

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 March 31, 2025

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	☒	Accelerated Filer	☐
Non-accelerated Filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

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 ☒

715,032,727
(Number of shares of common stock
outstanding as of March 31, 2025)

McDONALD'S CORPORATION

INDEX

	Page Reference
Part I. Financial Information	
Item 1 – Financial Statements	
Condensed Consolidated Balance Sheet, March 31, 2025 (unaudited) and December 31, 2024	3
Condensed Consolidated Statement of Income (unaudited), quarters ended March 31, 2025 and 2024	4
Condensed Consolidated Statement of Comprehensive Income (unaudited), quarters ended March 31, 2025 and 2024	5
Condensed Consolidated Statement of Cash Flows (unaudited), quarters ended March 31, 2025 and 2024	6
Condensed Consolidated Statement of Shareholders' Equity (unaudited), quarters ended March 31, 2025 and 2024	7
Notes to Condensed Consolidated Financial Statements (unaudited)	8
Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3 – Quantitative and Qualitative Disclosures About Market Risk	35
Item 4 – Controls and Procedures	35
Part II. Other Information	
Item 1 – Legal Proceedings	36
Item 1A – Risk Factors	36
Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds	36
Item 5 – Other Information	37
Item 6 – Exhibits	38
Signature	39

All trademarks used herein are the property of their respective owners and are used with permission.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEET

In millions, except per share data	(unaudited) March 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and equivalents	\$ 1,238	\$ 1,085
Accounts and notes receivable	2,387	2,383
Inventories, at cost, not in excess of market	51	56
Prepaid expenses and other current assets	1,060	1,074
Total current assets	4,735	4,599
Other assets		
Investments in affiliates	2,751	2,710
Goodwill	3,186	3,145
Miscellaneous	6,265	6,095
Total other assets	12,202	11,950
Lease right-of-use asset, net	13,642	13,339
Property and equipment		
Property and equipment, at cost	45,258	44,177
Accumulated depreciation and amortization	(19,509)	(18,882)
Net property and equipment	25,749	25,295
Total assets	\$ 56,329	\$ 55,182
Liabilities and shareholders' equity (deficit)		
Current liabilities		
Short-term borrowings and current maturities of long-term debt	\$ 80	\$ —
Accounts payable	882	1,029
Lease liability	663	636
Income taxes	556	361
Other taxes	235	224
Accrued interest	401	482
Accrued payroll and other liabilities	1,191	1,129
Total current liabilities	4,008	3,861
Long-term debt	38,845	38,424
Long-term lease liability	13,175	12,888
Long-term income taxes	365	344
Deferred revenues - initial franchise fees	914	778
Other long-term liabilities	755	771
Deferred income taxes	1,721	1,914
Shareholders' equity (deficit)		
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	17	17
Additional paid-in capital	9,423	9,281
Retained earnings	67,436	66,834
Accumulated other comprehensive income (loss)	(2,557)	(2,553)
Common stock in treasury, at cost; 945.6 and 945.4 million shares	(77,773)	(77,375)
Total shareholders' equity (deficit)	(3,454)	(3,797)
Total liabilities and shareholders' equity (deficit)	\$ 56,329	\$ 55,182

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

In millions, except per share data	Quarters Ended March 31,	
	2025	2024
Revenues		
Revenues from franchised restaurants	\$ 3,661	\$ 3,723
Sales by Company-owned and operated restaurants	2,132	2,355
Other revenues	162	91
Total revenues	5,956	6,169
Operating costs and expenses		
Franchised restaurants-occupancy expenses	620	627
Company-owned and operated restaurant expenses	1,859	2,035
Other restaurant expenses	140	68
Selling, general & administrative expenses		
Depreciation and amortization	107	99
Other	575	622
Other operating (income) expense, net	7	(17)
Total operating costs and expenses	3,308	3,433
Operating income	2,648	2,736
Interest expense	376	372
Nonoperating (income) expense, net	(57)	(45)
Income before provision for income taxes	2,330	2,409
Provision for income taxes	461	479
Net income	\$ 1,868	\$ 1,929
Earnings per common share-basic	\$ 2.61	\$ 2.67
Earnings per common share-diluted	\$ 2.60	\$ 2.66
Dividends declared per common share	\$ 1.77	\$ 1.67
Weighted-average shares outstanding-basic	714.9	721.8
Weighted-average shares outstanding-diluted	718.2	725.9

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

In millions	Quarters Ended March 31,	
	2025	2024
Net income	\$ 1,868	\$ 1,929
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments:		
Gain (loss) recognized in accumulated other comprehensive income ("AOCI"), including net investment hedges	70	(115)
Reclassification of (gain) loss to net income	—	—
Foreign currency translation adjustments-net of tax benefit (expense) of \$136 and \$(93)	70	(115)
Cash flow hedges:		
Gain (loss) recognized in AOCI	(52)	36
Reclassification of (gain) loss to net income	(15)	1
Cash flow hedges-net of tax benefit (expense) of \$20 and \$(12)	(67)	37
Defined benefit pension plans:		
Gain (loss) recognized in AOCI	(6)	11
Reclassification of (gain) loss to net income	(1)	(10)
Defined benefit pension plans-net of tax benefit (expense) of \$0 and \$1	(7)	1
Total other comprehensive income (loss), net of tax	(4)	(77)
Comprehensive income	\$ 1,864	\$ 1,852

