systemwide delivery sales originating from our mobile app to 30% by 2027. The Company also has long-term strategic partnerships with delivery providers that continue to benefit the Company, customers and franchisees by optimizing operational efficiencies and creating a seamless customer experience.
- **Drive Thru:** The Company has the most drive thru locations worldwide, with more than 27,000 drive thru locations globally, including nearly 95% of the approximately 13,500 locations in the U.S. This channel remains a competitive advantage in meeting customers' demand for flexibility and choice. McDonald's network currently provides unmatched scale and convenience for customers, while also offering significant growth opportunities, such as adding additional drive thru lanes to increase capacity and improve speed and efficiency. The Company continues to build on its drive thru advantage, as the vast majority of new restaurant openings in the U.S. and International Operated Markets will include a drive thru.
- **Restaurant Development:** The Company will continue to accelerate the pace of restaurant openings to attempt to fully capture the demand being driven through our Strategy in many of our largest markets. In 2024, the Company plans to open more than 2,100 new restaurants across the globe, which will contribute to nearly 4% new unit growth (net of closures). Further, the Company continues to build on its industry-leading development progress by targeting expansion to 50,000 restaurants by the end of 2027, which would make it the fastest period of **restaurant unit** growth in Company history.

Foundation and Platforms

Foundational to our Strategy is keeping the customer and restaurant crew at the center of everything the Company does, along with a relentless focus on running great restaurants, empowering its people and continuing to modernize our ways of working. Further, as part of the Company's plans for long term growth and solidifying McDonald's leadership position, the Company will continue to develop and implement three technology-enabled platforms designed to build our competitive advantages, cement our place in culture and stay one step ahead of our **customers' expectations**. Together, our foundation and platforms will extend the Company's leadership position and unlock new growth opportunities and efficiencies for our business over the long-term.

Our platforms are:

- **Consumer:** The Company is **building one of the world's largest consumer platforms to fuel engagement**, which will bring together the best of our brand and utilize our physical and digital competitive advantages. The consumer platform will enable the Company to accelerate growth in our loyalty program and drive valuable loyalty customers to visit more frequently.
- **Restaurant:** The Company is **building the easiest and most efficient restaurant operating platform** which enables franchisees to run restaurants more efficiently and utilize the latest cloud-based technology to make it easier for restaurant crew to deliver exceptional customer service. The Company **will intends to** deploy new, universal software that all McDonald's restaurants will run on, enabling restaurants to roll out innovation even faster, with less complexity and more stability; and customers will enjoy a more familiar, consistent experience.
- **Company:** The Company is **building a modern company platform that unlocks speed and innovation** throughout the organization, to enable further growth as it modernizes the way it works by focusing on becoming faster, more innovative and more efficient at solving problems for its customers and people.

Developing and implementing these platforms includes continued investments in digital, innovation and our Global Business Services organization.

Our Strategy is aligned with the Company's capital allocation philosophy of investing in opportunities to grow the business and drive strong returns, for example through new restaurants and reinvesting in existing restaurants, and returning free cash flow to shareholders over time through dividends and share repurchases.

The Company believes our Strategy builds on our inherent strengths by harnessing the Company's competitive advantages while leveraging its size, scale, agility and the power of the McDonald's brand to adapt and adjust to meet customer demands in varying economic environments, including the current industry-wide challenges associated with more discerning consumer spending. Our Strategy is supported by a strong global senior leadership team aimed at executing against the MCD growth pillars, further developing our three platforms and driving long-term **growth, including both guest count-led and industry market share** growth.

Second Third Quarter and Six Nine Months 2024 Financial Performance

Global comparable sales decreased **1.0%** **1.5%** for the quarter and **increased 0.4%** **decreased 0.2%** for the **six nine** months.

- U.S. comparable sales **decreased 0.7%** **increased 0.3%** for the quarter and **increased 0.9%** **0.7%** for the **six nine** months. Comparable sales results for both periods **were driven by reflect** average check growth, **due to strategic** partly offset by slightly negative comparable guest counts for the quarter and negative comparable guest counts for the nine months. Effective value and marketing campaigns featuring the core menu, **price increases**, successful restaurant level execution and continued digital and delivery growth. Results growth contributed to slightly positive comparable sales results for the quarter were more than offset by negative comparable guest counts, **both periods**.
- International Operated Markets segment comparable sales decreased **1.1%** **2.1%** for the quarter and **increased 0.7%** **0.3%** for the **six nine** months. Segment performance for the quarter was impacted by negative comparable sales across a number of markets, driven by **France**, **France and the U.K.** For the **six nine** months, segment

performance was driven by positive comparable sales in most markets, led by Poland and Germany, partly offset by negative comparable sales in across a number of markets, led by France.

- International Developmental Licensed Markets segment comparable sales decreased 1.3% 3.5% for the quarter and 0.8% 1.7% for the six nine months. The continued impact of the war in the Middle East and negative comparable sales in China more than offset positive comparable sales in Latin America, and Japan, for both periods.

In addition to the comparable sales results, the Company had the following financial results for the quarter and six nine months:

- Consolidated revenues were flat (increased 1% increased 3% (2% in constant currencies) for the quarter and increased 2% (2% in constant currencies) for the six nine months.
- Systemwide sales decreased 1% (increased 1% were flat (flat in constant currencies) for the quarter and increased 1% (2% (1% in constant currencies) for the six nine months.
- Consolidated operating income decreased 6% (5% 1% (1% in constant currencies) for the quarter and was flat (increased 1% (flat in constant currencies) for the six nine months. Excluding current and prior year charges detailed in the Operating Income and Operating Margin section on page 29 of this report, consolidated operating income decreased increased 2% (was flat (1% in constant currencies) for the quarter and was flat (increased increased 1% (1% in constant currencies) for the six nine months.
- Diluted earnings per share was \$2.80 \$3.13 for the quarter, a decrease of 11% (10% 1% (1% in constant currencies) and \$5.46 \$8.59 for the six nine months, a decrease of 2% (2% (1% in constant currencies). Excluding current and prior year charges detailed in the Net Income and Diluted Earnings Per Share section on page 23 of this report, diluted earnings per share for the quarter was \$2.97, a decrease \$3.23, an increase of 6% (5% 1% (1% in constant currencies) and \$5.66, \$8.89, a decrease of 2% (2% 1% (1% in constant currencies) for the six nine months.

Management reviews and analyzes business results excluding the effect of foreign currency translation, impairment and other strategic charges and gains, as well as material regulatory and other income tax impacts, and bases incentive compensation plans on these results because the Company believes this better represents underlying business trends.

The Following Definitions Apply to these Terms as Used Throughout this Report:

- Constant currency results exclude the effects of foreign currency translation and are calculated by translating current year results at prior year average exchange rates. Management reviews and analyzes business results excluding the effect of foreign currency translation, impairment and other charges and gains, as well as material regulatory and other income tax impacts, and bases incentive compensation plans on these results because the Company believes this better represents underlying business trends.
- Comparable sales and comparable guest counts are compared to the same period in the prior year and represent sales and transactions, respectively, at all restaurants, whether owned and operated by the Company or by franchisees, in operation at least thirteen months including those temporarily closed. Some of the reasons restaurants may be temporarily closed include reimagining or remodeling, rebuilding, road construction, natural disasters, pandemics and acts of war, terrorism or other hostilities. Comparable sales exclude the impact of currency translation and the sales of any market considered hyperinflationary (generally identified as those markets whose cumulative inflation rate over a three-year period exceeds 100%), which management believes more accurately reflects the underlying business trends. Comparable sales are driven by changes in guest counts and average check, the latter of which is affected by changes in pricing and product mix.
- Systemwide sales include sales at all restaurants, whether owned and operated by the Company or by franchisees. Systemwide sales to loyalty members is comprised of all sales to customers who self-identify as a loyalty member when transacting with both Company-owned and operated and franchised restaurants. Systemwide sales to loyalty members are measured across approximately 50 markets with loyalty programs. Systemwide sales to loyalty members represents an aggregation of the prior four quarters of sales to loyalty members active in the last 90 days. While franchised sales are not recorded as revenues by the Company, management believes the information is important in understanding the Company's financial performance because these sales are the basis on which the Company calculates and records franchised revenues and are indicative of the financial health of the franchisee base. The Company's revenues consist of sales by Company-owned and operated restaurants and fees from franchised restaurants operated by conventional franchisees, developmental licensees and affiliates. Changes in Systemwide sales are primarily driven by comparable sales and net restaurant unit expansion.
- Free cash flow, defined as cash provided by operations less capital expenditures, and free cash flow conversion rate, defined as free cash flow divided by net income, are measures reviewed by management in order to evaluate the Company's ability to convert net profits into cash resources, after reinvesting in the core business, that can be used to pursue opportunities to enhance shareholder value.

CONSOLIDATED OPERATING RESULTS

Dollars in millions,
except per share data

Quarters Ended June 30,

Quarters Ended September 30,

Quarters Ended June 30,

Quarters Ended September 30,

Quarters Ended June 30,	2024	2023	Inc/(Dec)
Quarters Ended September 30,	2024	2023	Inc/(Dec)

Revenues

Sales by Company-owned and operated restaurants

Sales by Company-owned and operated restaurants

Sales by Company-owned and operated restaurants	\$2,461	\$	\$2,487	(1)	(1)%	\$2,656	\$	\$	2,556	4	4	%
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Revenues from franchised restaurants

Other revenues

Total revenues

Operating costs and expenses

Company-owned and operated restaurant expenses

Company-owned and operated restaurant expenses

Company-owned and operated restaurant expenses

Franchised restaurants-occupancy expenses

Other restaurant expenses

Selling, general & administrative expenses

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Other

Other operating (income) expense, net	Other operating (income) expense, net	107	(36)	(36)	n/m	Other operating (income) expense, net	39	(25)	(25)	n/m	n/m
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Total operating costs and expenses

Operating income

Interest expense

Nonoperating (income) expense, net	Nonoperating (income) expense, net	(9)	(43)	(43)	(79)	Nonoperating (income) expense, net	(36)	(56)	(56)	(36)	(36)
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Income before provision for income taxes

Provision for income taxes

Net income	Net income	\$2,022	\$	\$2,310	(12)	(12)%	Net income	\$	2,255	\$	\$2,317	(3)	(3)%
Earnings per common share-basic	Earnings per common share-basic	\$ 2.81	\$	\$ 3.17	(11)	(11)%	Earnings per common share-basic	\$	3.15	\$	\$ 3.19	(1)	(1)%
Earnings per common share-diluted	Earnings per common share-diluted	\$ 2.80	\$	\$ 3.15	(11)	(11)%	Earnings per common share-diluted	\$	3.13	\$	\$ 3.17	(1)	(1)%

Six Months Ended June 30,	2024	2023	Inc/(Dec)
Nine Months Ended September 30,	2024	2023	Inc/(Dec)

Revenues

Sales by Company-owned and operated restaurants

Sales by Company-owned and operated restaurants

Sales by Company-owned and operated restaurants	\$4,816	\$	\$4,711	2	2 %	\$7,472	\$	\$	7,267	3	3 %
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Revenues from franchised restaurants

Other revenues

Total revenues

Operating costs and expenses

Company-owned and operated restaurant expenses

Company-owned and operated restaurant expenses

Company-owned and operated restaurant expenses

Franchised restaurants-occupancy expenses

Other restaurant expenses

Selling, general & administrative expenses

Depreciation and amortization

Depreciation and amortization

Depreciation and amortization

Other

Other operating (income) expense, net	Other operating (income) expense, net	90	93	93	(3)	(3)	Other operating (income) expense, net	129	68	68	90	90
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Total operating costs and expenses

Operating income

Interest expense

Nonoperating (income) expense, net	Nonoperating (income) expense, net	(54)	(107)	(107)	(50)	(50)	Nonoperating (income) expense, net	(90)	(163)	(163)	(45)	(45)
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Income before provision for income taxes

Provision for income taxes

Net income	Net income	\$3,951	\$	\$4,113	(4)	(4)%	Net income	\$	6,207	\$	\$6,430	(3)	(3)%
Earnings per common share-basic	Earnings per common share-basic	\$ 5.49	\$	\$ 5.63	(2)	(2)%	Earnings per common share-basic	\$	8.63	\$	\$ 8.82	(2)	(2)%
Earnings per common share-diluted	Earnings per common share-diluted	\$ 5.46	\$	\$ 5.60	(2)	(2)%	Earnings per common share-diluted	\$	8.59	\$	\$ 8.76	(2)	(2)%

n/m Not meaningful

Impact of the War in the Middle East

The Company's Systemwide sales and revenue have continued to be negatively impacted by the war in the Middle East, primarily in the International Developmental Licensed Markets & Corporate segment, where the majority of restaurants are under a developmental license or affiliate arrangement. The Company is monitoring the evolving situation, which it expects to continue to have a negative impact on Systemwide sales and revenue as long as the war continues. The Company generally does not invest any capital under a developmental license or affiliate arrangement, and it receives a royalty based on a percent of sales, and generally receives initial fees upon the opening of a new restaurant or grant of a new license.

