Research Report

Company		Ticker Symbol	CUSIP
MCDONALD'S CORPORATION		MCD	580135101
Guideline	Meeting Date	Record Date	Date Published
Standard	05/26/16	03/28/16	05/19/16

Meeting Information	
Meeting Type	Annual
Meeting Date	05/26/16
Record Date	03/28/16

Items & Recommendations

We recommend that clients holding shares of MCDONALD'S CORPORATION vote:

Item	Egan-Jones Recommendation	Management Recommendation
1A-1L – Election of Directors	FOR ALL	FOR ALL
2 – Advisory Vote on Executive Compensation	FOR	FOR
3 – Ratification of Auditors	FOR	FOR
4 – Shareholder Proposal Requesting That All Matters Presented By Shareholders Be Decided By Simple Majority Vote	FOR	AGAINST
5 – Shareholder Proposal Requesting the Ability of Shareholders to Act by Written Consent	FOR	AGAINST
6 – Shareholder Proposal Requesting That The Board Make All Lawful Efforts To Implement And/Or Increase Activity On The Holy Land Principles	AGAINST	AGAINST
7 – Shareholder Proposal Requesting the Board Adopt a Policy Regarding Use of Antibiotics by Its Meat Suppliers	FOR	AGAINST
8 – Shareholder Proposal Requesting An Annual Congruency Analysis Between Corporate Values And Political Contributions	AGAINST	AGAINST
9 – Shareholder Proposal Requesting An Annual Congruency Analysis Of Company Values And Policy Activities	AGAINST	AGAINST

Considerations and Recommendations

Egan-Jones' review centered on the Proposals in the context of maximizing shareholder value, based on publicly available information.

Board and Compensation Rating Score Summary

Ticker	**MCD**
Company name	**MCDONALD'S CORPORATION**

Board Rating Score

Item	**TRUE/FALSE**
CEO and Chairman Separate	TRUE
Annual Director Elections	TRUE
One Class of Voting Stock Only	TRUE
Compensation Committee with All Independents	TRUE
Audit Committee with All Independents	TRUE
Nominating Committee with All Independents	TRUE
Non-binding Compensation Vote on Agenda	TRUE
Majority Independent Directors on Board	TRUE
Over-boarded CEO Director	FALSE
Over-boarded Non-CEO Director	FALSE
Major cyber security breach	FALSE
Failure to implement sufficient carbon risk plan	FALSE
Other financial or operational risk control failure	FALSE
Other serious reputational risk failure by the Board	FALSE
Version	VER 1.02 2/21/2015
Sub Total	100.00
Performance Adjustment	1.31
Total	101.31
Final Board Score	***Superior***

Compensation Rating Score

CEO Total Comp ($)	7,909,296
CEO Salary ($)	1,025,000
TSR (%)	7.6
Market Capitalization ($M)	90,473.2
Wealth Creation ($M)	6,890.6
Wealth Creation/CEOPAY	871.2
Raw Score (pre adjustments)	Superior
Final Score	***Superior***
Rating Model Version	VER 2.41 4/1/2016
High CEO Total Compensation	Negative Adjustment
CEO Salary Under $1 Million Limit	No Adjustment
Other Adjustments:	No Adjustment

Items 1A-1L

Election of Directors

There is a single slate of nominees, the nominees appear qualified**and we recommend a vote "FOR" this Proposal.**

We note the presence of the key Board committees namely Audit, Compensation, and Nominating/Corporate Governance Committees, comprised solely of Independent outside directors. On average, all Directors attended 96% of the total number of meetings of the Board and respective Committees on which they serve.

DIRECTOR NOMINEES:

Lloyd Dean, 65

Director since 2015

Other public company directorships: Navigant Consulting, Inc.; Wells Fargo & Company

Former directorships (within past five years): Cytori Therapeutics, Inc. and Premier, Inc.

Career highlights

Dignity Health, a not-for-profit healthcare system

- President and CEO (2000 – Present)

Advocate Health Care, a healthcare organization

- Chief Operating Officer (1997 – 2000)

Experience

Mr. Dean has executive management experience at leading healthcare organizations.