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

In millions	Quarters Ended March 31,	
	2025	2024
Operating activities		
Net income	\$ 1,868	\$ 1,929
Adjustments to reconcile to cash provided by operations		
Charges and credits:		
Depreciation and amortization	520	510
Deferred income taxes	(44)	(138)
Share-based compensation	45	50
Other	(73)	(31)
Changes in working capital items	111	70
Cash provided by operations	2,428	2,390
Investing activities		
Capital expenditures	(551)	(547)
Purchases of restaurant businesses	(75)	(52)
Purchases of equity method investments	—	(1,820)
Sales of restaurant businesses	49	42
Sales of property	5	8
Other	(200)	(124)
Cash used for investing activities	(771)	(2,493)
Financing activities		
Net short-term borrowings	(792)	(339)
Long-term financing issuances	1,498	—
Long-term financing repayments	(693)	(1,285)
Treasury stock purchases	(477)	(918)
Common stock dividends	(1,266)	(1,206)
Proceeds from stock option exercises	147	99
Other	40	(12)
Cash used for financing activities	(1,543)	(3,661)
Effect of exchange rates on cash and cash equivalents	39	21
Cash and equivalents increase (decrease)	153	(3,742)
Cash and equivalents at beginning of period	1,085	4,579
Cash and equivalents at end of period	\$ 1,238	\$ 838

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)
For the quarter ended March 31, 2024

<i>In millions, except per share data</i>	<i>Common stock issued</i>		<i>Additional paid-in capital</i>	<i>Retained earnings</i>	<i>Accumulated other comprehensive income (loss)</i>			<i>Common stock in treasury</i>		<i>Total shareholders' equity (deficit)</i>
	<i>Shares</i>	<i>Amount</i>			<i>Pensions</i>	<i>Cash flow hedges</i>	<i>Foreign currency translation</i>	<i>Shares</i>	<i>Amount</i>	
Balance at December 31, 2023	1,660.6	\$ 17	\$ 8,893	\$ 63,480	\$ (367)	\$ (6)	\$ (2,083)	(937.9)	\$ (74,640)	\$ (4,707)
Net income				1,929						1,929
Other comprehensive income (loss), net of tax					1	37	(115)			(77)
Comprehensive income										1,852
Common stock cash dividends (\$1.67 per share)				(1,206)						(1,206)
Treasury stock purchases								(3.2)	(921)	(921)
Share-based compensation			50							50
Stock option exercises and other			58					1.2	41	99
Balance at March 31, 2024	1,660.6	\$ 17	\$ 9,001	\$ 64,203	\$ (367)	\$ 32	\$ (2,198)	(939.9)	\$ (75,520)	\$ (4,833)

For the quarter ended March 31, 2025

<i>In millions, except per share data</i>	<i>Common stock issued</i>		<i>Additional paid-in capital</i>	<i>Retained earnings</i>	<i>Accumulated other comprehensive income (loss)</i>			<i>Common stock in treasury</i>		<i>Total shareholders' equity (deficit)</i>
	<i>Shares</i>	<i>Amount</i>			<i>Pensions</i>	<i>Cash flow hedges</i>	<i>Foreign currency translation</i>	<i>Shares</i>	<i>Amount</i>	
Balance at December 31, 2024	1,660.6	\$ 17	\$ 9,281	\$ 66,834	\$ (393)	\$ 119	\$ (2,279)	(945.4)	\$ (77,375)	\$ (3,797)
Net income				1,868						1,868
Other comprehensive income (loss), net of tax					(7)	(67)	70			(4)
Comprehensive income										1,864
Common stock cash dividends (\$1.77 per share)				(1,266)						(1,266)
Treasury stock purchases								(1.5)	(447)	(447)
Share-based compensation			45							45
Stock option exercises and other			98					1.4	49	147
Balance at March 31, 2025	1,660.6	\$ 17	\$ 9,423	\$ 67,436	\$ (400)	\$ 52	\$ (2,209)	(945.6)	\$ (77,773)	\$ (3,454)

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, 2024 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 ended March 31, 2025 do not necessarily indicate the results that may be expected for the full year.

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 March 31,	2025	2024
Conventional franchised	22,126	21,841
Developmental licensed	9,300	8,741
Foreign affiliated	10,294	9,283
Total Franchised	41,720	39,865
Company-owned and operated	2,036	2,153
Total Systemwide restaurants	43,756	42,018

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.

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 3.3 million shares and 4.1 million shares for the quarters ended March 31, 2025 and March 31, 2024, respectively. Share-based compensation awards that would have been antidilutive, and therefore were not included in the calculation of diluted weighted-average shares, totaled 2.2 million shares and 2.1 million shares for the quarters ended March 31, 2025 and March 31, 2024, respectively.