Impact of Foreign Currency Translation

The impact of foreign currency translation on consolidated operating results for both periods the quarter primarily reflected the strengthening of the Euro and British Pound. Results for the nine months primarily reflected the weakening of most major currencies against the U.S. Dollar, partly offset by the strengthening of the British Pound, Pound and the Euro.

While changes in foreign currency exchange rates affect reported results, McDonald's mitigates exposures, where practical, by purchasing goods and services in local currencies, financing in local currencies and hedging certain foreign-denominated cash flows. Results excluding the effect of foreign currency translation (referred to as constant currency) are calculated by translating current year results at prior year average exchange rates.

IMPACT OF FOREIGN CURRENCY TRANSLATION	IMPACT OF FOREIGN CURRENCY TRANSLATION		IMPACT OF FOREIGN CURRENCY TRANSLATION	
Dollars in millions, except per share data	Dollars in millions, except per share data		Dollars in millions, except per share data	

Currency
Translation
Benefit/
(Cost)

Quarters Ended June 30,	2024	2023	2024
Quarters Ended September 30,	2024	2023	2024

Revenues

Company-owned and operated margins

Franchised margins

Selling, general & administrative expenses

Operating income

Net income

Earnings per share-diluted

Currency
Translation
Benefit/
(Cost)
Currency
Translation
Benefit/
(Cost)
Currency
Translation
Benefit/
(Cost)

Six Months Ended June 30,	2024	2023	2024
Nine Months Ended September 30,	2024	2023	2024

Revenues

Company-owned and operated margins

Franchised margins

Selling, general & administrative expenses

Operating income

Net income
Earnings per share-diluted

Net Income and Diluted Earnings per Share

For the quarter, net income decreased 12% (11% 3% (3% in constant currencies) to \$2,022 million \$2,255 million, and diluted earnings per share decreased 11% (10% 1% (1% in constant currencies) to \$2.80, \$3.13. Foreign currency translation had a negative impact of \$0.03 \$0.01 on diluted earnings per share.

For the six nine months, net income decreased 4% 3% (3% in constant currencies) to \$3,951 million \$6,207 million, and diluted earnings per share decreased 2% (2% (1% in constant currencies) to \$5.46, \$8.59. Foreign currency translation had a negative impact of \$0.03 \$0.04 on diluted earnings per share.

Results for 2024 included the following:

- Net pre-tax charges of \$97 million \$52 million, or \$0.11 \$0.05 per share, for the quarter and \$89 million \$142 million, or \$0.10 \$0.15 per share, for the six nine months primarily related to consisted of transaction costs and non-cash impairment charges associated with the anticipated future sale of McDonald's business in South Korea and transaction costs associated with the acquisition of McDonald's business in Israel
- Pre-tax charges of \$57 million \$46 million, or \$0.06 \$0.05 per share, for the quarter and \$100 million \$146 million, or \$0.10 \$0.15 per share, for the six nine months related to restructuring charges associated with the Company's internal effort to modernize ways of working (Accelerating the Organization)

Results for 2023 included the following:

- Pre-tax charges of \$18 million \$26 million, or \$0.02 per share, for the quarter and \$198 million \$224 million, or \$0.20 \$0.23 per share, for the six nine months related to the Company's Accelerating the Arches growth strategy, including restructuring charges associated with Accelerating the Organization

Excluding the above items, lower sales performance and higher Selling, general, and administrative expenses and higher Franchised margins drove negative positive operating income performance for the quarter. Results for the six nine months reflected positive operating income performance driven primarily by higher sales-driven Franchised margins, partly offset by higher Selling, general, and administrative expenses. Results for both periods reflected higher interest expense and a higher effective tax rate. expense.

During the quarter, the Company paid a dividend of \$1.67 per share, or \$1.2 billion, bringing total dividends paid for the six nine months to \$2.4 billion \$3.6 billion. Additionally, during the quarter, the Company repurchased 3.5 million 1.7 million shares of stock for \$946 million \$444 million, bringing total purchases for the six nine months to 6.7 million 8.3 million shares, or \$1.9 billion \$2.3 billion. In September 2024, the Company declared a 6% increase in its quarterly cash dividend to \$1.77 per share, payable on December 16, 2024.

NET INCOME AND EARNINGS PER SHARE-DILUTED RECONCILIATION

Dollars in millions, except per share data

Quarters Ended June 30,									
Net Income					Earnings per share - diluted				

						Inc/ (Dec)				Inc/ (Dec)	
						Excluding				Excluding	
						Currency				Currency	
		2024	2023	Inc/ (Dec)	Translation	2024	2023	Inc/ (Dec)	Translation		
GAAP	\$	2,255	\$ 2,317	(3) %	(3) %	\$ 3.13	\$ 3.17	(1) %	(1) %		
(Gains)/Charges		67	20			0.10	0.02				
Non-GAAP	\$	2,322	\$ 2,337	(1) %	(1) %	\$ 3.23	\$ 3.19	1 %	1 %		
Nine Months Ended September 30,											
Net Income						Earnings per share - diluted					
						Inc/ (Dec)				Inc/ (Dec)	
						Excluding				Excluding	
						Currency				Currency	
		2024	2023	Inc/ (Dec)	Translation	2024	2023	Inc/ (Dec)	Translation		
GAAP	\$	6,207	\$ 6,430	(3) %	(3) %	\$ 8.59	\$ 8.76	(2) %	(1) %		
(Gains)/Charges		218	168			0.30	0.23				
Non-GAAP	\$	6,425	\$ 6,598	(3) %	(2) %	\$ 8.89	\$ 8.99	(1) %	(1) %		

Revenues

The Company's revenues consist of sales by Company-owned and operated restaurants and fees from restaurants owned and operated by franchisees, developmental licensees and affiliates. Revenues from conventional franchised restaurants include rent and royalties based on a percent of sales with minimum rent payments, and initial fees. Revenues from restaurants licensed to developmental licensees and affiliates include a royalty based on a percent of sales, and generally include initial fees. The Company's Other revenues are comprised of fees paid by franchisees to recover a portion of costs incurred by the Company for various technology platforms and revenues from brand licensing arrangements to market and sell consumer packaged goods using the McDonald's brand.

Franchised restaurants represented approximately 95% of McDonald's restaurants worldwide at **June 30, 2024** **September 30, 2024**. The Company's heavily franchised business model is designed to generate stable and predictable revenue, which is largely a function of franchisee sales, and resulting cash flow streams. In the **six quarter and nine** months, the Company provided an immaterial amount of assistance, including royalty relief and/

or deferral of cash collection for certain franchisees impacted by the war in the Middle East in the International Developmental Licensed Markets & Corporate segment. This assistance may continue as long as the war continues.

REVENUES	REVENUES							REVENUES							
Dollars in millions	Dollars in millions							Dollars in millions							
								Inc/ (Dec) Excluding Currency Translation							
Quarters Ended June 30,	2024		2023	(Dec)											
								Inc/ (Dec) Excluding Currency Translation							
Quarters Ended September 30,	2024		2023	(Dec)											
Company-owned and operated sales	Company-owned and operated sales							Company-owned and operated sales							
U.S.	\$	814	\$	823	(1)	(1)%	(1)	%	U.S.	\$	822	\$	817	1	1 %
International Operated Markets															
International Developmental Licensed Markets & Corporate															
International Developmental Licensed Markets & Corporate															
International Developmental Licensed Markets & Corporate															
Total	Total	\$ 2,461	\$	2,487	(1)	(1)%	—	%	Total	\$ 2,656	\$	2,556	4	4 %	4 %
Franchised revenues															

[illegible]

Total	Total	\$ 7,663	\$ 7,521	2	2 %	2 %	Total	\$11,756	\$	\$11,568	2	2 %	2 %
Total Company-owned and operated sales and Franchised revenues													
U.S.													
U.S.													
U.S.		\$ 5,160	\$ 5,093	1	1 %	1 %	\$ 7,834	\$	\$ 7,751	1	1 %	1 %	
International Operated Markets													
International Developmental Licensed Markets & Corporate													
International Developmental Licensed Markets & Corporate													
International Developmental Licensed Markets & Corporate													
Total	Total	\$12,479	\$12,232	2	2 %	2 %	Total	\$19,228	\$	\$18,835	2	2 %	2 %
Total Other revenues													
Total Other revenues													
Total Other revenues		\$ 180	\$ 163	10	10 %	10 %	\$ 304	\$	\$ 252	21	21 %	20 %	
Total Revenues													
Total Revenues													
Total Revenues		\$12,659	\$12,395	2	2 %	2 %	\$ 19,532	\$	\$19,088	2	2 %	2 %	

- Total Company-owned and operated sales and franchised revenues were flat (increased 1% increased 2% (2% in constant currencies) for the quarter and increased 2% (2% in constant currencies) for the six nine months, The quarter was impacted by negative comparable with both periods benefiting from sales performance in the U.S.

and International Operated Markets segment, while the six months benefited from positive comparable sales performance for these two segments, segment. Revenue growth in the International Developmental Licensed Markets & Corporate segment is primarily due to the acquisition of McDonald's business in Israel, partly offset by the continued to be impacted by impact of the war in the Middle East, which began in October 2023.

Comparable Sales

The following table presents the percent change in comparable sales for the quarters and six nine months ended June 30, 2024 September 30, 2024 and 2023:

Increase/(Decrease)													
Quarters Ended June 30,				Six Months Ended June 30,									
Quarters Ended September 30,				Nine Months Ended September 30,									
2024	2024	2023		2024	2023			2024	2023	2024	2023	2024	2023
U.S.	U.S.	(0.7) %	10.3 %		0.9 %	11.4 %	U.S.	0.3 %	8.1 %	0.7 %	10.3 %		
International Operated Markets													
International Developmental Licensed Markets													
Total	Total	(1.0) %	11.7 %		0.4 %	12.2 %	Total	(1.5) %	8.8 %	(0.2) %	11.0 %		

Systemwide Sales and Franchised Sales

The following table presents the percent change in Systemwide sales for the quarter and six nine months ended June 30, 2024 September 30, 2024:

SYSTEMWIDE SALES*

Quarter Ended June 30, 2024	
Quarter Ended June 30, 2024	
Quarter Ended June 30, 2024	Six Months Ended June 30, 2024
Quarter Ended September 30, 2024	
Quarter Ended September 30, 2024	
Quarter Ended September 30, 2024	Nine Months Ended September 30, 2024

	U.S.						International					
	Revenue		Operating Profit		Income Tax Expense		Revenue		Operating Profit		Income Tax Expense	
	Incl/ (Dec)	Excluding Currency Translation	Incl/ (Dec)	Excluding Currency Translation	Incl/ (Dec)	Excluding Currency Translation	Incl/ (Dec)	Excluding Currency Translation	Incl/ (Dec)	Excluding Currency Translation	Incl/ (Dec)	Excluding Currency Translation
U.S.	— %	— %	1 %	1 %	1 %	1 %	— %	— %	1 %	1 %	1 %	1 %
International Operated Markets												
International Developmental Licensed Markets												
Total	Total (1) %	1 %	1 %	2 %	Total — %	— %	1 %	1 %				

Franchised sales are not recorded as revenues by the Company, but are the basis on which the Company calculates and records franchised revenues and are indicative of the financial health of the franchisee base. The following table presents Franchised sales and the related increases/(decreases) for the quarters and six nine months ended June 30, 2024 September 30, 2024 and 2023:

Dollars in millions

Dollars in millions

Quarters Ended June 30.