Stephen Easterbrook, 48

Director since 2015

Career highlights

McDonald's Corporation

- President and Chief Executive Officer (March 1, 2015 – Present)
- Corporate Senior Executive Vice President and Global Chief Brand Officer

(May 2014 – February 2015)

- Corporate Executive Vice President and Global Chief Brand Officer (June 2013 – April 2014)
- President, McDonald's Europe (December 2010 – September 2011)

Wagamama Limited, a Japanese-inspired restaurant company

- Chief Executive Officer (September 2012 – May 2013)

Pizza Express Limited, a casual dining company in the U.K.

- Chief Executive Officer (September 2011 – September 2012)

Experience

Mr. Easterbrook provides a Company perspective in Board discussions about the business.

Robert Eckert, 61

Director since 2003

Other public company directorships: Amgen Inc.

Former directorships (within past five years): Mattel, Inc.

Other directorships: Levi Strauss & Co.

Career highlights

Friedman, Fleischer & Lowe, LLC, a private equity firm

- Operating Partner (2014 – Present)

Mattel, Inc., a designer, manufacturer and marketer of toy products

- Chairman of the Board (2000 – 2012)
- Chief Executive Officer (2000 – 2011)

Experience

Mr. Eckert has experience with retail companies and also has experience as a chief executive officer of large, global branded companies (consumer branded and food products).

Margaret (Margo) Georgiadis, 52

Director since 2015

Other public company directorships: Amyris, Inc.

Former directorships (within past five years): The Jones Group, Inc.

Career highlights

Google Inc., a global technology company

- President, Americas (October 2011 – Present)
- Vice President, Global Sales Operations (October 2009 – March 2011)

Groupon, Inc., a global online local marketplace

- Chief Operating Officer (March 2011 – September 2011)

Experience

Ms. Georgiadis has experience as a senior executive responsible for marketing, sales and service operations at large global companies.

Enrique Hernandez, Jr., 60

Director since 1996

Other public company directorships: Chevron Corporation; Nordstrom, Inc.;

Wells Fargo & Company

Career highlights

Inter-Con Security Systems, Inc., provider of high-end security and facility support to government, utilities and industrial customers

- President and Chief Executive Officer (1986 – Present)

Nordstrom, Inc., an upscale fashion retailer and distributor of apparel, footwear and accessories

- Non-executive Chairman (2006 – Present)

Experience

Mr. Hernandez is the chief executive officer of a global security company. He also has experience as a non-executive chairman of a large retailer.

Jeanne Jackson, 64

Director since 1999

Other public company directorships: The Kraft Heinz Company

Former directorships (within past five years): Motorola Mobility Holdings, Inc.

Career highlights

NIKE, Inc., a designer, marketer and distributor of athletic footwear, equipment and accessories

- President, Product & Merchandising (2013 – Present)
- President, Direct to Consumer (2009 – 2013)

Experience

Ms. Jackson is a senior executive for a major consumer retailer.

Richard Lenny, 64

Director since 2005

Other public company directorships: ConAgra Foods, Inc.; Discover Financial Services;

Illinois Tool Works Inc.

Career highlights

Information Resources, Inc., a leading market research firm

• Non-executive Chairman (2013 – Present)

Friedman, Fleischer & Lowe, LLC, a private equity firm

• Senior Advisor (2014 – Present)

• Operating Partner (2011 – 2014)

The Hershey Company, a manufacturer, distributor and marketer of candy, snacks and candy-related grocery products

• Chairman, President and Chief Executive Officer (2001 – 2007)

Experience

Mr. Lenny has experience as a chief executive officer for a global retail food company that is a major consumer brand.

Walter Massey, 78

Director since 1998

Career highlights

School of the Art Institute of Chicago

• President (2010 – Present)

Bank of America Corporation, a bank and financial holding company

• Non-executive Chairman (2009 – 2010)

Morehouse College

• President Emeritus (2007 – Present)

• President (1995 – 2007)

Experience

Dr. Massey has experience in chief executive roles of large academic organizations.

John Mulligan, 50

Director since 2015

Career highlights

Target Corporation, a general merchandise retailer

• Executive Vice President and Chief Operating Officer (2015 – Present)

• Executive Vice President and Chief Financial Officer (2012 – 2015)

• Senior Vice President, Treasury, Accounting and Operations (2010 – 2012)

Experience

Mr. Mulligan is a senior executive for a major consumer retailer with experience in finance, supply chain, operations and properties.