Recent Accounting Pronouncements
Recent Accounting Pronouncements Not Yet Adopted
Income Taxes

In December 2023, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("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.

Disaggregation - Income Statement Expenses

In November 2024, the FASB issued ASU No. 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" ("ASU 2024-03"). The pronouncement expands the disclosure requirements for expenses, specifically by providing more detailed information about the types of expenses in commonly presented expense captions. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. We are currently in the process of determining the impact that ASU 2024-03 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 \$66 million and \$44 million of restructuring charges related to *Accelerating the Organization* in the three months ended March 31, 2025 and 2024, respectively. These restructuring charges were recorded in the Other operating (income) expense, net line within the Condensed Consolidated Statement of Income. 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	Costs to Terminate Contracts	Professional Services and Other Costs	Total
2025				
Accrued Balance at Beginning of Year	\$ 23	\$ 4	\$ 15	\$ 42
Restructuring Costs Incurred	17	—	49	66
Cash Payments	(5)	—	(31)	(36)
Other Non-Cash Items	—	—	1	1
Accrued Balance at March 31, 2025	\$ 35	\$ 4	\$ 34	\$ 73

Of the \$66 million of restructuring charges incurred in the three months ended March 31, 2025, \$48 million was recorded primarily at Corporate and \$18 million was recorded in the International Operated Markets.

Substantially all of the accrued restructuring balance recorded at March 31, 2025, related to the Company's *Accelerating the Organization* initiative, is expected to be paid out over the next twelve months.

The Company continues to evolve its ways of working by driving efficiency and effectiveness across the organization, primarily led by its Global Business Services ("GBS") 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, with \$537 million of total restructuring charges incurred since the initiative commenced in 2023. The Company currently expects to incur approximately \$300 million of restructuring charges in 2025, 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 Condensed Consolidated Statement of Income. The carrying value of the investments are recorded within the Investments in affiliates line on the Condensed Consolidated Balance Sheet. The Company has elected to record dividends received from its equity method investments under the nature of distribution approach, which provides for the recording of such distributions within the cash provided by operations section of the Condensed Consolidated Statement of Cash Flows to the extent that such distributions are from the normal operating or financing activities of the investee.

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.

<i>In Millions</i>	March 31, 2025			December 31, 2024		
	Percentage Ownership	Fair Value (Level 1)	Carrying Amount	Percentage Ownership	Fair Value (Level 1)	Carrying Amount
Grand Foods Holding	48 %	N/A \$	2,005	48 %	N/A \$	1,973
McDonald's Japan Holdings Co., Ltd	35 %	\$ 1,788	\$ 625	35 %	\$ 1,849	\$ 590

As of March 31, 2025, 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. 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 three months ended March 31, 2025 and March 31, 2024, respectively.

<i>In Millions</i>	Quarters Ended March 31,	
	2025	2024
Revenue	\$ 139	\$ 134
Equity in Earnings	\$ 51	\$ 34
Accounts Receivable	\$ 114	\$ 112
Dividends Received	\$ 15	\$ 13

Income Taxes

The effective income tax rate was 19.8% and 19.9% for the three months ended March 31, 2025 and 2024, respectively.

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, 2024 Annual Report on Form 10-K.

At March 31, 2025, the fair value of the Company's debt obligations was estimated at \$37.2 billion, compared to a carrying amount of \$38.9 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	
<i>In millions</i>	Balance Sheet Classification	March 31, 2025	December 31, 2024	Balance Sheet Classification	March 31, 2025 December 31, 2024
Derivatives designated as hedging instruments					
Foreign currency	Prepaid expenses and other current assets	\$ 33	\$ 125	Accrued payroll and other liabilities	\$ (62) \$ (1)
Interest rate	Prepaid expenses and other current assets	—	34	Accrued payroll and other liabilities	(5) (6)
Foreign currency	Miscellaneous other assets	7	40	Other long-term liabilities	(29) —
Interest rate	Miscellaneous other assets	—	—	Other long-term liabilities	(27) (34)
Total derivatives designated as hedging instruments		\$ 40	\$ 199		\$ (123) \$ (41)
Derivatives not designated as hedging instruments					
Equity	Prepaid expenses and other current assets	\$ 146	\$ 135	Accrued payroll and other liabilities	\$ — \$ —
Foreign currency	Prepaid expenses and other current assets	—	—	Accrued payroll and other liabilities	— —
Total derivatives not designated as hedging instruments		\$ 146	\$ 135		\$ — \$ —
Total derivatives		\$ 186	\$ 334		\$ (123) \$ (41)

The following table presents the pre-tax amounts from derivative instruments affecting income and AOCI for the three months ended March 31, 2025 and 2024, respectively:

		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	
<i>In millions</i>				2025	2024	2025	2024	2025	2024
Foreign currency	Nonoperating income/expense			\$ (51)	\$ 43	\$ 20	\$ (2)		
Interest rate	Interest expense			(16)	4	—	—		
Cash flow hedges				\$ (67)	\$ 47	\$ 20	\$ (2)		
Foreign currency denominated debt	Nonoperating income/expense			\$ (504)	\$ 349				
Foreign currency derivatives	Nonoperating income/expense			(86)	37				
Foreign currency derivatives ⁽¹⁾	Interest expense							\$ 15	\$ 7
Net investment hedges				\$ (590)	\$ 386	\$ —	\$ —	\$ 15	\$ 7
Foreign currency	Nonoperating income/expense							\$ (5)	\$ 1
Equity	Selling, general & administrative expenses							11	(9)
Undesignated derivatives								\$ 6	\$ (8)

⁽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 March 31, 2025, the carrying amount of fixed-rate debt that was effectively converted was an equivalent notional amount of \$793 million, which included a decrease of \$32 million of cumulative hedging adjustments. For the three months ended March 31, 2025, the Company recognized an \$8 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 March 31, 2025, the Company had derivatives outstanding with an equivalent notional amount of \$2.1 billion that hedged a portion of forecasted foreign currency denominated cash flows.

Based on market conditions at March 31, 2025, the \$52 million in cumulative cash flow hedging gains, 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 March 31, 2025, \$12.9 billion of the Company's third-party foreign currency denominated debt, \$176 million of the Company's intercompany foreign currency denominated debt and \$3.3 billion of foreign currency derivatives were designated to hedge investments in certain foreign subsidiaries and affiliates.

Undesignated Derivatives

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, 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 March 31, 2025 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 March 31, 2025, the Company was required to post \$36 million of collateral due to the negative fair value of certain derivative positions.

Franchise Arrangements

Revenues from franchised restaurants consisted of:

In millions	Quarters Ended March 31,	
	2025	2024
Rents	\$ 2,313	\$ 2,381
Royalties	1,330	1,326
Initial fees	18	15
Revenues from franchised restaurants	\$ 3,661	\$ 3,723

Segment Information

The Company operates under the following global organizational structure, reflecting how management reviews and evaluates operating performance:

- U.S. segment - the Company's largest market. The segment is 95% franchised as of March 31, 2025.
- International Operated Markets segment - 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 March 31, 2025.
- 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, as well as Corporate activities. The International Developmental Licensed Markets are 99% franchised as of March 31, 2025.

The Company's chief operating decision makers are the President and Chief Executive Officer ("CEO") and the Executive Vice President and Global Chief Financial Officer ("CFO"). Segment performance and resource allocation are evaluated based on one measure of a segment's profit or loss, operating income.

All intercompany revenues and expenses are eliminated in computing revenues and operating income. Corporate general and administrative expenses consist of corporate office support costs in areas such as facilities, finance, human resources, information technology, legal, marketing, restaurant operations, supply chain and training. Corporate assets include corporate cash and equivalents, financial instruments and office facilities.

In millions	Quarters Ended March 31,	
	2025	2024
U.S.	\$ 2,494	\$ 2,560
International Operated Markets	2,916	2,987
International Developmental Licensed Markets & Corporate	546	621
Total Revenues	\$ 5,956	\$ 6,169
U.S.	\$ 319	\$ 324
International Operated Markets	301	298
International Developmental Licensed Markets & Corporate	—	4
Total Franchised restaurants-occupancy expenses	\$ 620	\$ 627
U.S.	\$ 645	\$ 674
International Operated Markets	1,123	1,158
International Developmental Licensed Markets & Corporate	91	203
Total Company-operated restaurant expenses	\$ 1,859	\$ 2,035
U.S.	\$ 143	\$ 141
International Operated Markets	161	161
International Developmental Licensed Markets & Corporate	378	418
Total Selling, general, & administrative expenses	\$ 682	\$ 720
U.S.	\$ 85	\$ 26
International Operated Markets	42	5
International Developmental Licensed Markets & Corporate	20	21
Total Other segment items*	\$ 147	\$ 51
U.S.	\$ 1,302	\$ 1,395
International Operated Markets	1,289	1,365
International Developmental Licensed Markets & Corporate	57	(25)
Total Operating income	\$ 2,648	\$ 2,736
U.S.	\$ 22,638	\$ 22,333
International Operated Markets	24,723	23,521
International Developmental Licensed Markets & Corporate	8,968	7,659
Total Assets	\$ 56,329	\$ 53,513
U.S.	\$ 225	\$ 210
International Operated Markets	322	311
International Developmental Licensed Markets & Corporate	4	25
Total Capital expenditures	\$ 551	\$ 547
U.S.	\$ 241	\$ 247
International Operated Markets	182	177
International Developmental Licensed Markets & Corporate	98	86
Total Depreciation & amortization**	\$ 520	\$ 510

*Other segment items is the difference between revenues less the significant expenses disclosed and operating income. This includes other restaurant expenses and other operating expenses included in the Other operating (income) expense, net line within the Condensed Consolidated Statement of Income.

**Total depreciation & amortization is included within the respective expense lines disclosed above, such as Company-operated restaurant expenses, Franchised restaurants-occupancy expenses, and Selling, general & administrative expenses.

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 2024 Annual Report on Form 10-K.

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 43,756 McDonald's restaurants at March 31, 2025, 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, 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.