Quarters Ended September 30,

U.S.	U.S.	\$12,764	\$12,789	—	—	—	U.S.	\$12,893	\$12,794	1	1	1
International Operated Markets												
International Developmental Licensed Markets												
Total	Total	\$30,180	\$30,393	(1)	(1)	1	Total	\$31,333	\$31,362	—	—	—

Conventional franchised

Conventional franchised	\$22,382	\$22,412	—	—%	—%	\$23,088	\$22,852	1	1%	—%
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Foreign affiliated

Six Months Ended June 30,

Nine Months Ended September 30,

Nine Months Ended September 30,							Inc/ (Dec)	Excluding	Currency								
		2024	2023		Inc/ (Dec)	Translation											
U.S.	U.S.	\$24,850	\$24,531	1	1	%	1	%	U.S.	\$37,743	\$	\$37,325	1	1	%	1	%
International Operated Markets																	
International Developmental Licensed Markets																	
Total	Total	\$58,996	\$58,444	1	1	%	2	%	Total	\$90,330	\$	\$89,806	1	1	%	1	%
Ownership type																	
Ownership type																	
Ownership type																	
Conventional franchised																	
Conventional franchised																	
Conventional franchised		\$43,547	\$42,758	2	2	%	3	%		\$66,636	\$	\$65,610	2	2	%	2	%
Developmental licensed																	
Foreign affiliated																	
Total	Total	\$58,996	\$58,444	1	1	%	2	%	Total	\$90,330	\$	\$89,806	1	1	%	1	%

Restaurant Margins

Franchised restaurant margins are measured as revenues from franchised restaurants less franchised restaurant occupancy costs. Franchised revenues include rent and royalties based on a percent of sales, and initial fees. Franchised restaurant occupancy costs include lease expense and depreciation, as the Company generally owns or secures a long-term lease on the land and building for the restaurant location.

Company-owned and operated restaurant margins are measured as sales from Company-owned and operated restaurants less costs for food & paper, payroll & employee benefits and occupancy & other operating expenses necessary to run an individual restaurant. Company-owned and operated margins exclude costs that are not allocated to individual restaurants, primarily payroll & employee benefit costs of non-restaurant support staff, which are included in Selling, general and administrative expenses.

RESTAURANT MARGINS

RESTAURANT MARGINS

RESTAURANT MARGINS

Dollars in millions

Dollars in millions

Dollars in millions

	Amount		Amount			Inc/ (Dec)	Excluding Currency Translation	Amount						
Quarters Ended June 30,									(I					
Quarters Ended September 30,														
Franchised														
Franchised														
Franchised														
U.S.														
U.S.														
U.S.	\$1,515	\$	\$1,510	—	%	\$	1,525	\$	\$	1,518	—	%	—	%
International														
Operated														
Markets														

Total	Total	\$3,311	\$ \$3,315	—	—	%	1	%	Total	\$ 3,447	\$	\$ 3,422	1	1 %	— %
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U.S.	\$ 116	\$ 125	(7)	(7)	%	(7)	%	\$ 105	\$ 122	(14)	(14)	%	(14)	%
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International Developmental Licensed Markets & Corporate	International Developmental Licensed Markets & Corporate	n/m	n/m	International Developmental Licensed Markets & Corporate	n/m	
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Total	Total	\$ 387	\$ \$ 396	(2)	(2)	%	(1)	%	Total	\$ 407	\$	\$	421	(3)	(3)%	(3)%
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U.S.	\$1,630	\$1,635	—	—	%	—	%	\$1,631	\$1,640	(1)	(1)	%	(1)	%
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International Developmental Licensed Markets & Corporate	International Developmental Licensed Markets & Corporate	n/m	n/m	International Developmental Licensed Markets & Corporate	n/m		n/m
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Total	Total	\$3,698	\$3,711	—	—	%	1	%	Total	\$ 3,855	\$	\$ 3,843	—	—	%	—	%
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Amount

Inc/ (Dec)
Excluding
Currency
Translation

Inc/ (Dec)

Inc/ (Dec)
Excluding
Currency
Translation

U.S.	\$2,919	\$2,872	2	2	%	2	%	\$4,444	\$4,390	1	1	%	1	%
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33/55

International
Developmental
Licensed
Markets &
Corporate

Total	Total	\$6,407	\$6,304	2	2	%	2	%	Total	\$9,855	\$9,726	1	1	%	1	%
Company-owned and operated	Company-owned and operated								Company-owned and operated							
U.S.	U.S.	\$223	\$234	(5)	(5)	%	(5)	%	U.S.	\$328	\$356	(8)	(8)	%	(8)	%

International
Operated
Markets

International Developmental Licensed Markets & Corporate	International Developmental Licensed Markets & Corporate	n/m					n/m		International Developmental Licensed Markets & Corporate	n/m						
Total	Total	\$707	\$697	1	1	%	2	%	Total	\$1,114	\$1,118	—	—	%	—	%

Total
restaurant
margins

U.S.	U.S.	\$3,142	\$3,106	1	1	%	1	%	\$4,773	\$4,745	1	1	%	1	%
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International
Operated
Markets

International Developmental Licensed Markets & Corporate	International Developmental Licensed Markets & Corporate	n/m					n/m		International Developmental Licensed Markets & Corporate	n/m						
Total	Total	\$7,114	\$7,001	2	2	%	2	%	Total	\$10,969	\$10,844	1	1	%	1	%

n/m Not meaningful

- Franchised margins in the U.S. and International Operated Markets segment were flat for the quarter and reflected sales-driven growth for the six months, both periods. Franchised margins represented approximately 90% of restaurant margin dollars.
- Company-owned and operated margins reflected positive sales performance in the U.S. and negative sales performance in the International Operated Markets segment reflected negative sales performance for the quarter and while the nine months benefited from positive sales performance for the six months, these two segments. The U.S. and the International Operated Markets segment were impacted by ongoing inflationary cost pressures for both periods.
- Total restaurant margins included depreciation and amortization expense of \$401 million \$420 million and \$813 million \$1.2 billion for the quarter and six nine months, respectively.

Selling, General & Administrative Expenses

- Selling, general and administrative expenses increased \$28 million decreased \$33 million, or 4% 5% (5% in constant currencies), for the quarter and increased \$96 million \$63 million, or 7% (7% 3% (3% in constant currencies), for the six nine months. Results for both periods the quarter primarily reflected lower incentive-based compensation, while the nine months primarily reflected investments in digital and technology, as well as including transformation efforts, related to Accelerating the Organization and costs related to the 2024 Worldwide Owner/Operator convention, convention, partly offset by lower incentive-based compensation.
- Selling, general and administrative expenses as a percent of Systemwide sales were 2.2% and 2.1% for both the six nine months ended 2024 and 2023, respectively, 2023.

Other Operating (Income) Expense, Net
OTHER OPERATING (INCOME) EXPENSE, NET

Dollars in millions

Dollars in millions

Dollars in millions

Quarters Ended											
Quarters Ended											
Quarters Ended				Six Months Ended				Nine Months Ended			
June 30,				June 30,				June 30,			
September 30,				September 30,				September 30,			
2024	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2023
Gains on sales of restaurant businesses											
Equity in earnings of unconsolidated affiliates											
Asset dispositions and other (income) expense, net											
Impairment and other charges (gains), net											
Total											

- Gains on sales of restaurant businesses decreased for both periods, the nine months, primarily due to fewer sales of restaurants in the International Operated Markets segment and in the U.S.
- Equity in earnings of unconsolidated affiliates for both periods the nine months reflected higher equity in earnings in China as a result of the Company's increased ownership in Grand Foods Holding when compared to the same period in 2023 as well as improved operating performance in Japan.
- Impairment and other charges (gains), net reflected net pre-tax charges of \$97 million \$52 million and \$89 million \$142 million for the quarter and six nine months, respectively, primarily related to consisting of transaction costs and non-cash impairment charges associated with the anticipated future sale of McDonald's business in South Korea and transaction costs associated with the acquisition of McDonald's business in Israel and pre-tax charges of \$57 million \$46 million and \$100 million \$146 million for the quarter and six nine months, respectively, related to restructuring charges associated with the Company's internal effort to modernize ways of working (Accelerating the Organization). Results for the quarter and six nine months 2023 reflected \$18 million \$26 million and \$198 million \$224 million, respectively, of pre-tax charges related to the Company's Accelerating the Arches growth strategy, including restructuring charges associated with Accelerating the Organization.

Operating Income

OPERATING INCOME & OPERATING MARGIN

Dollars in
millions

Quarters Ended June 30,								2024	2023	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation					
Quarters Ended September 30,								2024	2023	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation					
U.S.	U.S.	\$1,511	\$	\$ 1,495	1	%	1	% U.S.	\$ 1,493	\$	\$1,478	1	%	1	%	
International Operated Markets																
International Developmental Licensed Markets & Corporate	International Developmental Licensed Markets & Corporate	(84)	92	92		n/m		International Developmental Licensed Markets & Corporate	93	146	146	(36)	(29)			
Total	Total	\$2,920	\$	\$ 3,104	(6)	%	(5)	%	Total	\$ 3,188	\$	\$3,208	(1)	%	(1)	%
Six Months Ended June 30,																
Nine Months Ended September 30,																
Six Months Ended June 30,																
Nine Months Ended September 30,																

							Inc/ (Dec) Excluding Currency Translation
Six Months Ended June 30,		2024	2023	Inc/ (Dec)			
							Inc/ (Dec) Excluding Currency Translation
Nine Months Ended September 30,		2024	2023	Inc/ (Dec)			
U.S.	U.S.	\$2,907	\$ 2,790	4	%	4	%
U.S.							
International Operated Markets							
International Developmental Licensed Markets & Corporate	International Developmental Licensed Markets & Corporate	(109)	136	136	n/m	International Developmental Licensed Markets & Corporate	(15)
Total	Total	\$5,655	\$ 5,637	—	%	1	%
						Total	\$ 8,844
			</				

Operating margin

Operating margin

Operating margin

- Operating **Income**: Operating income decreased **\$184 million** **\$20 million**, or **6%** (**5%** **1%** (**1%** in constant currencies)), for the quarter and **increased \$18 million** **decreased \$1 million**, or was flat (**increased 1%** (**flat** in constant currencies)), for the **six nine** months. Results for both periods reflected net pre-tax charges of **\$97 million** **\$52 million** and **\$89 million** **\$142 million** for the quarter and **six nine** months, respectively, primarily **related to** consisting of transaction costs and non-cash impairment charges associated with the sale of McDonald's business in South Korea and transaction costs associated with the acquisition of McDonald's business in Israel and pre-tax restructuring charges of **\$57 million** **\$46 million** and **\$100 million** **\$146 million** for the quarter and **six nine** months, respectively, related to *Accelerating the Organization*.