Sheila Penrose, 70

Director since 2006

Other public company directorships: Jones Lang LaSalle Incorporated

Career highlights

Jones Lang LaSalle Incorporated, a global real estate services and investment management firm

• Non-executive Chairman (2005 – Present)

Boston Consulting Group, a global management consulting firm

• Executive Advisor (2001 – 2008)

Northern Trust Corporation, a financial services firm

• President, Corporate and Institutional Services (1994 – 2000)

Experience

Ms. Penrose has experience as a senior executive of a large investment services and banking company, as executive advisor and as a non-executive chairman of a large, global real estate company and investment management firm.

John Rogers, Jr., 58

Director since 2003

Other public company directorships: Exelon Corporation

Registered investment company directorships: Ariel Investment Trust

Former directorships (within past five years): Aon Corporation

Career highlights

Ariel Investments, LLC, a privately held institutional money management firm

• Founder, Chairman of the Board and Chief Executive Officer (1983 – Present)

Ariel Investment Trust

• Trustee (1986 – 1993; 2000 – Present)

Experience

Mr. Rogers is the chief executive officer of an institutional money management firm.

Miles White, 61

Director since 2009

Other public company directorships: Abbott Laboratories; Caterpillar, Inc.

Career highlights

Abbott Laboratories, a global pharmaceuticals and biotechnology company

• Chairman and Chief Executive Officer (1999 – Present)

Experience

Mr. White is the chief executive officer of a large pharmaceutical, biotechnology and nutritional health products company.

KEY COMMITTEE MEMBERSHIPS:

Audit Committee

Enrique Hernandez, Jr., Chairman

Lloyd Dean

Margaret Georgiadis

Walter Massey

John Mulligan

Sheila Penrose

Compensation Committee

Robert Eckert, Chairman

Susan Arnold*

Richard Lenny

John Rogers, Jr.

Miles White

Governance Committee

Miles White, Chairman

Robert Eckert

Enrique Hernandez, Jr.

Jeanne Jackson

John Rogers, Jr.

*Will not be standing for re-election in 2016.

CERTAIN RELATED TRANSACTIONS:

In 2015, Inter-Con Security Systems, Inc. provided physical security services for the Company's home office campus. Mr. Hernandez, a Director of the Company, is the President and Chief Executive Officer, as well as a 51.44% shareholder of Inter-Con. Payments by the Company to Inter-Con for 2015 for such services totaled approximately $1.3 million. The Company believes that these services, which represent less than 2% of the gross revenues of Inter-Con, were made on terms at least as favorable as would have been available from other parties.

Item 2

Advisory Vote on Executive Compensation

At Egan-Jones Proxy Services we review a number of factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the advisory vote on executive compensation. These include total CEO compensation, company performance, and any past issues with compensation.

The sum total of our quantitative look at compensation can be found in the compensation corporate governance grade we give this company. Generally and absent other negative factors, we suggest a score of "Good" or higher in compensation merits a positive "say-on-pay" vote. This Company has earned a grade of "Superior" in compensation and thus passes our quantitative tests.

Our qualitative review of this Company's compensation has identified one minor issue: the CEO's salary at $1,025,000 exceeds the $1 million dollar deducibility limit imposed by section 162m for salaries and non-qualified incentive payments. Failure to abide by IRS 162m rules results in loss of deductibility for the compensation in question and possibly increased and unnecessary tax payments. While this issue is not sufficient to trigger a negative vote alone, it does impact the Company's overall compensation score, we would recommend the board investigate and consider alternative means of compensation for the CEO and any other 162m covered NEOs who exceed this limit in the future.

This advisory vote is not binding. Although non-binding, the Compensation Committee will consider the outcome of the advisory vote when making future decisions regarding the executive compensation programs.

Taking into account both the quantitative and qualitative measures outlined above, we believe that shareholders should support the current compensation policies put in place by the Company's directors. Furthermore, we believe that the Company's compensation policies and procedures are centered on a competitive pay-for-performance culture, strongly aligned with the long-term interest of its shareholders and necessary to attract and retain experienced, highly qualified executives critical to the Company's long-term success and the enhancement of shareholder value. **Therefore, we recommend a vote "FOR" this Proposal.**

**See scoring details on the top of the report.*

Item 3

Ratification of Auditors

While ratification of auditors is one of the most common proposal submitted to shareholders it should not be overlooked. After employing the most qualified directors and CEO, to manage and grow the company, having equally experienced auditors should be next in importance. Reliable auditors are critical to ensure shareholders receive accurate and timely reports of the Company's financial performance.