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. 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 and digital 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 restaurant 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 as well as a limited number of individual restaurants within the International Operated Markets, 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 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 the 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. 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, affordable meal bundles, limited-time deals and personalized value and digital offers available in our mobile app.
- **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 grow our chicken brands. This includes plans to offer the McCrispy sandwich in nearly all major markets by the end of 2025 and to extend the McCrispy brand into strips and wraps in several markets. These planned innovations and new menu offerings reflect the Company's ability to meet evolving customer preferences. The Company also continues to see a significant opportunity with beverages and desserts 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 in its top six markets by the end of 2025. The Company has successful loyalty programs in 60 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 the end of 2027. Further, the Company plans to grow its annual Systemwide sales to loyalty members to \$45.0 billion by the end of 2027.
 - **Delivery:** The Company offers delivery from over 38,000 restaurants across approximately 100 markets, representing nearly 90% 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 the end of 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 nearly 28,000 drive thru locations globally, including over 95% of the over 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 2025, the Company plans to open about 2,200 new restaurants (gross) across the globe, which will contribute to slightly over 4% new unit growth (net of closures). Further, the Company continues to build on its industry-leading development, by progressing toward the targeted 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 focusing relentlessly on running great restaurants, empowering our 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 the Company and 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 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, through our GBS organization, 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.

Our Strategy is aligned with the Company's capital allocation philosophy of: (i) invest in opportunities to grow the business and drive strong returns, including both capital expenditures as well as investments in technology, digital, and our GBS organization, (ii) prioritize our dividend and (iii) repurchase shares with remaining free cash flow over time.

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 through increasing guest counts and growing industry market share.

First Quarter 2025 Financial Performance

Global comparable sales decreased 1.0% (excluding Leap Day in the prior year, global comparable sales were essentially flat):

- U.S. decreased 3.6%. Comparable sales results were primarily driven by negative comparable guest counts.
- International Operated Markets decreased 1.0%. Comparable sales reflected mixed results across the markets, primarily impacted by negative comparable sales in the U.K.
- International Developmental Licensed Markets increased 3.5%. Positive comparable sales were primarily driven by the Middle East and Japan.

In addition to the comparable sales results, the Company had the following financial results:

- Consolidated revenues decreased 3% (2% in constant currencies).
- Systemwide sales decreased 1% (increased 1% in constant currencies).
- Consolidated operating income decreased 3% (1% in constant currencies). Results reflected pre-tax charges of \$66 million and \$35 million for the current year and prior year, respectively, primarily related to restructuring charges associated with *Accelerating the Organization*. Excluding these current and prior year charges, consolidated operating income decreased (2)% (flat in constant currencies).
- Diluted earnings per share was \$2.60, a decrease of 2% (1% in constant currencies). Excluding the current year charges described above of \$0.07 per share, diluted earnings per share was \$2.67, a decrease of 1% (increase of 1% in constant currencies) when also excluding prior year charges.

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 60 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 of the respective quarter. 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 March 31,	2025	2024	Inc/(Dec)	
Revenues				
Revenues from franchised restaurants	\$ 3,661	\$ 3,723	(2)	%
Sales by Company-owned and operated restaurants	2,132	2,355	(9)	
Other revenues	162	91	78	
Total revenues	5,956	6,169	(3)	
Operating costs and expenses				
Franchised restaurants-occupancy expenses	620	627	(1)	
Company-owned and operated restaurant expenses	1,859	2,035	(9)	
Other restaurant expenses	140	68	n/m	
Selling, general & administrative expenses				
Depreciation and amortization	107	99	9	
Other	575	622	(7)	
Other operating (income) expense, net	7	(17)	n/m	
Total operating costs and expenses	3,308	3,433	(4)	
Operating income	2,648	2,736	(3)	
Interest expense	376	372	1	
Nonoperating (income) expense, net	(57)	(45)	27	
Income before provision for income taxes	2,330	2,409	(3)	
Provision for income taxes	461	479	(4)	
Net income	\$ 1,868	\$ 1,929	(3)	%
Earnings per common share-basic	\$ 2.61	\$ 2.67	(2)	%
Earnings per common share-diluted	\$ 2.60	\$ 2.66	(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, 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 until the war concludes and the macroeconomic conditions recover. The Company generally does not invest any restaurant 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 the quarter primarily reflected the weakening of all major currencies against the U.S. Dollar, primarily driven by 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

Dollars in millions, except per share data

Quarters Ended March 31,	2025		2024		Currency Translation Benefit/ (Cost)
					2025
Revenues	\$	5,956	\$	6,169	\$ (114)
Franchised margins		3,041		3,096	(55)
Company-owned and operated margins		273		320	(7)
Selling, general & administrative expenses		682		720	5
Operating income		2,648		2,736	(59)
Net income		1,868		1,929	(30)
Earnings per share-diluted	\$	2.60	\$	2.66	\$ (0.04)

Net Income and Diluted Earnings per Share

Net income decreased 3% (2% in constant currencies) to \$1,868 million, and diluted earnings per share decreased 2% (1% in constant currencies) to \$2.60. Foreign currency translation had a negative impact of \$0.04 on diluted earnings per share.