Results for the quarter and **six nine** months 2023 reflected **\$18 million** **\$26 million** and **\$198 million** **\$224 million**, respectively, of pre-tax charges related to the Company's *Accelerating the Arches* growth strategy, including restructuring charges associated with *Accelerating the Organization*.

OPERATING INCOME & OPERATING MARGIN RECONCILIATION*

Dollars in millions

Quarters Ended June 30,																		
Quarters Ended June 30,																		
Quarters Ended June 30,		Six Months Ended June 30,																
Quarters Ended September 30,																		
Quarters Ended September 30,																		
Quarters Ended September 30,		Nine Months Ended September 30,																
2024																		
GAAP operating income																		
GAAP operating income																		
GAAP operating income	\$2,920	\$3,104	(6) %	(5) %	%	\$5,655	\$5,637	— %	1 %	%	\$3,188	\$3,208	(1) %	(1) %	\$8,844	\$8,845	— %	— %
(Gains)/Charges																		
Non-GAAP operating income																		
Non-GAAP operating income																		
Non-GAAP operating income	\$3,073	\$3,122	(2) %	— %	%	\$5,844	\$5,835	— %	1 %	%	\$3,286	\$3,234	2 %	1 %	\$9,131	\$9,069	1 %	1 %
Non-GAAP operating margin																		
Non-GAAP operating margin																		
Non-GAAP operating margin																		

*Refer to the Impairment and other charges (gains), net line within the Other Operating (Income) Expense, Net section on page 28 for details of the charges in this table.

- Excluding the current and prior year charges shown in the table above, operating income **decreased** **increased 2%** (**was flat (1%** in constant currencies)), for the quarter and **was flat (increased increased 1%** (**1%** in constant currencies)), for the **six nine** months. Results for the **six nine** months reflected positive operating results in the U.S. and International Operated Markets segment primarily due to sales-driven growth in Franchised margins, partly offset by higher Selling, general and administrative expenses in the International Developmental Licensed Markets & Corporate segment.
- Operating Margin**: Operating margin is defined as operating income as a percent of total revenues. The contributions to operating margin differ by segment due to each segment's ownership structure, primarily due to the relative percentage of franchised versus Company-owned and operated restaurants. Additionally, temporary restaurant closures, which vary by segment, impact the contribution of each segment to the consolidated operating margin.

The decrease in non-GAAP operating margin was primarily due to higher ongoing inflationary cost pressures as well as investments in Selling, general and administrative expenses as well as ongoing inflationary cost pressures.

expenses.

Interest Expense

- Interest expense increased 13% (13% 12% (12% in constant currencies) for both periods, the quarter and 13% (12% in constant currencies) for the nine months. Results for both periods reflected higher average interest rates debt balances as well as higher average debt balances, interest rates.

Nonoperating (Income) Expense, Net
NONOPERATING (INCOME) EXPENSE, NET

Dollars in millions
Dollars in millions
Dollars in millions

	Quarters Ended		Quarters Ended		Quarters Ended		Six Months Ended		Nine Months Ended	
	Quarters Ended		Quarters Ended		Quarters Ended		Six Months Ended		Nine Months Ended	
	Quarters Ended		Quarters Ended		Quarters Ended		Six Months Ended		Nine Months Ended	
	June 30,		June 30,		June 30,		June 30,		June 30,	
	September 30,		September 30,		September 30,		September 30,		September 30,	
	2024	2024	2024	2023	2024	2023	2024	2023	2024	2023
Interest income										
Foreign currency and hedging activity										
Other (income) expense, net										
Total										

- The Company expects the effective income tax rate for the full year 2024 to be in the 20% to 22% range. Some volatility may result in a quarterly tax rate outside of the annual range.
- The Company expects 2024 capital expenditures to be between \$2.5 and \$2.7 billion, more than half of which will be directed towards new restaurant unit expansion across the U.S. and International Operated Markets. Globally, the Company expects to open more than 2,100 restaurants. The Company will open about 500 restaurants in the U.S. and International Operated Markets segments, and developmental licensees and affiliates will contribute capital towards more than 1,600 restaurant openings in their respective markets. The Company expects over 1,600 net restaurant additions in 2024.
- The Company expects to achieve a free cash flow conversion rate in the 90% range.

Recent Accounting Pronouncements

Recent accounting pronouncements are discussed in the "Recent Accounting Pronouncements" section in Part I, Item 1 of this report.

Cautionary Statement Regarding Forward-Looking Statements

The information in this report contains forward-looking statements about future events and circumstances and their effects upon revenues, expenses and business opportunities. Generally speaking, any statement in this report not based upon historical fact is a forward-looking statement. Forward-looking statements can also be identified by the use of forward-looking or conditional words, such as "could," "should," "can," "continue," "estimate," "forecast," "intend," "look," "may," "will," "expect," "believe," "anticipate," "plan," "remain," "confident," "commit," "enable" and "potential" or similar expressions. In particular, statements regarding our plans, strategies, prospects and expectations regarding our business and industry are forward-looking statements. They reflect our expectations, are not guarantees of performance and speak only as of the dates the statements are made. Except as required by law, we do not undertake to update such forward-looking statements. You should not rely unduly on forward-looking statements.

Risk Factors

Our business results are subject to a variety of risks, including those that are described below and elsewhere in our filings with the SEC. The risks described below are not the only risks we face. Additional risks not currently known to us or that we currently deem to be immaterial may also significantly adversely affect our business. If any of these risks were to materialize or intensify, our expectations (or the underlying assumptions) may change and our performance may be adversely affected.

STRATEGY AND BRAND

If we do not successfully evolve and execute against our business strategies, we may not be able to drive business growth.

To drive Systemwide sales, operating income and free cash flow growth, our business strategies – including the components of our *Accelerating the Arches* growth strategy – must be effective in maintaining and strengthening customer appeal and capturing additional market share. Whether these strategies are successful depends mainly on our System's continued ability to:

- capitalize on our global scale, iconic brand and local market presence to build upon our historic strengths and competitive advantages, including by maximizing our marketing, committing to our core menu items, and doubling down on digital, delivery, drive thru and restaurant development;
- innovate and differentiate the McDonald's experience, including by preparing and serving our food in a way that balances value and convenience to our customers with profitability;
- build upon our investments to transform and enhance the customer experience, including building one of the world's largest consumer platforms to fuel engagement;
- run great restaurants by building the easiest and most efficient restaurant operating platform which enables franchisees to run restaurants more efficiently and utilize the latest cloud-based technology to make it easier for crews to deliver exceptional customer service;
- accelerate our existing strategies, including through growth opportunities and building a modern company platform that unlocks speed and innovation throughout the organization; and
- evolve and adjust our strategies in response to, among other things, changing consumer behavior, and other events impacting our results of operations and liquidity.

If we are delayed or unsuccessful in evolving or executing against our strategies, if the execution of our strategies proves to be more difficult, costly or time consuming than expected, or if our strategies do not yield the desired results, our business, financial condition and results of operations may suffer.

Failure to preserve the value or relevance of our brand could have an adverse impact on our financial results.

To continue to be successful in the future, we believe we must preserve, enhance and leverage the value and relevance of our brand, including our corporate purpose, mission and values. Brand value is based in part on consumer perceptions, which are affected by a variety of factors, including the nutritional content and preparation of our food, the ingredients we use, the manner in which we source commodities and general business practices across the System, including the people practices at McDonald's restaurants. Consumer acceptance of our offerings is subject to change for a variety of reasons, and some changes can occur rapidly. For example, nutritional, health, environmental and other scientific studies and conclusions, which continuously evolve and may have contradictory implications, drive popular opinion, litigation and regulation (including initiatives intended to drive consumer behavior) in ways that affect the "informal eating out" ("IEO") segment or perceptions of our brand, generally or relative to available alternatives. Our business could also be impacted by business incidents or practices, whether actual or perceived, particularly if they receive considerable publicity or result in litigation, as well as by our position or perceived lack of position on environmental, social responsibility, public policy, geopolitical and similar matters. In addition, we cannot ensure that franchisees or business partners will not take actions that adversely affect the value and relevance of our brand. Consumer perceptions may also be affected by adverse commentary from third parties, including through social media or conventional media outlets, regarding the quick-service category of the IEO segment or our brand, culture, operations, suppliers or franchisees. If we are unsuccessful in addressing adverse commentary or perceptions, whether or not accurate, our brand and financial results may suffer.

If we do not anticipate and address industry trends and evolving consumer preferences and effectively execute our pricing, promotional and marketing plans, our business could suffer.

Our continued success depends on our System's ability to build upon our historic strengths and competitive advantages. In order to do so, we need to anticipate and respond effectively to continuously shifting consumer demographics and industry trends in food sourcing, food preparation, food offerings, and consumer behavior and preferences, including with respect to the use of digital channels and environmental and social responsibility matters. If we are not able to predict, or quickly and effectively respond to, these changes, or if our competitors are able to do so more effectively, our financial results could be adversely impacted.

Our ability to build upon our strengths and advantages also depends on the impact of pricing, promotional and marketing plans across the System, and the ability to adjust these plans to respond quickly and effectively to evolving customer behavior and preferences, as well as shifting economic and competitive conditions. Existing or future pricing strategies and marketing plans, as well as the value proposition they represent, are expected to continue to be important components of our business strategy. However, they may not be successful, or may not be as successful as the efforts of our competitors, which could negatively impact sales, guest counts and market share.

Additionally, we operate in a complex and costly advertising environment. Our marketing and advertising programs may not be successful in reaching consumers in the way we intend. Our success depends in part on whether the allocation of our advertising and marketing resources across different channels, including digital, allows us to reach consumers effectively, efficiently and in ways that are meaningful to them. If our advertising and marketing programs are not successful, or are not as successful as those of our competitors, our sales, guest counts and market share could decrease.

Our investments to transform and enhance the customer experience, including through technology, may not generate the expected results.

Our long-term business objectives depend on the successful Systemwide execution of our strategies. We continue to build upon our investments in restaurant development, technology, digital engagement and delivery in order to transform and enhance the customer experience. As part of these investments, we are continuing to place emphasis on improving our service model and strengthening relationships with customers, in part through digital channels and loyalty initiatives, mobile ordering and payment systems, and enhancing our drive thru technologies, which efforts may not generate expected results. We also continue to expand and refine our delivery initiatives, including through integrating delivery and mobile ordering. Utilizing a third-party delivery service may not have the same level of profitability as a non-delivery transaction, and may introduce additional food quality, food safety and customer satisfaction risks. If these customer experience initiatives are not successfully executed, or if we do not fully realize the intended benefits of these significant investments, our business results may suffer.

We face intense competition in our markets, which could hurt our business.

We compete primarily in the IEO segment, which is highly competitive. We also face sustained, intense competition from traditional, fast casual and other competitors, which may include many non-traditional market participants such as convenience stores, grocery stores, coffee shops and online retailers. We expect our environment to continue to be highly competitive, and our results in any particular reporting period may be impacted by a contracting IEO segment or by new or continuing actions, product offerings, technologies or consolidation of our competitors and third-party partners, which may have a short- or long-term impact on our results.

We compete primarily on the basis of product choice, quality, affordability, service and location. In particular, we believe our ability to compete successfully in the current market environment depends on our ability to improve existing products, successfully develop and introduce new products, price our products appropriately, deliver a relevant customer experience, manage the complexity of our restaurant operations, manage our investments in restaurant development, technology, digital engagement and delivery, and respond effectively to our competitors' actions or offerings or to unforeseen disruptive actions. There can be no assurance these strategies will be effective, and some strategies may be effective at improving some metrics while adversely affecting others, which could have the overall effect of harming our business.

We may not be able to adequately protect our intellectual property or adequately ensure that we are not infringing the intellectual property of others, which could harm the value of the McDonald's brand and our business.