Exhibit 1 - Audit Fees

	Current Fiscal Year (2015)		Prior Fiscal Year (2014)	
Audit Fees	$	11,000,000	$	11,500,000
Audit-Related Fees	$	500,000	$	500,000
Non-Audit and Tax Fees	$	800,000	$	900,000
Total Fees	$	12,300,000	$	12,900,000

Exhibit 2 - Audit Fee Ratios

	Relevant Ratios	Note
Total Fee Increase/Decrease	-4.7%	
Non-Audit Related Fees divided by Total Fees (Current FY):	6.5%	Should not be higher than 50%

Board Auditor Choice: **Ernst & Young LLP**

Ernst & Young or its predecessor, Arthur Young & Company, has been retained as the Company’s external audit firm continuously since 1964.

Ernst & Young LLP is a PCAOB (Public Company Accounting Oversight Board) registered auditor. Public records show that there have been disciplinary actions taken against this firm and its employees. However, we do not believe this to be unusual for such a large company with a big number of employees, in most of these cases.

Nevertheless, we do note the 2012 PCAOB order (PCAOB Release No. 105-2012-001) for this auditor and its employees and the associated penalties in the amount of $2,000,000 and $100,000 imposed respectively. In addition, the PCAOB censured Ernst & Young LLP, barred Jeffrey S. Anderson, CPA and Robert H. Thibault from being associated with a registered public accounting firm and censured Ronald Butler, Jr., CPA, and Thomas A. Christie, CPA.

This PCAOB Order resulted from Ernst & Young LLP violations of PCAOB rules and auditing standards related to E&Y's audits of the December 31, 2005, 2006, and 2007 (the “relevant time period”) financial statements of Medicis Pharmaceutical Corporation and subsidiaries (collectively, “Medicis” or “the Company”) and a consultation concerning Medicis's accounting for product returns (the “Product Returns Consultation”) stemming from E&Y's Audit Quality Review of the December 31,2005 Medicis audit in 2006 (the “2006 AQR”).

While we are concerned about the above issues in the disciplinary record of this auditor, we do not believe that they have risen to the level that this auditor's integrity, professionalism or independence is in question. **We recommend a vote “FOR” this Proposal.**

Item 4

Shareholder Proposal Requesting That All Matters Presented By Shareholders Be Decided By Simple Majority Vote

The shareholders are being asked to act on a proposal that requests the Board to take or initiate the steps necessary to amend the Company’s governing documents to provide that all non-binding matters presented by shareholders shall be decided by a simple majority of the votes cast FOR and AGAINST an item. This policy shall apply to all such matters unless shareholders have approved higher thresholds, or applicable laws or stock exchange regulations dictate otherwise.

A simple-majority formula includes FOR and AGAINST votes, but not abstentions.

McDonald’s’ current policies disadvantage shareholders in three ways:

1.Abstentions are treated as votes AGAINST every shareholder-sponsored item, but not when tallying management’s Director election.

This advantages management while harming shareholder interest.

Absent conducting a survey, it seems presumptuous to assume that every abstaining voter has read the entire proxy and intends their vote to be treated as AGAINST all shareholder items.

2.Counting abstentions depresses outcomes.

By simple math, including abstentions in a formula lowers the vote result and raises the threshold required to pass a resolution.

This constitutes an unacknowledged supermajority — as the percentage of abstentions rise, the supermajority threshold increases at an exponential rate.

3.Counting abstentions distorts communication.

These practices cloud communication at the stockholder meeting — which is the only opportunity most shareholders have each year to interact with each other, management, and the Board.

Of greater concern, McDonald's' voting policies — which discriminate against shareholders — create misimpressions that endure. Once figures are reported in the press, they become indelibly imprinted on the minds of shareholders and lodged in the public record.