Results included pre-tax charges of \$66 million, or \$0.07 per share, for the three months ended March 31, 2025 and \$35 million, or \$0.04 per share, for the three months ended March 31, 2024, primarily related to restructuring charges associated with the Company's internal effort to modernize ways of working (*Accelerating the Organization*).

Excluding the above items, operating income performance was primarily driven by lower Franchised and Company-owned and operated margins.

During the quarter, the Company paid a quarterly dividend of \$1.77 per share, or \$1.3 billion. Additionally, the Company repurchased 1.5 million shares of stock for \$447 million.

NET INCOME AND EARNINGS PER SHARE-DILUTED RECONCILIATION

Dollars in millions, except per share data

	Quarters Ended March 31,								
	Net Income				Earnings per share - diluted				
	2025	2024	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation	2025	2024	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation	
GAAP	\$ 1,868	\$ 1,929	(3) %	(2) %	\$ 2.60	\$ 2.66	(2) %	(1) %	
(Gains)/Charges	51	27			0.07	0.04			
Non-GAAP	\$ 1,919	\$ 1,957	(2) %	— %	\$ 2.67	\$ 2.70	(1) %	1 %	

Revenues

The Company's revenues consist of fees from restaurants owned and operated by franchisees, developmental licensees and affiliates and sales by Company-owned and operated restaurants. 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 primarily comprised of fees paid by franchisees to recover a portion of costs incurred by the Company for various technology and digital 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 March 31, 2025. 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.

REVENUES

Dollars in millions

Quarters Ended March 31,	2025	2024	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
<i>Franchised revenues</i>				
U.S.	\$ 1,679	\$ 1,728	(3)%	(3) %
International Operated Markets	1,554	1,585	(2)	1
International Developmental Licensed Markets & Corporate	429	409	5	9
Total	\$ 3,661	\$ 3,723	(2)%	— %
<i>Company-owned and operated sales</i>				
U.S.	\$ 724	\$ 781	(7)%	(7) %
International Operated Markets	1,309	1,362	(4)	—
International Developmental Licensed Markets & Corporate	99	212	(53)	n/m
Total	\$ 2,132	\$ 2,355	(9)%	(7) %
<i>Total Franchised revenues and Company-owned and operated sales</i>				
U.S.	\$ 2,403	\$ 2,509	(4)%	(4) %
International Operated Markets	2,862	2,947	(3)	—
International Developmental Licensed Markets & Corporate	528	621	(15)	(13)
Total	\$ 5,793	\$ 6,078	(5)%	(3) %
Total Other revenues	\$ 162	\$ 91	78 %	81 %
Total Revenues	\$ 5,956	\$ 6,169	(3)%	(2) %

n/m Not meaningful

- Total Franchised revenues and Company-owned and operated sales decreased 5% (3% in constant currencies). U.S. revenues reflected negative sales performance and International Operated Markets' revenues were negatively impacted by foreign currency translation. International Developmental Licensed Markets & Corporate revenues were impacted by the prior year sale of McDonald's business in South Korea, partly offset by the prior year acquisition of McDonald's business in Israel and positive sales performance.

Comparable Sales

The following table presents the percent change in comparable sales for the three months ended March 31, 2025 and 2024:

	Increase/(Decrease)	
	Quarters Ended March 31,	
	2025	2024
U.S.	(3.6) %	2.5 %
International Operated Markets	(1.0)	2.7
International Developmental Licensed Markets	3.5	(0.2)
Total	(1.0) %	1.9 %

Systemwide Sales and Franchised Sales

The following table presents the percent change in Systemwide sales for the three months ended March 31, 2025:

SYSTEMWIDE SALES*

	Quarter Ended March 31, 2025	
	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
U.S.	(3)%	(3) %
International Operated Markets	(2)	1
International Developmental Licensed Markets	5	9
Total	(1)%	1 %

*Unlike comparable sales, the Company has not excluded sales from hyperinflationary markets from Systemwide sales as these sales are the basis on which the Company calculates and records revenues.

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 three months ended March 31, 2025 and 2024:

FRANCHISED SALES

Dollars in millions

Quarters Ended March 31,			Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
	2025	2024		
U.S.	\$ 11,771	\$ 12,086	(3)%	(3) %
International Operated Markets	8,984	9,166	(2)	1
International Developmental Licensed Markets	8,048	7,565	6	10
Total	\$ 28,804	\$ 28,816	— %	2 %
<i>Ownership type</i>				
Conventional franchised	\$ 20,632	\$ 21,165	(3)%	(1) %
Developmental licensed	4,944	4,611	7	13
Foreign affiliated	3,227	3,040	6	8
Total	\$ 28,804	\$ 28,816	— %	2 %

Restaurant Margins

Franchised restaurant margins are measured as revenues from franchised restaurants less franchised restaurant occupancy costs. 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