Our success depends on our continued ability to use our existing trademarks and service marks in order to increase brand awareness and further develop our branded products in both domestic and international markets. We rely on a combination of trademarks, copyrights, service marks, trade secrets, patents and other intellectual property rights to protect our brand and branded products.

We have registered certain trademarks and have other trademark registrations pending in the U.S. and certain foreign jurisdictions. The trademarks that we currently use have not been, and may never be, registered in all of the countries outside of the U.S. in which we do business or may do business in the future. It may be costly and time consuming to protect our intellectual property, particularly in rapidly evolving areas, and the steps we have taken to do so in the U.S. and foreign countries may not be adequate. In addition, the steps we have taken may not adequately ensure that we do not infringe the intellectual property of others, and third parties may claim infringement by us in the future. In particular, we may be involved in intellectual property claims, including often aggressive or opportunistic attempts to enforce patents used in information technology systems, which might affect our operations and results. Any claim of infringement, whether or not it has merit, could, particularly in rapidly evolving areas, be time consuming, or result in costly litigation and could also have an adverse impact on our business.

In addition, we cannot ensure that franchisees and other third parties who hold licenses to our intellectual property will not take actions that adversely affect the value of our intellectual property.

OPERATIONS

The global scope of our business subjects us to risks that could negatively affect our business.

We encounter differing cultural, regulatory, geopolitical and economic environments within and among the more than 100 countries where McDonald's restaurants operate, and our ability to achieve our business objectives depends on the System's success in these environments. Meeting customer expectations is complicated by the risks inherent in our global operating environment, and our global success is partially dependent on our System's ability to leverage operating successes across markets and brand perceptions. Planned initiatives may not have appeal across multiple markets with McDonald's customers and could drive unanticipated changes in customer perceptions and negatively impact our business results.

Disruptions in operations or price volatility in a market can also result from governmental actions, such as price, foreign exchange or trade-related tariffs or controls, trade policies and regulations, sanctions and counter sanctions, government-mandated closure of our, our franchisees' or our suppliers' operations, and asset seizures. Such disruptions or volatility can also result from acts of war, terrorism or other hostilities. The broader impact of acts of war and related sanctions, including on macroeconomic conditions, geopolitical tensions, consumer demand and the ability of us and our franchisees to operate in certain geographic areas, may also have an adverse impact on our business and financial results.

While we may face challenges and uncertainties in any of the markets in which we operate, such challenges and uncertainties are often heightened in developing markets, which may entail a relatively higher risk of political instability, economic volatility, crime, corruption and social and ethnic unrest. In many cases, such challenges may be exacerbated by the lack of an independent and experienced judiciary and uncertainty in how local law is applied and enforced, including in areas most relevant to commercial transactions and foreign investment. An inability to manage effectively the risks associated with our international operations could adversely affect our business and financial results.

Supply chain interruptions may increase costs or reduce revenues.

We depend on the effectiveness of our supply chain management to assure a reliable and sufficient supply of quality products, equipment and other materials on favorable terms. Although many of these items are sourced from a wide variety of suppliers in countries around the world, certain items have limited suppliers, which may increase our reliance on those suppliers. Supply chain interruptions and related price increases have in the past and may in the future adversely affect us as well as our suppliers and franchisees, whose performance may have a significant impact on our results. Such interruptions and price increases could be caused by shortages, inflationary pressures, unexpected increases in demand, transportation-related issues, labor-related issues, technology-related issues, weather-related events, natural disasters, acts of war, terrorism or other hostilities, or other factors beyond the control of us or our suppliers or franchisees. Interruptions in our System's supply chain or ineffective contingency planning can increase our costs and/or limit the availability of products, equipment and other materials that are critical to our System's operations or to restaurant development.

Our franchise business model presents a number of risks.

Our success as a heavily franchised business relies to a large degree on the financial success and cooperation of our franchisees, including our developmental licensees and affiliates. Our restaurant margins arise from two sources: fees from franchised restaurants (e.g., rent and royalties based on a percentage of sales) and, to a lesser degree, sales from Company-owned and operated restaurants. Our franchisees and developmental licensees manage their businesses independently and therefore are responsible for the day-to-day operation of their restaurants. The revenues we realize from franchised restaurants are largely dependent on the ability of our franchisees to grow their sales. Business risks affecting our operations also affect our franchisees. If franchisee sales trends worsen, or any of such risks materialize or intensify, our financial results could be negatively affected, which may be material.

Our success also relies on the willingness and ability of our independent franchisees and affiliates to implement major initiatives, which may include financial investment, and to remain aligned with us on operating, value/promotional and capital-intensive reinvestment plans. The ability of franchisees to contribute to the achievement of our plans is dependent in large part on the availability to them of funding at reasonable interest rates and may be negatively impacted by the financial markets in general, by their or our creditworthiness or by banks' lending practices. If our franchisees are unwilling or unable to invest in major initiatives or are unable to obtain financing at commercially reasonable rates, or at all, our future growth and results of operations could be adversely affected.

Our operating performance could also be negatively affected if our franchisees experience food safety or other operational problems or project an image inconsistent with our brand and values, particularly if our contractual and other rights and remedies are limited, costly to exercise or subjected to litigation and potential delays. If franchisees do not successfully operate restaurants in a manner consistent with our required standards, our brand's image and reputation could be harmed, which in turn could hurt our business and operating results.

Our ownership mix also affects our results and financial condition. The decision to own restaurants or to operate under franchise or license agreements is driven by many factors whose interrelationship is complex. The benefits of our more heavily franchised structure depend on various factors, including whether we have effectively selected franchisees, licensees and/or affiliates that meet our rigorous standards, whether we are able to successfully integrate them into our structure and whether their performance and the resulting ownership mix supports our brand and financial objectives.

Continued challenges with respect to labor, including availability and cost, could adversely impact our business and results of operations.

Our success depends in part on our System's ability to effectively attract, recruit, develop, motivate and retain qualified individuals to work in McDonald's restaurants and to maintain appropriately-staffed restaurants in an intensely competitive labor market. We and our franchisees have experienced and may continue to experience challenges in adequately staffing certain McDonald's restaurants, which can negatively impact operations, including speed of service to customers, and customer satisfaction levels. The System's ability to meet its labor needs as they evolve is generally subject to a variety of factors, including the availability of sufficient workforce, unemployment levels and prevailing wages in the markets in which we operate.

Further, our System has experienced increased costs and competition associated with attracting, recruiting, developing, motivating and retaining qualified employees, as well as with promoting awareness of the opportunities of working at McDonald's restaurants. We and our franchisees also continue to be impacted by increasingly complex U.S. and international laws and regulations affecting our respective workforces. These laws and regulations are increasingly focused on, and in certain cases impose requirements with respect to, employment matters such as wages and hours, healthcare, immigration, retirement and other employee benefits and workplace practices. Such laws and regulations can expose us and our franchisees to increased costs and other effects of compliance, including potential liability, and all such labor and compliance costs could have a negative impact on our Company-owned and operated margins and franchisee profitability.

Our potential exposure to reputational and other harm regarding our workplace practices or conditions or those of our independent franchisees or suppliers, including those giving rise to claims of harassment or discrimination (or perceptions thereof) or workplace safety, could have a negative impact on consumer perceptions of us and our business. Additionally, economic action, such as boycotts, protests, work stoppages or campaigns by labor organizations, could adversely affect us (including our ability to attract, recruit, develop, motivate and retain talent) or our franchisees and suppliers, whose performance may have a significant impact on our results.

Effective succession planning is important to our continued success.

Effective succession planning for management is important to our long-term success. Failure to effectively attract, recruit, develop, motivate and retain qualified key personnel, or to execute smooth personnel transitions, could disrupt our business and adversely affect our results.

Food safety concerns may have an adverse effect on our business.

Food safety concerns have had and may in the future have an adverse effect on our business. Our ability to increase sales and profits depends on our System's ability to meet expectations for safe food and on our ability to manage the potential impact on McDonald's of food-borne illnesses and food or product safety issues that may arise in the future, including in the supply chain, restaurants or delivery. Food safety is a top priority, and we dedicate substantial resources aimed at ensuring that our customers enjoy safe food products, including as our menu and service model evolve. However, food safety events, including instances of food-borne illness, occur within the food industry and our System from time to time and could occur in the future. For example, in October 2024, certain U.S. regulatory agencies announced that they were investigating a multistate outbreak of E. coli impacting our System. Instances of food tampering, food contamination or food-borne illness, whether actual or perceived, could adversely affect our brand, reputation and financial results.

If we do not effectively manage our real estate portfolio, our operating results may be negatively impacted.

We have significant real estate operations, primarily in connection with our restaurant business. We generally own or secure a long-term lease on the land and building for conventional franchised and Company-owned and operated restaurant sites. We seek to identify and develop restaurant locations that offer convenience to customers and long-term sales and profit potential. As we generally secure long-term real estate interests for our restaurants, we have limited flexibility to quickly alter our real estate portfolio. The competitive business landscape continues to evolve in light of changing business trends, consumer preferences, trade area demographics, consumer use of digital, delivery and drive thru, local competitive positions and other economic factors. If our restaurants are not located in desirable locations, or if we do not evolve in response to these factors, it could adversely affect Systemwide sales and profitability.

Our real estate values and the costs associated with our real estate operations are also impacted by a variety of other factors, including governmental regulations, insurance, zoning, tax and eminent domain laws, interest rate levels, the cost of financing, natural disasters, acts of war, terrorism or other hostilities, or other factors beyond our control. A significant change in real estate values, or an increase in costs as a result of any of these factors, could adversely affect our operating results.

Information technology system failures or interruptions, or breaches of network security, may impact our operations or cause reputational harm.

We are increasingly reliant upon technology systems, such as point-of-sale, that support our business operations, including our digital and delivery solutions, and technologies that facilitate communication and collaboration with affiliated entities, customers, employees, franchisees, suppliers, service providers or other independent third parties to conduct our business, whether developed and maintained by us or provided by third parties. Any failure or interruption of these systems could significantly impact our or our franchisees' operations, or our customers' experiences and perceptions. In addition, the artificial intelligence tools we are incorporating into certain aspects of our business may not generate the intended efficiencies and may impact our business results.

Security incidents and breaches have from time to time occurred and may in the future occur involving our systems, the systems of the parties with whom we communicate or collaborate (including franchisees) or the systems of third-party providers. These may include such things as unauthorized access, phishing attacks, account takeovers, denial of service, computer viruses, deepfakes and other malicious uses of artificial intelligence, introduction of malware or ransomware, other disruptive problems caused by hackers or unintentional events. Certain of these technology systems contain personal, confidential, financial and other information of our customers, employees, franchisees and their employees, suppliers and other third parties, as well as financial, proprietary and other confidential information related to our business. Despite response procedures and measures in place in the event an incident occurs, it could result in disruptions, shutdowns, or a security breach including the theft or unauthorized disclosure of certain of the above-described information. The actual or alleged occurrence of any of these types of incidents could result in mitigation costs, reputational damage, adverse publicity, loss of consumer confidence, reduced sales and profits, complications in executing our growth initiatives and regulatory and legal risk, including administrative fines, criminal or civil penalties or civil liabilities.

Despite the implementation of business continuity measures, any of these technology systems could become vulnerable to damage, disability or failures due to fire, power loss, telecommunications failure or other catastrophic events. Certain technology systems may also become vulnerable, unreliable or inefficient in cases where technology vendors limit or terminate product support and/or maintenance. Our increasing reliance on third-party systems also subjects us to risks faced by those third-party businesses, including operational, security and credit risks. Further, the technology systems of third parties upon which we rely to conduct our business could be compromised in a manner that adversely affects us and our technology systems and business continuity. If technology systems were to fail or otherwise be unavailable, or if business continuity or disaster recovery plans were not effective, and we were unable to recover in a timely manner, we could experience an interruption in our or our franchisees' operations. While we maintain insurance coverage designed to address certain aspects of cybersecurity risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise.