We believe that approval of this proposal will enhance the Company's corporate governance practice.**We recommend a vote "FOR" this Proposal.**

Item 5

Shareholder Proposal Requesting the Ability of Shareholders to Act by Written Consent

The shareholders are being asked to act on a proposal that requests the board of directors undertake such steps as may be necessary to permit written consent by shareholders entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. This written consent is to be consistent with applicable law and consistent with giving shareholders the fullest power to act by written consent consistent with applicable law. This includes shareholder ability to initiate any topic for written consent consistent with applicable law.

Action by written consent may be used to accomplish the amendment of bylaws and specific impediments in the certificate of incorporation, all without waiting for an annual or special meeting.

Providing shareholders a right to act by written consent, in limited instances such as where the charter averts the removal of directors without cause, the right to act by written consent may be used to replace up to the entire board of directors. Board members have voiced their concerns, that the so-called written consent actions might limit the board's decision making abilities in serious issues, according to the "Corporate Governance Report." Also, allowing stockholder action by written consent would leave the company and its stockholders vulnerable to small groups of activist investors who do not owe fiduciary duties to the company.

In the recent study of Sullivan & Cromwell LLP, one of the most successful and controversial developments in the shareholder proposal area has been the increased rate, and success levels, of shareholder proposals requesting that the company grant shareholders the right to act by written consent . Some shareholders do believe that having the right to act by written consent permits shareholders to take action on important issues on the Company's corporate governance practices.

We have determined that it is a positive corporate governance measure to allow the stockholders to have the ability to take action by written consent, if such written consent or consents sets forth the action to be taken and is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote on the matter were present and voted. **As such, we recommend a vote "FOR" this Proposal.**

Item 6

Shareholder Proposal Requesting That The Board Make All Lawful Efforts To Implement And/Or Increase Activity On The Holy Land Principles

The shareholders are being asked to act on a proposal that requests the Board of Directors to make all possible lawful efforts to implement and/or increase activity on each of the eight Holy Land Principles.

Holy Land Principles Inc., a non-profit organization, has proposed a set of equal opportunity employment principles to serve as guidelines for corporations in Palestine-Israel. These are:

1. Adhere to equal and fair employment practices in hiring, compensation, training, professional education, advancement and governance without discrimination based on national, racial, ethnic or religious identity.

2. Identify underrepresented employee groups and initiate active recruitment efforts to increase the number of underrepresented employees.

3. Develop training programs that will prepare substantial numbers of current minority employees for skilled jobs, including the expansion of existing programs and the creation of new programs to train, upgrade, and improve the skills of minority employees.

4. Maintain a work environment that is respectful of all national, racial, ethnic and religious groups.

5. Ensure that layoff, recall and termination procedures do not favor a particular national, racial, ethnic or religious group.

6. Not make military service a precondition or qualification for employment for any position, other than those positions that specifically require such experience, for the fulfillment of an employee's particular responsibilities.

7. Not accept subsidies, tax incentives or other benefits that lead to the direct advantage of one national, racial, ethnic or religious group over another.

8. Appoint staff to monitor, oversee, set timetables, and publicly report on their progress in implementing the Holy Land Principles

Contrary to the proponent's assertions, McDonald's Corporation has no direct operations or employees in Israel, and thus the Company is unable to take any action to effectuate the proposal. The Company is primarily a franchisor, with more than 80% of McDonald’s restaurants worldwide currently owned and operated by independent franchisees or developmental licensees. McDonald’s restaurants in Israel are independently owned and operated under a developmental license arrangement, as described below.

Under a developmental license arrangement, the licensee provides capital for the entire business venture. The Company maintains a business relationship with a developmental licensee through a contractual agreement that requires adherence to operating standards essential to protecting the McDonald’s brand. The developmental licensee retains full control and authority over staffing, purchasing, marketing and pricing decisions, while also benefiting from the strength of the McDonald’s global brand and operating systems. Therefore, the Company has no ability to control, nor does it exercise control, over the employment practices of a developmental licensee.

Further information regarding the Company’s franchise business model may be found in the Form 10-K filing at http://www.aboutmcdonalds.com/mcd/investors/financial-information/sec-filings.html.

