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, 2021

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	**36-2361282**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
110 North Carpenter Street **Chicago, Illinois**	**60607**
(Address of Principal Executive Offices)	(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 ☒

746,174,284
(Number of shares of common stock outstanding as of 3/31/2021)

McDONALD'S CORPORATION

INDEX

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEET

In millions, except per share data	(unaudited) March 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and equivalents	**$ 3,019.7**	$ 3,449.1
Accounts and notes receivable	**1,733.7**	2,110.3
Inventories, at cost, not in excess of market	**45.3**	51.1
Prepaid expenses and other current assets	**669.2**	632.7
Total current assets	**5,467.9**	6,243.2
Other assets		
Investments in and advances to affiliates	**1,211.1**	1,297.2
Goodwill	**2,745.8**	2,773.1
Miscellaneous	**3,499.1**	3,527.4
Total other assets	**7,456.0**	7,597.7
Lease right-of-use asset, net	**13,629.4**	13,827.7
Property and equipment		
Property and equipment, at cost	**41,082.2**	41,476.5
Accumulated depreciation and amortization	**(16,532.4)**	(16,518.3)
Net property and equipment	**24,549.8**	24,958.2
Total assets	**$ 51,103.1**	$ 52,626.8
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	**670.0**	741.3
Lease liability	**718.4**	701.5
Income taxes	**718.3**	741.1
Other taxes	**192.0**	227.0
Accrued interest	**333.2**	388.4
Accrued payroll and other liabilities	**1,047.9**	1,138.3
Current maturities of long-term debt	**900.0**	2,243.6
Total current liabilities	**4,579.8**	6,181.2
Long-term debt	**34,823.2**	35,196.8
Long-term lease liability	**13,111.0**	13,321.3
Long-term income taxes	**1,963.4**	1,970.7
Deferred revenues - initial franchise fees	**702.5**	702.0
Other long-term liabilities	**1,056.8**	1,054.1
Deferred income taxes	**2,101.9**	2,025.6
Shareholders' equity (deficit)		
Preferred stock, no par value; authorized – 165.0 million shares; issued – none	**—**	—
Common stock, $.01 par value; authorized – 3.5 billion shares; issued – 1,660.6 million shares	**16.6**	16.6
Additional paid-in capital	**7,959.1**	7,903.6
Retained earnings	**54,483.0**	53,908.1
Accumulated other comprehensive income (loss)	**(2,635.9)**	(2,586.8)
Common stock in treasury, at cost; 914.5 and 915.2 million shares	**(67,058.3)**	(67,066.4)
Total shareholders' equity (deficit)	**(7,235.5)**	(7,824.9)
Total liabilities and shareholders' equity (deficit)	**$ 51,103.1**	$ 52,626.8

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

In millions, except per share data	Quarters Ended March 31, 2021	2020
Revenues		
Sales by Company-operated restaurants	**$ 2,161.5**	$ 2,025.8
Revenues from franchised restaurants	**2,877.4**	2,608.0
Other revenues	**85.7**	80.6
Total revenues	**5,124.6**	4,714.4
Operating costs and expenses		
Company-operated restaurant expenses	**1,817.6**	1,752.8
Franchised restaurants-occupancy expenses	**571.5**	554.2
Other restaurant expenses	**67.2**	65.5
Selling, general & administrative expenses		
Depreciation and amortization	**76.0**	73.5
Other	**490.4**	516.3
Other operating (income) expense, net	**(179.4)**	58.5
Total operating costs and expenses	**2,843.3**	3,020.8
Operating income	**2,281.3**	1,693.6
Interest expense	**300.0**	280.0
Nonoperating (income) expense, net	**28.6**	(31.3)
Income before provision for income taxes	**1,952.7**	1,444.9
Provision for income taxes	**415.5**	338.0
Net income	**$ 1,537.2**	$ 1,106.9
Earnings per common share-basic	**$ 2.06**	$ 1.49
Earnings per common share-diluted	**$ 2.05**	$ 1.47
Dividends declared per common share	**$ 1.29**	$ 1.25
Weighted-average shares outstanding-basic	**745.8**	744.8
Weighted-average shares outstanding-diluted	**751.0**	750.7