LEGAL AND REGULATORY

Increasing regulatory and legal complexity may adversely affect our business and financial results.

Our regulatory and legal environment worldwide exposes us to complex compliance, litigation and similar risks that could affect our operations and results in material ways. Many of our markets are subject to increasing, conflicting and highly prescriptive regulations involving, among other matters, restaurant operations, product packaging, marketing, use of information technology systems, the nutritional and allergen content and safety of our food and other products, labeling and other disclosure practices. Compliance efforts with those regulations may be affected by ordinary variations in food preparation among our own restaurants and the need to rely on the accuracy and completeness of information from third-party suppliers. We also are subject to increasing public focus, including by governmental and non-governmental organizations, on environmental, social responsibility and corporate governance matters. Our success depends in part on our ability to manage the impact of regulations and other initiatives that can affect our business plans and operations, which have increased and may continue to increase our costs of doing business and exposure to litigation, governmental investigations or other proceedings.

We are also subject to legal proceedings that may adversely affect our business, including, but not limited to, class actions, administrative proceedings, government investigations and proceedings, shareholder proceedings, employment and personal injury claims, landlord/tenant disputes, supplier-related disputes, and claims by current or former franchisees. Regardless of whether claims against us are valid or whether we are found to be liable, claims may be expensive to defend and may divert management's attention away from operations.

Litigation, legislative and regulatory action concerning our relationship with franchisees and the legal distinction between our franchisees and us for employment law or other purposes, if determined adversely, could challenge our franchise business model, increase costs, negatively impact our business operations and the business prospects of our franchisees and subject us to incremental liability for their actions. Similarly, although our commercial relationships with our suppliers remain independent, there may be attempts to challenge that independence, which, if determined adversely, could also increase costs, negatively impact the business prospects of our suppliers, and subject us to incremental liability for their actions.

Our results could also be affected by the following:

- the relative level of our defense costs, which vary from period to period depending on the number, nature and procedural status of pending proceedings;
- the cost and other effects of settlements, judgments or consent decrees, which may require us to make disclosures or take other actions that may affect perceptions of our brand and products; and
- adverse results of pending or future litigation, including litigation challenging the composition and preparation of our products, or the appropriateness or accuracy of our marketing or other communication practices.

A judgment significantly in excess of any applicable insurance coverage or third-party indemnity could materially adversely affect our financial condition or results of operations. Further, adverse publicity resulting from claims may hurt our business. If we are unable to effectively manage the risks associated with our complex regulatory and legal environment, it could have a material adverse effect on our business and financial condition.

Changes in tax laws and unanticipated tax liabilities could adversely affect the taxes we pay and our profitability.

We are subject to income and other taxes in the U.S. and foreign jurisdictions, and our operations, plans and results are affected by tax and other initiatives around the world. In particular, we are affected by the impact of changes to tax laws or policy or related authoritative interpretations. We are also impacted by settlements of pending or any future adjustments proposed by taxing and governmental authorities inside and outside of the U.S. in connection with our tax audits, all of which will depend on their timing, nature and scope. Any significant increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters could have a material adverse impact on our financial results.

Changes in accounting standards or the recognition of impairment or other charges may adversely affect our future operations and results.

New accounting standards or changes in financial reporting requirements, accounting principles or practices, including with respect to our critical accounting estimates, could adversely affect our future results. We may also be affected by the nature and timing of decisions about underperforming markets or assets, including decisions that result in impairment or other charges that reduce our earnings.

In assessing the recoverability of our long-lived assets, we consider changes in economic conditions and make assumptions regarding estimated future cash flows and other factors. These estimates are highly subjective and can be significantly impacted by many factors such as global and local business and economic conditions, operating costs, inflation, interest rate levels, competition, consumer and demographic trends and our restructuring activities. If our estimates or underlying assumptions change in the future, we may be required to record impairment charges. Any such changes could have a significant adverse effect on our reported results for the affected periods.

If we fail to comply with privacy and data protection laws, we could be subject to legal proceedings and penalties, which could negatively affect our financial results or brand perceptions.

We are subject to legal and compliance risks and associated liability related to privacy and data protection requirements, including those associated with our technology-related services and platforms made available to business partners, customers, employees, franchisees or other third parties. An increasing number of our markets have enacted new privacy and data protection requirements (including the European Union's General Data Protection Regulation and various U.S. state-level laws), and further requirements are likely to be proposed or enacted in the future. Failure to comply with these privacy and data protection laws could result in legal proceedings and substantial administrative fines, criminal or civil penalties or civil liabilities and materially adversely impact our financial results or brand perceptions.

MACROECONOMIC AND MARKET CONDITIONS

Unfavorable general economic conditions could adversely affect our business and financial results.

Our results of operations are substantially affected by economic conditions, including inflationary pressures, which can vary significantly by market and can impact consumer disposable income levels and spending habits. Economic conditions can be impacted by a variety of factors, including hostilities, epidemics, pandemics and actions taken by governments to manage national and international economic matters, whether through austerity, stimulus measures or trade measures, and initiatives intended to control wages, unemployment, credit availability, inflation, taxation and other economic drivers. Sustained adverse economic conditions or periodic adverse changes in economic conditions put pressure on our operating performance and business continuity disruption planning, and our business and financial results may suffer as a result.

Our results of operations are also affected by fluctuations in currency exchange rates, and unfavorable currency fluctuations could adversely affect reported earnings.

Health epidemics or pandemics could adversely affect our business and financial results.

Health epidemics or pandemics have in the past and may in the future impact macroeconomic conditions, consumer behavior, labor availability and supply chain management, as well as local operations in impacted markets, all of which can adversely affect our business, financial results and outlook. Governmental responses to health epidemics or pandemics, including operational restrictions, can also affect the foregoing items and adversely affect our business and financial results. The duration and scope of a health epidemic or pandemic can be difficult to predict and depends on many factors, including the emergence of new variants and the availability, acceptance and effectiveness of preventative measures. A health epidemic or pandemic may also heighten other risks disclosed in these Risk Factors, including, but not limited to, those related to the availability and costs of labor and commodities, supply chain interruptions, consumer behavior, and consumer perceptions of our brand and industry.

Changes in commodity and other operating costs could adversely affect our results of operations.

The profitability of our Company-owned and operated restaurants depends in part on our ability to anticipate and react to changes in commodity costs, including food, paper, supplies, fuel and utilities, as well as distribution and other operating costs, including labor. Volatility in certain commodity prices and fluctuations in labor costs have adversely affected and in the future could adversely affect our operating results by impacting restaurant profitability. The commodity markets for some of the ingredients we use, such as beef and chicken, are particularly volatile due to factors such as seasonal shifts, climate conditions, industry demand and other macroeconomic conditions, international commodity markets, food safety concerns, product recalls, government regulation, and acts of war, terrorism or other hostilities, all of which are beyond our control and, in many instances, unpredictable. Our System can only partially address future price risk through hedging and other activities, and therefore increases in commodity costs could have an adverse impact on our profitability.

A decrease in our credit ratings or an increase in our funding costs could adversely affect our profitability.

Our credit ratings may be negatively affected by our results of operations or changes in our debt levels. As a result, our interest expense, the availability of acceptable counterparties, our ability to obtain funding on favorable terms, our collateral requirements and our operating or financial flexibility could all be negatively affected, especially if lenders were to impose new operating or financial covenants.

Our operations may also be impacted by regulations affecting capital flows, financial markets or financial institutions, which can limit our ability to manage and deploy our liquidity or increase our funding costs. Any such events could have a material adverse effect on our business and financial condition.

The trading volatility and price of our common stock may be adversely affected by many factors.

Many factors affect the trading volatility and price of our common stock in addition to our operating results and prospects. These factors, many of which are beyond our control, include the following:

- the unpredictable nature of global economic and market conditions;
- governmental action or inaction in light of key indicators of economic activity or events that can significantly influence financial markets, particularly in the U.S., which is the principal trading market for our common stock, and media reports and commentary about economic, trade or other matters, even when the matter in question does not directly relate to our business;
- trading activity in our common stock, in derivative instruments with respect to our common stock or in our debt securities, which can be affected by: market commentary (including commentary that may be unreliable or incomplete); unauthorized disclosures about our performance, plans or expectations about our business; our actual performance and creditworthiness; investor confidence, driven in part by expectations about our performance; actions by shareholders and others seeking to influence our business strategies; portfolio transactions in our common stock by significant shareholders; and trading activity that results from the ordinary course rebalancing of stock indices in which McDonald's may be included, such as the S&P 500 Index and the Dow Jones Industrial Average;
- the impact of our stock repurchase program or dividend rate; and

- the impact of corporate actions, including changes to our corporate structure, and market and third-party perceptions and assessments of such actions, including those we may take from time to time as we implement our business strategies in light of changing business, legal and tax considerations.

Our business is subject to an increasing focus on environmental and social impact matters.

In recent years, there has been an increasing focus by stakeholders – including employees, franchisees, customers, suppliers, governmental and non-governmental organizations and investors – on environmental and social impact matters. A failure, whether real or perceived, to address environmental and social impact matters or to achieve progress on our environmental and social impact initiatives on the anticipated timing or at all, could adversely affect our business, including by heightening other risks disclosed in these Risk Factors, such as those related to consumer behavior, consumer perceptions of our brand, labor availability and costs, supply chain interruptions, commodity costs, and legal and regulatory complexity. Conversely, our taking a position, whether real or perceived, on environmental and social impact, public policy, geopolitical and similar matters could also adversely impact our business.

The standards we set for ourselves regarding environmental and social impact matters, and our ability to meet such standards, may also impact our business. For example, we are working to manage risks and costs to our System related to climate change, greenhouse gases, and diminishing energy and water resources, and we have announced initiatives relating to, among other things, climate action, sustainability, and responsible sourcing. In addition, we are engaging in social impact initiatives, including community engagement and philanthropy; as well as diversity, equity and inclusion efforts. We have faced increased scrutiny related to reporting on and achieving these initiatives, as well as continued public focus on similar matters, such as packaging and waste, animal health and welfare, deforestation and land use. We have also experienced increased pressure from stakeholders to provide expanded disclosure and establish additional commitments, targets or goals, and take actions to meet them, which could expose us to additional market, operational, execution and reputational costs and risks. Moreover, addressing environmental and social impact matters requires Systemwide as well as third party coordination and alignment, over which we do not have complete control and which may be unpredictable. The standards by which certain environmental and social impact matters are measured are also evolving and subject to assumptions that could change over time.

Events such as severe weather conditions, natural disasters, hostilities, social and geopolitical unrest and climate change, among others, can adversely affect our results and prospects.

Severe weather conditions, natural disasters, acts of war, terrorism or other hostilities, social and geopolitical unrest or climate change (or expectations about them) can adversely affect consumer behavior and confidence levels, supply availability and costs and local operations in impacted markets, all of which can affect our results and prospects. Climate change may also increase the frequency and severity of weather-related events and natural disasters. Our receipt of proceeds under any insurance we maintain with respect to some of these risks may be delayed or the proceeds may be insufficient to cover our losses fully.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes to the disclosures made in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 regarding these matters.

Item 4. Controls and Procedures

Disclosure Controls

An evaluation was conducted under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of **June 30, 2024** **September 30, 2024**. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of such date to provide reasonable assurances that information required to be disclosed by the Company in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

The Company is in the process of a multi-year, comprehensive transformation of its technology and operating model across multiple areas of the business, in an effort to modernize our processes and create efficiencies.

This technology transformation will include the implementation of certain new systems. Operating model transformation will include centralizing or outsourcing certain more routine functions.