The Company recognizes the importance of human capital to the McDonald’s brand around the world and continually works to identify, analyze and assess the impact of its business on human rights. The Board also understands the significance of this issue and, in 2013, the Board tasked the Sustainability and Corporate Responsibility Committee to review the Company’s human rights risks and prepare a report to shareholders on this topic. Among other things, the report documents the Company’s efforts to inform its franchisees of its commitment to human rights and to encourage them to adopt appropriate policies for their businesses across the globe. Franchisees are responsible for the day-to-day operations of their restaurants and are exclusively responsible for employment matters in their organizations, including the recognition of which practices or principles constitute best practices and warrant consideration by their organizations. This report is available at http://www.aboutmcdonalds.com/mcd/investors/corporate-governance/board_and_committee_reports.html.

For the reasons outlined above, we believe that adoption of this proposal is not in the best interests of the Company and its shareholders. **We recommend a vote “AGAINST” this Proposal.**

Item 7

Shareholder Proposal Requesting the Board Adopt a Policy Regarding Use of Antibiotics by Its Meat Suppliers

The shareholders are being asked to act on a proposal that requests that the Board update the 2015 McDonald's Global Vision for Antimicrobial Stewardship in Food Animals by adopting the following policy regarding use of antibiotics by its meat suppliers:

· Prohibit the use of antibiotics important to human medicine globally in the meat supply chain (including for chicken, beef, and pork), for purposes other than disease treatment or non-routine control of veterinarian-diagnosed illness (e.g. prohibit use for growth promotion and routine disease prevention also known as prophylaxis).

· Identify timelines for global implementation of vision including for meats currently not supplied by dedicated suppliers.

In 2015, McDonald's adopted a U.S. policy to source chicken that is not raised with antibiotics important to human medicine, but did not create a similar policy for pork, beef, or chicken outside the U.S.

Since 2003, consumer concern about antibiotic resistance and demand for meat produced without routine antibiotics has increased significantly.

In a recent survey of American adults, Crain's Chicago Business found that at least 34 percent would be more likely to eat at McDonald's if they served meat raised without antibiotics and hormones. McDonald's can improve its market position and regain its leadership on this issue by updating its 2003 policy to reflect these consumer preferences. In 2014 CKE Restaurants Inc., said it would become the first major fast-food company to offer a burger free of hormones, antibiotics, and steroids, from grass-fed cattle; Chipotle restaurants began serving antibiotic-free pork in 2000 and antibiotic-free beef in 2003 highlighting opportunities for market leadership.

We believe that the proposal is necessary to promote safety and accountability to the Company's customers.**Accordingly**, **we recommend a vote "FOR" this Proposal.**

Item 8

Shareholder Proposal Requesting An Annual Congruency Analysis Between Corporate Values And Political Contributions

The shareholders are being asked to act on a proposal that requests the Board of Directors to report to shareholders annually at reasonable expense and excluding confidential information, a congruency analysis between corporate values as defined by McDonald's stated policies, and political contributions or trade association fees paid by the Company occurring during the prior year which raise an issue of misalignment with corporate values, and stating the justification for such exceptions. The report should:

1.Identify recipient individuals and organizations, as well as the amount paid to each;

2.Identify the intersection and areas of conflict between a recipient's policy stances and McDonald's corporate values and mission;

3.Include management's analysis of risks to the corporation's brand, reputation, or shareholder value;

4.Include coherent criteria for determining congruency, such as identifying policy issues or legislative initiatives considered most germane to corporate values; and

5.Based on the above, evaluate the identified incongruent contributions shareholder proposal requesting an annual congruency analysis between corporate values and political contributions.

The Company has a Political Contribution Policy (the "Policy") that guides all corporate political contributions and states that such contributions will be made in a manner consistent with the Company's core values and to protect and enhance shareholder value. The Board established the Policy in 2006, and it is reviewed regularly and updated as circumstances warrant. The Policy requires any political contributions made by the Company to be approved in advance by the head of the Company's government relations department and expressly prohibits all independent expenditures and electioneering communications, as those terms are defined by applicable law. The Policy also contains specific approval guidelines, to only facilitate contributions that are beneficial to the long-term interests of the Company and/or the system of McDonald's restaurants. The head of the Company's government relations department weighs a number of factors when determining whether or not to approve a political contribution, including the merits of the candidate, election or ballot initiative, the value of the Company's contribution, the quality and effectiveness of the organization to which the contribution will be made and the appropriateness of the Company's level of involvement in the matter. The Policy, which is designed to ensure alignment between the Company values and political activities, is available on the Company's website at*http://www.aboutmcdonalds.com/mcd/investors/corporate-governance/political-contributions-policy.html*.

