

McDonald's 2Q'17 Financial Results – Supplemental Information

- The following schedules supplement the information presented in the Form 8-K filed on July 25, 2017, and remarks shared on the Company's second quarter earnings call.
- These schedules contain certain forward-looking statements, which reflect management's expectations regarding future events and speak only as of the date hereof. These forward-looking statements involve a number of risks and uncertainties. The factors that could cause actual results to differ materially from our expectations are detailed in the Company's filings with the Securities and Exchange Commission, including the risk factors discussed in Exhibit 99.2 in the Company's Form 8-K filing on July 25, 2017. The Company undertakes no obligation to update such forward-looking statements, except as may otherwise be required by law.

McDonald's Achieves Target to Refranchise about 4,000 Restaurants by the end of 2017

2015 + 2016 Sales of Company- Owned Restaurants **		2017 Sales of Company- Owned Restaurants	
Market		Market	
U.S.	397	Refranchising activity through 6/30/17:	
International Lead:		Nordics (~5% Company-operated)	22
Australia	31	Denmark*	-
Canada	116	Finland*	5
France	27	Norway*	14
Germany	73	Sweden*	3
UK	73	Taiwan* (~95% Company-operated)	374
Other	11	Conventional licensees - all wholly- owned markets	265
Total - International Lead	331	Total through 6/30/17	2,190
High Growth:		Pending sale of China and Hong Kong (~65% Company-operated)	1,790
China	92	Total through 6/30/17 including pending sale of China and Hong Kong	3,980
Korea	16		
Russia	80		
Other	105		
Total - High Growth	293		
Foundational Markets:			
Denmark	16		
Finland	11		
Malaysia*	214		
Norway	8		
Romania*	65		
Singapore*	131		
Sweden	16		
Other	47		
Total - Foundational	508		
Total through 2016	1,529		

* Markets sold to developmental licensees, all other restaurants sold to conventional licensees

** Information previously provided for March 1, 2017 Investor Meeting

Estimated Financial Impact of McDonald's Significant Refranchising Transactions

The Company expects to complete the sale and licensing of its existing businesses in China and Hong Kong to a developmental licensee organization in the coming weeks. This will mark the achievement of the Company's target to refranchise about 4,000 restaurants by the end of 2017, with the other major transactions being Singapore and Malaysia (Q4 2016), Sweden, Denmark, Norway and Finland (Q1 2017) and Taiwan (Q2 2017).

The combined impact of these transactions on our near term annualized consolidated financial statements, assuming comparable performance as 2016, is expected to result in the following:

Financial Measures	Inc / (Dec)*	Further Information
Revenues	(\$4 billion)	Sales by Company-operated restaurants along with rent and royalty income from conventional franchisees will be replaced by royalty income from developmental licensees
Systemwide Sales	No impact	No expected impact to total Systemwide sales. Sales for these markets are expected to be approximately \$6.5 billion, all of which will be classified as franchised sales
Operating Income	(\$300 million)	Represents less than 4% of consolidated operating income
Earnings per Share	Limited long-term impact; negative impact of a few cents per quarter on EPS through 3Q'18	The Company plans to use transaction proceeds to repurchase shares, the result of which will limit the long-term impact of these transactions on earnings per share. However, the Company expects negative impact of a few cents per quarter on earnings per share through third quarter 2018, due to the nature of the weighted average shares outstanding calculation
Capital Expenditures	(\$200 million)	Company generally does not fund capital expenditures in affiliated and developmental licensee markets
Operating Margin %	Increase	Higher operating margin percent
Free Cash Flow	Increase	Increase in free cash flow

*Approximate values