The Company is performing this implementation in the ordinary course of business to increase efficiency and to modernize the tools and technology used in its key financial processes. This is not in response to any identified deficiency or weakness in the Company's internal control over financial reporting. As the phased implementation of the systems continues, the Company has modified certain processes and procedures to enhance the quality of internal control over financial reporting. The Company will continue to monitor and modify, as needed, the design and operating effectiveness of key control activities to align with the updated business processes and capabilities of the new financial systems.

Except for these changes, the Company's management, including the CEO and CFO, confirm there has been no change in the Company's internal control over financial reporting during the fiscal quarter ended **June 30, 2024** **September 30, 2024** that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There were no material changes to the disclosure made in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 regarding these matters.

Item 1A. Risk Factors

For a discussion of risk factors affecting the Company's business, refer to the "Risk Factors" section in Part I, Item 2 of this report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities*

The following table presents information related to repurchases of common stock the Company made during the quarter ended **June 30, 2024** **September 30, 2024**:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
April 1-30, 2024	1,442,686	\$ 274.39	1,442,686	\$ 4,962,392,673
May 1-31, 2024	1,346,825	265.78	1,346,825	4,604,429,063
June 1-30, 2024	744,619	257.73	744,619	4,412,516,809
Total	3,534,130	\$ 267.60	3,534,130	

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
July 1-31, 2024	874,297	\$ 254.87	874,297	\$ 4,189,689,137
August 1-31, 2024	293,752	270.52	293,752	4,110,224,323
September 1-30, 2024	485,199	291.20	485,199	3,968,932,958
Total	1,653,248	\$ 268.31	1,653,248	

* Subject to applicable law, the Company may repurchase shares directly in the open market, in privately negotiated transactions or pursuant to derivative instruments and plans complying with Rule 10b5-1 under the Exchange Act, among other types of transactions and arrangements.

(1) On December 31, 2019, the Company's Board of Directors approved a share repurchase program, effective January 1, 2020, that authorized the purchase of up to \$15 billion of the Company's outstanding common stock.

Item 5. Other Information

Rule 10b5-1 Trading Plans

In accordance with the disclosure requirement set forth in Item 408(a) of Regulation S-K, the following table discloses the officers (as defined in Rule 16a-1(f) under the Exchange Act) and directors who adopted or terminated a contract, instruction or written plan for the sale of the Company's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) during the quarter ended **June 30, 2024** **September 30, 2024**.

Name / Title	Type of Plan	Termination Adoption Date	End Date	Aggregate Number of Securities to be Sold	Plan Description
Joseph Erlinger / President, McDonald's USA	Rule 10b5-1 trading plan	August 28, 2024	December 23, 2025	16,484 ⁽¹⁾	Sale of shares
Desiree Ralls-Morrison, / EVP, Executive Vice President – Global Chief Legal Officer	Rule 10b5-1 trading plan	June 26, August 29, 2024	2,428 December 31, 2024	Termination 6,817	Sale of Rule 10b5-1 trading plan shares ⁽¹⁾

⁽¹⁾ On June 26, 2024, Desiree Ralls-Morrison, Executive Vice President – Global Chief Legal Officer, terminated a Rule 10b5-1. Represents the maximum number of shares that are eligible to vest pursuant to Mr. Erlinger's 2022 performance-based restricted stock unit award. The actual number of shares that will vest and be sold pursuant to the trading plan that was adopted on February 27, 2024 and provided for will depend upon the sale of up to 2,428 shares of McDonald's stock until May 31, 2025 or such earlier date on which all shares have been sold. No sales occurred pursuant to this Rule 10b5-1 trading plan. Company's performance against the applicable performance targets:

Other than as disclosed above, no officer or director adopted, modified, or terminated a contract, instruction or written plan for the purchase or sale of the Company's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or a non-Rule 10b5-1 trading arrangement.

Item 6. Exhibits

Exhibit No.	Description
(3)	Articles of incorporation; bylaws
(a)	Restated Certificate of Incorporation, effective as July 29, 2024, incorporated herein by reference from Exhibit 3(a) of July 29, 2024 Form 10-Q (File No. 001-05231), filed herewith, for the quarter ended June 30, 2024.
(b)	By-Laws, amended and restated effective July 25, 2024, incorporated herein by reference from Exhibit 3.2 of Form 8-K (File No. 001-05231), filed July 26, 2024.
(4)	Instruments defining the rights of securities holders, including indentures**
(a)	Senior Debt Securities Indenture, dated October 19, 1996, incorporated herein by reference from Exhibit (4)(a) of Form S-3 Registration Statement (File No. 333-14141), filed October 15, 1996.
(b)	Subordinated Debt Securities Indenture, dated October 18, 1996, incorporated herein by reference from Exhibit (4)(b) of Form S-3 (File No. 333-14141), filed October 15, 1996.
(10)	Material contracts
(a)	McDonald's Corporation Directors' Deferred Compensation Plan, amended and restated effective December 31, 2021, incorporated herein by reference from Exhibit 10(a) of Form 10-K (File No. 001-05231), for the year ended December 31, 2021.*
(b)	McDonald's Corporation Board of Directors Deferred Compensation Plan, effective January 1, 2022, incorporated herein by reference from Exhibit 10(b) of Form 10-K (File No. 001-05231), for the year ended December 31, 2021.*
(c)	McDonald's Deferred Compensation Plan, effective January 1, 2017, incorporated herein by reference from Exhibit 10(b) of Form 10-K (File No. 001-05231), for the year ended December 31, 2016.*
(i)	First Amendment to the McDonald's Deferred Compensation Plan, effective May 1, 2018, incorporated herein by reference from Exhibit 10(b)(i) of Form 10-Q (File No. 001-05231), for the quarter ended September 30, 2018.*
(d)	McDonald's Amended and Restated Deferred Compensation Plan, effective May 26, 2020, incorporated herein by reference from Exhibit 10(c) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2020.*
(i)	First Amendment to the McDonald's Amended and Restated Deferred Compensation Plan, effective December 1, 2021, incorporated herein by reference from Exhibit 10(d)(i) of Form 10-K (File No. 001-05231), for the year ended December 31, 2021.*
(e)	McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective September 1, 2001, incorporated herein by reference from Exhibit 10(c) of Form 10-K (File No. 001-05231), for the year ended December 31, 2001.*
(i)	First Amendment to the McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective January 1, 2002, incorporated herein by reference from Exhibit 10(c)(i) of Form 10-K (File No. 001-05231), for the year ended December 31, 2002.*
(ii)	Second Amendment to the McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective January 1, 2005, incorporated herein by reference from Exhibit 10(c)(ii) of Form 10-K (File No. 001-05231), for the year ended December 31, 2004.*
(f)	McDonald's Corporation 2012 Omnibus Stock Ownership Plan, effective June 1, 2012, incorporated herein by reference from Exhibit 10(h) of Form 10-Q (File No. 001-05231), for the quarter ended September 30, 2012.*
(g)	McDonald's Corporation Amended and Restated 2012 Omnibus Stock Ownership Plan, effective May 21, 2020, incorporated herein by reference from Exhibit 10(g) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2020.*
(h)	Form of Executive Confidentiality, Intellectual Property and Restrictive Covenant Agreement, incorporated herein by reference from Exhibit 10(o) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2017.*
(i)	Form of 2018 Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(g) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2018.*
(j)	McDonald's Corporation Target Incentive Plan, amended and restated effective February 13, 2019, incorporated herein by reference from Exhibit 10(p) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2019.*

- (k) [McDonald's Corporation Officer Severance Plan, amended and restated effective November 1, 2022, incorporated herein by reference from Exhibit 10\(l\) of Form 10-K \(File No. 001-05231\), for the year ended December 31, 2022.*](#)
- (l) [Form of 2019 Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10\(r\) of Form 10-Q \(File No. 001-05231\), for the quarter ended March 31, 2019.*](#)
- (m) [Separation Agreement and General Release between Stephen Easterbrook and the Company, dated October 31, 2019, incorporated herein by reference from Exhibit 10.1 of Form 8-K, filed November 4, 2019.*](#)
- (n) [Form of 2021 Executive Time-Based Restricted Stock Unit Award Agreement in connection with the Amended and Restated 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10\(v\) of Form 10-Q \(File No. 001-05231\), for the quarter ended June 30, 2021.*](#)
- (o) [Form of 2023 Executive Performance-Based Restricted Stock Unit Award Agreement in connection with the Amended and Restated 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10\(g\) of Form 10-Q \(File No. 001-05231\), for the quarter ended March 31, 2023.*](#)
- (p)(o) [Form of 2023 Executive Stock Option Award Agreement in connection with the Amended and Restated 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10\(r\) of Form 10-Q \(File No. 001-05231\), for the quarter ended March 31, 2023.*](#)

(31.1) [Rule 13a-14\(a\) Certification of Chief Executive Officer.](#)

(31.2) [Rule 13a-14\(a\) Certification of Chief Financial Officer.](#)

(32.1) [Certification pursuant to 18 U.S.C. Section 1350 by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

(32.2) [Certification pursuant to 18 U.S.C. Section 1350 by the Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)

(101.INS) XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

(101.SCH) Inline XBRL Taxonomy Extension Schema Document.

(101.CAL) Inline XBRL Taxonomy Extension Calculation Linkbase Document.

(101.DEF) Inline XBRL Taxonomy Extension Definition Linkbase Document.

(101.LAB) Inline XBRL Taxonomy Extension Label Linkbase Document.

(101.PRE) Inline XBRL Taxonomy Extension Presentation Linkbase Document.

(104) Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

* Denotes compensatory plan.

** Certain instruments defining the rights of holders of long-term debt of the Company are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. An agreement to furnish a copy of any such instruments upon request has been filed with the Securities and Exchange Commission.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

McDONALD'S CORPORATION
(Registrant)

/s/ Ian F. Borden

Ian F. Borden

Executive Vice President and Global Chief Financial Officer

Date: August 8, November 7, 2024

RESTATED CERTIFICATE OF INCORPORATION

OF

MCDONALD'S CORPORATION

(originally incorporated on December 21, 1964
under the name "Regrub, Inc.")

FIRST: The name of the corporation is McDONALD'S CORPORATION.

SECOND: Its registered office in the State of Delaware is located at 251 Little Falls Drive, City of Wilmington, New Castle County, Delaware 19808.

The name and address of its registered agent is The Prentice-Hall Corporation System, Inc., 251 Little Falls Drive, City of Wilmington, New Castle County, Delaware 19808.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the general corporate law of the State of Delaware.

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is Three Billion Six Hundred Sixty-Five Million (3,665,000,000), consisting of Three Billion Five Hundred Million (3,500,000,000) shares of Common Stock with one cent (\$.01) par value and One Hundred Sixty-Five Million (165,000,000) shares of Preferred Stock without par value.

A. COMMON STOCK

Each share of Common Stock shall be equal to every other share of Common Stock in every respect. Subject to any exclusive voting rights which may vest in holders of Preferred Stock under the provisions of any series of the Preferred Stock established by the Board of Directors pursuant to authority herein provided, the shares of Common Stock shall entitle the holders thereof to one vote for each share upon all matters upon which stockholders have the right to vote.

B. PREFERRED STOCK

(1) Preferred Stock may be issued from time to time in one or more series, each of such series to have such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as are stated and expressed in this Article and in the resolution or resolutions providing for the issuance of such series adopted by the Board of Directors as hereinafter provided.