Dollars in millions

Quarters Ended March 31,	2025	2024	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
<i>Franchised</i>				
U.S.	\$ 1,360	\$ 1,405	(3)%	(3) %
International Operated Markets	1,252	1,287	(3)	—
International Developmental Licensed Markets & Corporate	429	405	6	10
Total	\$ 3,041	\$ 3,096	(2)%	— %
<i>Company-owned and operated</i>				
U.S.	\$ 79	\$ 107	(26)%	(26) %
International Operated Markets	186	203	(8)	(5)
International Developmental Licensed Markets & Corporate	n/m	n/m	n/m	n/m
Total	\$ 273	\$ 320	(15)%	(12) %
<i>Total restaurant margins</i>				
U.S.	\$ 1,440	\$ 1,512	(5)%	(5) %
International Operated Markets	1,438	1,490	(3)	—
International Developmental Licensed Markets & Corporate	n/m	n/m	n/m	n/m
Total	\$ 3,314	\$ 3,416	(3)%	(1) %

n/m Not meaningful

- Franchised margins reflected negative sales performance in the U.S. and the negative impact of foreign currency translation in the International Operated Markets. International Developmental Licensed Markets & Corporate reflected positive sales performance. Franchised margins represented more than 90% of restaurant margin dollars.
- Company-owned and operated margins in the U.S. reflected negative sales performance and the negative impact of foreign currency translation in the International Operated Markets. The U.S. and International Operated Markets were also impacted by ongoing inflationary cost pressures.
- Total restaurant margins included depreciation and amortization expense of \$413 million and \$411 million for the three months ended March 31, 2025 and 2024, respectively.

Selling, General & Administrative Expenses

- Selling, general and administrative expenses decreased \$38 million or 5% (5% in constant currencies). Results primarily reflect the timing of investments in digital and technology, as well as transformation efforts, under our *Accelerating the Arches* strategy and the comparison to prior year costs related to the 2024 Worldwide Owner/Operator convention.
- Selling, general and administrative expenses as a percent of Systemwide sales were 2.2% and 2.3% for the three months ended March 31, 2025 and 2024, respectively.

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

	Quarters Ended March 31,	
	2025	2024
Gains on sales of restaurant businesses	\$ (8)	\$ (9)
Equity in earnings of unconsolidated affiliates	(62)	(45)
Asset dispositions and other (income) expense, net	11	2
Impairment and other charges (gains), net	66	35
Total	\$ 7	\$ (17)

- Equity in earnings of unconsolidated affiliates reflected higher equity in earnings in China as a result of improved operating performance and the Company's increased ownership in Grand Foods Holding when compared to the same period in 2024.
- Impairment and other charges (gains), net reflected pre-tax charges of \$66 million and \$35 million for the three months ended March 31, 2025 and 2024, respectively, primarily related to restructuring charges associated with *Accelerating the Organization*.

Operating Income
OPERATING INCOME & OPERATING MARGIN
Dollars in millions

Quarters Ended March 31,	2025	2024	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
U.S.	\$ 1,302	\$ 1,395	(7) %	(7) %
International Operated Markets	1,289	1,365	(6)	(2)
International Developmental Licensed Markets & Corporate	57	(25)	n/m	n/m
Total	\$ 2,648	\$ 2,736	(3) %	(1) %
Operating margin	44.5 %	44.3 %		

- Operating income decreased \$87 million or 3% (1% in constant currencies). Results reflected pre-tax charges of \$66 million and \$35 million for the three months ended March 31, 2025 and 2024, respectively, primarily related to restructuring charges associated with *Accelerating the Organization*.

OPERATING INCOME & OPERATING MARGIN RECONCILIATION*
Dollars in millions

	Quarters Ended March 31,			Inc/ (Dec) Excluding Currency Translation
	2025	2024	Inc/ (Dec)	
GAAP operating income	\$2,648	\$2,736	(3)%	(1) %
(Gains)/charges	66	35		
Non-GAAP operating income	\$2,714	\$2,771	(2)%	— %
Non-GAAP operating margin	45.6 %	44.9 %		

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

- Excluding the charges for the three months ended March 31, 2025 and 2024 shown in the table above, operating income decreased 2% (flat in constant currencies). Results primarily reflected lower sales-driven Franchised and Company-owned and operated margins in the U.S. and International Operated Markets, partly offset by positive operating results in International Developmental Licensed Markets & Corporate primarily due to lower Selling, general, and administrative expenses.
- 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 increase in non-GAAP operating margin was primarily due to the prior year sale of McDonald's business in South Korea and lower Selling, general and administrative expenses, partly offset by the prior year acquisition of McDonald's business in Israel and lower Franchised and Company-owned and operated margin dollars.

Interest Expense

- Interest expense increased 1% (2% in constant currencies) primarily due to higher average debt balances as well as higher average interest rates.

Nonoperating (Income) Expense, Net

NONOPERATING (INCOME) EXPENSE, NET

Dollars in millions

	Quarters Ended March 31,	
	2025	2024
Interest income	\$ (17)	\$ (47)
Foreign currency and hedging activity	(18)	5
Other (income) expense, net	(23)	(3)
Total	\$ (57)	\$ (45)

- Interest income decreased due to lower average cash balances.

