



Annual Letter to Stakeholders

Dear Shareholders, the Global McFamily and our Customers,



It is an enormous privilege to lead this great company. McDonald's is one of the world's great brands, but our impact is so much more. We don't just operate nearly 40,000 restaurants, we offer 40,000 community centers that create opportunities, connections and support networks for tens of millions of people every day. As a lifelong customer, some of my most enduring memories are of times spent at McDonald's—birthday parties, family dinners, nights out with friends, and a host of other occasions. Looking across the whole world, it is clear how McDonald's becomes part of the fabric of our lives.

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As I have spent time with people around the system, I have seen the great pride we all have in bringing people together and supporting our communities. This has never been more apparent than in the last few months with the global outbreak of COVID-19. I feel a deep sense of responsibility to protect and enhance the role we play in the world, continuing to forge connections in communities despite the significant challenges we all face.

Navigating through an unprecedented global crisis

When I assumed my role late last year, the company was in an incredibly strong position. Systemwide sales eclipsed \$100 billion and most major markets were enjoying record, or near-record, franchisee cash flows. Since we launched the Velocity Growth Plan, our comparable sales growth outpaced the industry, and we had gained market share across most of our major markets.





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The outbreak of COVID-19, first in China and later in every other country in which we operate, has created a major business disruption. We are now operating in a completely different world, with tremendous challenges to overcome. Difficult times like these remind us how strong, resilient and purposeful we

are when we come together, support each other and act in service of the millions of people who count on us.

When we were first confronted with this crisis, I laid out five principles that I wanted to guide our approach and inform our actions every day as we navigate through this together. For anyone in our system, living these principles comes naturally, but I thought it was important to reaffirm them as our guiding light:



1. We're all in this together. McDonald's has a unique operating model, and the strength of our business is rooted deeply in alignment across the three legs of our system—company employees, independent franchisees and global suppliers. Our top priority is to protect the health and safety of our people and customers. That has guided our response to date, through actions like implementing paid sick leave in the U.S. and enhancing hygiene measures at all company-owned restaurants, as well as closing in-restaurant dining where necessary, and working with franchisees to support financial liquidity. We are supporting each other through this crisis, and while we will certainly have to make some difficult decisions as the situation evolves, we will work through these together, as one McDonald's system.

2. Think and act with a long-term mindset. Because of the success of our Velocity Growth Plan and our performance in 2019, we entered this crisis in a stronger position than most and are drawing on our strengths to ensure we are well positioned for the long term. The journey we have been on—including our focus on value, delivery and Drive Thru—has proven now to be more relevant than ever. But at the same time, we recognize that we will need to adapt to a new reality on the other side of this crisis and continue to assess the necessary strategic adjustments.

3. Be transparent with each other and our stakeholders. We understand that being open with our customers, our system and our shareholders is key to managing through these uncertain times. That's why we have been in regular touch with updates, lessons learned and information to support everyone through their own unique situations. The work happening with our suppliers and third-party partners is an excellent example of this in action. I've been impressed with how our supply chain has adjusted to the fast-moving situation, and ramping up communication between our teams, suppliers, partners and restaurants

has been essential to ensuring our operations remain strong. We'll continue to communicate regularly with all stakeholders as we navigate the road ahead.

4. Lead by example. We wouldn't ask our customers to go where we wouldn't go, or our crew to work where we wouldn't work. We have been making adjustments to our operations around the world to ensure we live and lead by example, and that has required everyone across the system to be agile. As we assess the changing needs of our business, we will do whatever is necessary to support the system and safeguard the future of our company, even if that means making difficult decisions. In light of the significant impact that COVID-19 has had on the company's global operations, I have volunteered to reduce my salary by half and certain of our most senior Executives have also volunteered to reduce their salaries by one-quarter, at least through September 30. This follows discussions with the Board in recent weeks, and they endorsed this decision.

5. Stay true to our purpose. We are here to feed and foster communities and remain committed as ever to that mission. I have seen incredible efforts across the world, particularly by our franchisees and crew, to serve communities in this time of need. This has included the donation of medical supplies and free meals to local health workers across China and the U.S. and the creation of a hospital in Milan, in partnership with our Ronald McDonald House Charities. In Guatemala and Poland, our crew members have gone the extra mile by including handwritten messages of support with meals being donated to health care workers. There are countless inspiring examples like these around the world, and I am proud of the way the system has banded together to stay true to our purpose.



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The true spirit of McDonald's



This global crisis has revealed the true spirit of the McDonald's system, with everyone working hard to help keep our business running at a time when our communities need us most. We are working with health officials

and outside experts to inform our response. That, coupled with the experience of our seasoned leadership team, has and will continue to be critical to ensuring we make the right decisions and support our people along the way.

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To that end, we also recently announced Heidi Capozzi as our Executive Vice President and Global Chief People Officer. She is a collaborative, results-oriented business leader with proven experience. I am proud and grateful to have such a talented team in place to lead our company—at all times, but especially now.

Evaluating our future strategy

Looking ahead, we know that the world will look very different on the other side of this crisis and are taking the necessary actions to ensure we are best set up for an altered business landscape. Our Velocity Growth Plan provides a consistent framework, but we will need to ensure our go-forward strategy also reflects the new operating environment. We are looking at all of the situations that could unfold and will provide updates through the year.

In any case, I am confident in the resilience of our business and the strong foundation we have built. McDonald's has seen a lot

over our 65 years, and while this is the most challenging global crisis in our company's history, we remain confident that we are well positioned for the long term.

Supporting our people and communities

As we manage through this situation, protecting the well-being of our people, our customers and our broader communities remains our number one priority and guides every decision we make.

We are all too aware that many of our communities around the world face extraordinary challenges, and that won't change any time soon. But when communities are in real need, our business and franchisees step up to help. Amid these fast-moving and difficult realities around the world, we will continue to show up in our communities when they need us most, whatever challenges they may face. That is something I am certain will never change.

Thank you to our shareholders for your continued investment in McDonald's, to our customers for your continued support and enjoyment, and to the entire system for all you do every day to serve customers and communities around the world. I am honored as ever to serve as your CEO.

Be well,

Chris Kempczinski

President and CEO
McDonald's Corporation