(2) Authority is hereby expressly granted to the Board of Directors subject to the provisions of this Article to authorize the issuance of one or more series of Preferred Stock and, with respect to each series, to fix by resolution or resolutions providing for the issuance of such series:

(a) The number of shares to constitute such series and the distinctive designations thereof;

(b) The dividend rate or rates to which such shares shall be entitled and the restrictions, limitations and conditions upon the payment of such dividends, whether dividends shall be cumulative or noncumulative and, if cumulative, the date or dates from which dividends shall accumulate, the dates on which dividends, if declared, shall be payable, and the preferences or relations to the dividends payable on any other series of Preferred Stock;

(c) Whether or not all or any part of the shares of such series shall be redeemable, and if so, the limitations and restrictions with respect to such redemptions, the manner of selecting shares of such series for redemption if less than all shares are to be redeemed, and the amount, if any, in addition to any accrued dividends thereon, which the holder of shares of such series shall be entitled to receive upon the redemption thereof, which amount may vary at different redemption dates and may be different with respect to shares redeemed through the operation of any retirement or sinking fund and with respect to shares otherwise redeemed;

(d) The amount in addition to any accrued dividends thereon which the holders of shares of such series shall be entitled to receive upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, which amount may vary depending on whether such liquidation, dissolution or winding up is voluntary or involuntary and, if voluntary, may vary at different dates;

(e) Whether or not the shares of such series shall be subject to the operation of a purchase, retirement or sinking fund, and, if so, whether such purchase, retirement or sinking fund shall be cumulative or non-cumulative, the extent and the manner in which such fund shall be applied to the purchase or redemption of the shares of such series for retirement or to other corporate purposes and the terms and provisions relative to the operation thereof;

(f) Whether or not the shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or classes, or of any other series of the same class, and if so convertible or exchangeable, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same;

(g) The voting powers, if any, of such series in addition to the voting powers provided by law;

(h) Any other preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as shall not be inconsistent with law or with this Article.

Notwithstanding the fixing of the number of shares constituting a particular series upon the issuance thereof, the Board of Directors may at any time thereafter authorize the issuance of additional shares of the same series, or decrease the number of shares constituting such series (but not below the number of shares of such series then outstanding).

C. PROVISIONS APPLICABLE TO ALL CAPITAL STOCK

No holder of any share or shares of any class of stock of the Corporation shall have any preemptive or preferential right to subscribe for or purchase any shares of stock of any class of the Corporation now or hereafter authorized or any securities convertible into or carrying any rights to purchase any shares of stock of any class of the Corporation now or hereafter authorized, other than such rights, if any, as the Board of Directors in its discretion from time to time may grant, and at such prices and upon such other terms and conditions as the Board of Directors in its discretion may fix.

FIFTH: The minimum amount of capital with which the Corporation will commence business is One Thousand Dollars (\$1,000).

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: The private property of the stockholders of the Corporation shall not be subject to the payment of corporate debts to any extent whatsoever.

EIGHTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware the Board of Directors is expressly authorized and empowered:

(a) In the manner provided in the by-laws of the Corporation to make, alter, amend and repeal the by-laws of the Corporation in any respect not inconsistent with the laws of the State of Delaware or with the Restated Certificate of Incorporation of the Corporation;

(b) By a resolution or resolutions passed by the Board, to designate one or more committees, each committee to consist of one or more of the directors of the Corporation which, to the extent provided in said resolution or resolutions or in the by-laws of the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the by-laws of the Corporation or as may be determined from time to time by resolution adopted by the Board of Directors;

(c) Subject to any applicable provisions of the by-laws of the Corporation then in effect, to determine from time to time, whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors or of the stockholders of the Corporation; and

(d) To fix from time to time the amount of the surplus or profits of the Corporation to be reserved as working capital or for any other lawful purpose.

In addition to the powers and authorities hereinbefore or by statute expressly conferred upon it, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised, or done by the Corporation, subject, nevertheless, to the provisions

of the laws of the State of Delaware, this Restated Certificate of Incorporation and the by-laws of the Corporation.

Any contract, transaction or act of the Corporation or of the directors or of any committee, which shall be ratified by the holders of a majority of the shares of stock of the Corporation present in person or by proxy and voting at any annual meeting, or at any special meeting called for such purpose, shall, insofar as permitted by law or by this Restated Certificate of Incorporation, be as valid and as binding as though ratified by every stockholder of the Corporation.

The Corporation may enter into contracts or transact business with one or more of its directors, or with any firm of which one or more of its directors are members or with any trust, firm, corporation or association in which any one or more of its directors is a stockholder, director or officer or otherwise interested, and any such contract or transaction shall not be invalidated in the absence of fraud because such director or directors have or may have interests therein which are or might be adverse to the interest of the Corporation, even though the presence and/or vote of the director or directors having such adverse interest shall have been necessary to constitute a quorum and/or to obligate the Corporation upon such contract or transaction, provided that such interests shall have been disclosed to the other directors and a majority of the directors voting shall have approved such contract or transaction; and no director having such adverse interest shall be liable to this Corporation or to any stockholder or creditor thereof, or to any other person for any loss incurred by it under or by reason of any such contract or transaction; nor shall any such director or directors be accountable for any gains or profits realized thereon.

NINTH: Meetings of stockholders may be held outside the State of Delaware, if the by-laws so provide. The books of the Corporation may be kept (subject to the laws of the State of Delaware) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the by-laws of the Corporation.

Elections of directors need not be by ballot unless the by-laws of the Corporation shall so provide.

TENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, to the extent and in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ELEVENTH: It is hereby declared to be a proper corporate purpose, reasonably calculated to benefit stockholders, for the Board of Directors to base the response of the Corporation to any "Acquisition Proposal" on the Board of Directors' evaluation of what is in the best interests of the Corporation and for the Board of Directors, in evaluating what is in the best interests of the Corporation, to consider:

(i) the best interest of the stockholders; for this purpose the Board shall consider, among other factors, not only the consideration being offered in the Acquisition Proposal, in relation to the then current market price, but also in relation to the then current value

of the Corporation in a freely negotiated transaction and in relation to the Board of Directors' then estimate of the future value of the Corporation as an independent entity; and

(ii) such other factors as the Board of Directors determines to be relevant, including, among other factors, the social, legal and economic effects upon franchisees, employees, suppliers, customers and business.

"Acquisition Proposal" means any proposal of any person (a) for a tender offer or exchange offer for any equity security of the Corporation, (b) to merge or consolidate the Corporation with another corporation, or (c) to purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation.

TWELFTH: Board of Directors.

(a) Number, Election and Terms. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than 7 nor more than 15 persons. The exact number of directors within the minimum and maximum limitations specified in the preceding sentence shall be fixed from time to time by the Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors.

Subject to the rights of the holders of any one or more series of Preferred Stock to elect directors separately as a class, each director elected by the stockholders shall serve for a term expiring at the first annual meeting of stockholders held after such director's election.

(b) Newly Created Directorships and Vacancies. Subject to the rights of the holders of any one or more series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled by a majority vote of the directors then in office. Directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders held after their election as directors. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(c) Removal. Subject to the rights of the holders of any one or more series of Preferred Stock to elect additional directors under specific circumstances, (i) directors shall be removable either with or without cause, and (ii) the removal of any director, whether with or without cause, shall require the affirmative vote of the holders of a majority of the voting power of the capital stock of the Corporation outstanding and entitled to vote thereon.

THIRTEENTH: Stockholder Action. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Special meetings of stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution approved by a majority of the Board of Directors or by the Secretary of the Corporation at the written request of stockholders who have, or who are acting on behalf of beneficial owners who have, an aggregate "net long position" of not less than 25% of the outstanding shares of Common Stock as of the record date fixed in accordance with the By-Laws (as amended from time to time) to determine who may deliver a written

request to call such special meeting; provided that each such stockholder, or beneficial owner directing such stockholder, must have held such "net long position" included in such aggregate amount continuously for the one-year period ending on such record date and must continue to hold such "net long position" through the date of the conclusion of the special meeting. "Net long position" shall be determined with respect to each stockholder requesting a special meeting and each beneficial owner who is directing a stockholder to act on such owner's behalf (each stockholder and owner, a "party") in accordance with the definition thereof set forth in Rule 14e-4 under the Securities Exchange Act of 1934, as amended from time to time, provided that (x) for purposes of such definition, in determining such party's "short position," the reference in Rule 14e-4 to "the date that a tender offer is first publicly announced or otherwise made known by the bidder to holders of the security to be acquired" shall be the record date fixed to determine the stockholders entitled to deliver a written request for a special meeting, and the reference to the "highest tender offer price or stated amount of the consideration offered for the subject security" shall refer to the closing sales price of the Corporation's Common Stock on the New York Stock Exchange (or such other securities exchange designated by the Board of Directors if the Common Stock is not listed for trading on the New York Stock Exchange) on such record date (or, if such date is not a trading day, the next succeeding trading day) and (y) the net long position of such party shall be reduced by the number of shares as to which the Board of Directors determines that such party does not, or will not, have the right to vote or direct the vote at the special meeting or as to which the Board of Directors determines that such party has entered into any derivative or other agreement, arrangement or understanding that hedges or transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of such shares.

The foregoing provisions of this Article Thirteenth (other than the first sentence of this Article Thirteenth) shall be subject to the provisions of the By-Laws (as amended from time to time) that limit the ability to make a request for a special meeting and that specify the circumstances pursuant to which a request for a special meeting will be deemed to be revoked. The Board of Directors shall have the authority to interpret the provisions of this Article Thirteenth and the By-Laws relating to special meetings of stockholders and to determine whether a party has complied with such provisions. Each such interpretation and determination shall be set forth in a written resolution filed with the Secretary of the Corporation and shall be binding on the Corporation and its stockholders.

FOURTEENTH: Elimination of Certain Liability of Directors or Officers. To the fullest extent that the general corporate law of the State of Delaware, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors or officers (or both directors and officers), no director or officer of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director or officer. No amendment to or repeal of this Article Fourteenth shall apply to or have any effect on liability or alleged liability of any director or officer of the Corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal. Solely for purposes of this Article Fourteenth, "officer" shall have the meaning provided in Section 102(b)(7) of the general corporate law of the State of Delaware, as amended from time to time.

[Signature Page Follows]

In witness whereof, this Restated Certificate of Incorporation, which only restates and integrates and does not further amend the provisions of the Restated Certificate of Incorporation of McDonald's Corporation, as heretofore amended or supplemented, there being no discrepancy between such Restated Certificate of Incorporation, as so amended and supplemented, and the provisions hereof, and having been duly adopted in accordance with Section 245 of the Delaware General Corporation Law, has been executed by its duly authorized officer on the date set forth below.

McDONALD'S CORPORATION

By: /s/ Jeffrey Pochowicz

Jeffrey Pochowicz

Secretary

DATED: July 26, 2024

17196356.4

Exhibit 31.1

Rule 13a-14(a) Certification of Chief Executive Officer

I, Christopher J. Kempczinski, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of McDonald's Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024 November 7, 2024

/s/ Christopher J. Kempczinski

Christopher J. Kempczinski

Chairman, President, and Chief Executive Officer

Rule 13a-14(a) Certification of Chief Financial Officer

I, Ian F. Borden, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of McDonald's Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2024 November 7, 2024

/s/ Ian F. Borden

Ian F. Borden

Executive Vice President and Global Chief Financial Officer

**Certification pursuant to 18 U.S.C. Section 1350 by the Chief Executive Officer, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of McDonald's Corporation (the "Company"), does hereby certify, to such officer's knowledge, that the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 September 30, 2024 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2024 November 7, 2024

/s/ Christopher J. Kempczinski

Christopher J. Kempczinski

Chairman, President, and Chief Executive Officer

**Certification pursuant to 18 U.S.C. Section 1350 by the Chief Financial Officer, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of McDonald's Corporation (the "Company"), does hereby certify, to such officer's knowledge, that the Quarterly Report on Form 10-Q for the quarter ended **June 30, 2024** **September 30, 2024** of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **August 8, 2024** **November 7, 2024**

/s/ Ian F. Borden

Ian F. Borden

Executive Vice President and Global Chief Financial Officer

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