Income Taxes

- The effective income tax rate was 19.8% and 19.9% for the three months ended March 31, 2025 and 2024, respectively.

Cash Flows

The Company has a long history of generating significant cash from operations and has substantial credit capacity to fund operating and discretionary spending to invest in opportunities to grow the business, such as restaurant development, in addition to funding debt service payments, dividends and share repurchases.

Cash provided by operations totaled \$2.4 billion and exceeded capital expenditures by \$1.9 billion. Cash provided by operations slightly increased compared to the prior year primarily due to changes in working capital.

Cash used for investing activities totaled \$771 million, a decrease of \$1.7 billion primarily due to the Company's increased ownership stake in McDonald's China business in the prior year.

Cash used for financing activities totaled \$1.5 billion, a decrease of \$2.1 billion. The decrease was primarily due to \$1.5 billion of debt issuances in the current year.

Outlook

Based on current conditions, the following is provided to assist in forecasting the Company's future results for 2025.

- The Company expects net restaurant unit expansion will contribute slightly over 2% to 2025 Systemwide sales growth, in constant currencies.
- The Company expects full year 2025 Selling, general and administrative expenses of about 2.2% of Systemwide sales.
- The Company expects 2025 operating margin percent to be in the mid-to-high 40% range.
- Based on current interest and foreign currency exchange rates, the Company expects interest expense for the full year 2025 to increase between 4% and 6% driven primarily by higher average debt balances and higher average interest rates.
- The Company expects the effective income tax rate for the full year 2025 to be between 20% and 22%. Some volatility may result in a quarterly tax rate outside of the annual range.
- The Company expects 2025 capital expenditures to be between \$3.0 and \$3.2 billion, with the majority directed towards new restaurant unit expansion across the U.S. and International Operated Markets. Globally, the Company expects to open approximately 2,200 restaurants. The Company expects to open about 600 restaurants in the U.S. and International Operated Markets, and that developmental licensees and affiliates will contribute capital towards about 1,600 restaurant openings in their respective markets. The Company expects nearly 1,800 net restaurant additions in 2025.
- The Company expects to achieve a free cash flow conversion rate in the low-to-mid 80% 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,” “aim,” “estimate,” “forecast,” “intend,” “look,” “may,” “will,” “expect,” “believe,” “anticipate,” “plan,” “remain,” “confident,” “commit,” “enable,” “potential” and “trajectory” 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 or governmental investigations or proceedings, as well as by our perceived position or 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 short- and long-term impacts 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 and evolving 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 (whether proposed or realized, unilateral or bilateral), 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. Some or all of the above-referenced disruptions or volatility can also result from acts of war, terrorism or other hostilities. Such governmental actions may have a broader impact on macroeconomic conditions, geopolitical tensions, anti-American sentiment, consumer demand and the ability of us and our franchisees to operate in certain geographic areas, which in turn may 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 increases 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, tariffs, 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 our control or that of our suppliers or franchisees. Interruptions in our System's supply chain or ineffective contingency planning can increase our costs, impact ingredient quality, delay new restaurant openings, and/or limit the quality or 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 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 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, have occurred within the food industry and our System from time to time and could occur in the future. 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, information 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 and temporary restaurant closures, 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 our commitment to inclusion. 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, including anti-American sentiment, and climate change (or expectations or uncertainty about them) can adversely affect consumer confidence levels and behavior, supply availability and costs and local operations, including temporary restaurant closures and delayed new restaurant openings, 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, 2024 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 CEO and 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 March 31, 2025. 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 March 31, 2025 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, 2024 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 March 31, 2025:

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⁾
January 1-31, 2025	797,922	\$ 287.94	797,922	\$ 14,770,243,410
February 1-28, 2025	389,627	299.80	389,627	14,653,432,226
March 1-31, 2025	326,548	306.27	326,548	14,553,420,121
Total	1,514,097	\$ 294.95	1,514,097	

* 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) As disclosed on February 25, 2025 in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, the Company's Board of Directors approved a share repurchase program on November 21, 2024, effective January 1, 2025 with no specified expiration date, that authorized the purchase of up to \$15.0 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 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 March 31, 2025. Each of these trading plans was adopted during an open trading window.

Name / Title	Type of Plan	Adoption Date	End Date	Aggregate Number of Securities to be Sold	Plan Description
Christopher Kempczinski / Chairman, President and Chief Executive Officer	Rule 10b5-1 trading plan	February 14, 2025	May 10, 2026	52,553	Exercise and sale of stock options
Morgan Flatley / EVP – Global Chief Marketing Officer and New Business Ventures	Rule 10b5-1 trading plan	February 20, 2025	June 21, 2026	13,042	Exercise and sale of stock options, and sale of shares
Ian Borden / EVP – Global Chief Financial Officer	Rule 10b5-1 trading plan	February 20, 2025	February 11, 2026	17,134	Exercise and sale of stock options
Desiree Ralls-Morrison / EVP – Global Chief Legal Officer	Rule 10b5-1 trading plan	February 27, 2025	December 31, 2025	4,973	Sale of shares

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
(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.

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: May 12, 2025