The Company is transparent to shareholders and other stakeholders with respect to contributions made. In accordance with the Policy, all corporate political contributions made in the U.S., including the identity of the donees and the amounts donated, are disclosed on the Company's website at the above-listed address. These disclosures confirm that the Company did not make any of the contributions stated in the proposal. It should also be noted that for the past three years (2013-2015), the Company made an average of less than $30,000 in political contributions each year.

At the Board level, the Sustainability and Corporate Responsibility Committee oversees the Company's political contributions. In accordance with the Policy, management provides a semi-annual report to the Committee on political contributions. In accordance with the Committee's Charter, management also provides an annual report to the Committee regarding the Company's government relations and public affairs initiatives.

Shareholders had the opportunity to vote on a similar proposal at the Company's 2015 Annual Shareholders' Meeting, and did not express support for any changes to the Company's current robust political contribution and disclosure process. The proposal received the support of approximately 7.5% of the votes cast (representing less than 5% of the outstanding shares).

We believe that approval of this proposal is unnecessary and unwarranted.**We recommend a vote "AGAINST" this Proposal.**

Item 9

Shareholder Proposal Requesting An Annual Congruency Analysis Of Company Values And Policy Activities

The shareholders are being asked to act on a proposal that requests the Board of Directors to report to shareholders annually at reasonable expense, excluding any proprietary information, a congruency analysis between corporate values as defined by McDonald's stated policies (including the Company's annual reports) and the Company's policy activities, including a list of any such actions occurring during the prior year which raise an issue of misalignment with corporate values, and stating the justification for such exceptions.

The Board has determined that the annual analysis suggested by the proponent is not necessary in light of the Company’s existing processes designed to ensure appropriate use of its corporate assets. With respect to political contributions policies in particular, the Company has meaningful, efficient processes in place for oversight and disclosure at the Board and management level, which are described below. Further, the cost of preparing an annual global assessment as described in the proposal would be unduly burdensome and disproportionate to any corresponding benefit to shareholders.

As noted above, the Company has a Political Contribution Policy (the "Policy") that guides all corporate political contributions and states that such contributions will be made in a manner consistent with the Company’s core values and to protect and enhance shareholder value. The Board established the Policy in 2006, and it is reviewed regularly and updated as circumstances warrant. The Policy requires any political contributions made by the Company to be approved in advance by the head of the company’s government relations department and expressly prohibits all independent expenditures and electioneering communications, as those terms are defined by applicable law. The Policy also contains specific approval guidelines, to only facilitate contributions that are beneficial to the long-term interests of the Company and/or the system of McDonald’s restaurants. The head of the Company’s government relations department weighs a number of factors when determining whether or not to approve a political contribution, including the merits of the candidate, election or ballot initiative, the value of the Company’s contribution, the quality and effectiveness of the organization to which the contribution will be made and the appropriateness of the Company’s level of involvement in the matter. The Policy, which is designed to ensure alignment between the Company values and political activities, is available on the Company’s website at http://www.aboutmcdonalds.com/mcd/investors/corporate-governance/political-contributions-policy.html.

The Company is transparent to shareholders and other stakeholders with respect to contributions made. In accordance with the Policy, all corporate political contributions made in the U.S., including the identity of the donees and the amounts donated, are disclosed on the Company’s website at the above-listed address. It should also be noted that for the past three years (2013-2015), the Company made an average of less than $30,000 in political contributions each year.

At the Board level, the Sustainability and Corporate Responsibility Committee oversees the Company’s political contributions. In accordance with the Policy, management provides a semi-annual report to the Committee on political contributions. In accordance with the Committee’s Charter, management also provides an annual report to the Committee regarding the Company’s government relations and public affairs initiatives.

For these reasons, we believe that the annual report requested by the proponent is unnecessary and redundant, as the Company’s practices and transparent reporting of political contributions appropriately address the issues raised in the proposal. **We recommend a vote “AGAINST” this Proposal.**

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