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

In millions	Quarters Ended March 31, 2021	2020
Net income	**$1,537.2**	$1,106.9
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments:		
Gain (loss) recognized in accumulated other comprehensive income ("AOCI"), including net investment hedges	**(87.7)**	(466.2)
Reclassification of (gain) loss to net income	**10.7**	—
Foreign currency translation adjustments-net of tax benefit (expense) of ($90.3) and ($115.3)	**(77.0)**	(466.2)
Cash flow hedges:		
Gain (loss) recognized in AOCI	**23.1**	(39.6)
Reclassification of (gain) loss to net income	**15.0**	(9.1)
Cash flow hedges-net of tax benefit (expense) of ($11.2) and $14.7	**38.1**	(48.7)
Defined benefit pension plans:		
Gain (loss) recognized in AOCI	**0.7**	(1.9)
Reclassification of (gain) loss to net income	**(10.9)**	3.1
Defined benefit pension plans-net of tax benefit (expense) of $0.0 and $0.4	**(10.2)**	1.2
Total other comprehensive income (loss), net of tax	**(49.1)**	(513.7)
Comprehensive income (loss)	**$1,488.1**	$ 593.2

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

In millions	Quarters Ended March 31, 2021	2020
Operating activities		
Net income	**$ 1,537.2**	$ 1,106.9
Adjustments to reconcile to cash provided by operations		
Charges and credits:		
Depreciation and amortization	**453.9**	421.3
Deferred income taxes	**(1.5)**	276.4
Share-based compensation	**27.3**	25.9
Other	**(130.0)**	(87.9)
Changes in working capital items	**237.1**	(196.6)
Cash provided by operations	**2,124.0**	1,546.0
Investing activities		
Capital expenditures	**(368.7)**	(482.5)
Purchases of restaurant businesses	**(38.7)**	(19.6)
Sales of restaurant businesses	**29.6**	25.7
Sales of property	**32.8**	15.8
Other	**100.4**	(57.8)
Cash used for investing activities	**(244.6)**	(518.4)
Financing activities		
Net short-term borrowings	**6.5**	111.8
Long-term financing issuances	**—**	5,539.4
Long-term financing repayments	**(1,337.8)**	(262.7)
Treasury stock purchases	**(21.5)**	(902.6)
Common stock dividends	**(962.3)**	(930.7)
Proceeds from stock option exercises	**59.1**	99.3
Other	**(7.9)**	(121.5)
Cash provided by (used for) financing activities	**(2,263.9)**	3,533.0
Effect of exchange rates on cash and cash equivalents	**(44.9)**	(79.3)
Cash and equivalents increase (decrease)	**(429.4)**	4,481.3
Cash and equivalents at beginning of period	**3,449.1**	898.5
Cash and equivalents at end of period	**$ 3,019.7**	$ 5,379.8

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

For the quarter ended March 31, 2020

In millions, except per share data	*Common stock issued*		*Additional paid-in capital*	*Retained earnings*	*Accumulated other comprehensive income (loss)*			*Common stock in treasury*		*Total shareholders' equity (deficit)*
	Shares	*Amount*			*Pensions*	*Cash flow hedges*	*Foreign currency translation*	*Shares*	*Amount*	
Balance at December 31, 2019	1,660.6	$ 16.6	$ 7,653.9	$ 52,930.5	$ (243.7)	$ 12.0	$ (2,251.0)	(914.3)	$ (66,328.6)	$ (8,210.3)
Net income				1,106.9						1,106.9
Other comprehensive income (loss), net of tax					1.2	(48.7)	(466.2)			(513.7)
Comprehensive income										593.2
Common stock cash dividends ($1.25 per share)				(930.7)						(930.7)
Treasury stock purchases								(4.2)	(868.9)	(868.9)
Share-based compensation			25.9							25.9
Stock option exercises and other			33.7					1.4	63.7	97.4
Balance at March 31, 2020	1,660.6	$ 16.6	$ 7,713.5	$ 53,106.7	$ (242.5)	$ (36.7)	$ (2,717.2)	(917.1)	$ (67,133.8)	$ (9,293.4)

For the quarter ended March 31, 2021

In millions, except per share data	*Common stock issued*		*Additional paid-in capital*	*Retained earnings*	*Accumulated other comprehensive income (loss)*			*Common stock in treasury*		*Total shareholders' equity (deficit)*
	Shares	*Amount*			*Pensions*	*Cash flow hedges*	*Foreign currency translation*	*Shares*	*Amount*	
Balance at December 31, 2020	1,660.6	$ 16.6	$ 7,903.6	$53,908.1	$ (287.6)	$ (111.3)	$ (2,187.9)	(915.2)	$ (67,066.4)	$ (7,824.9)
Net income				1,537.2						1,537.2
Other comprehensive income (loss), net of tax					(10.2)	38.1	(77.0)			(49.1)
Comprehensive income										1,488.1
Common stock cash dividends ($1.29 per share)				(962.3)						(962.3)
Treasury stock purchases								(0.1)	(21.5)	(21.5)
Share-based compensation			27.3							27.3
Stock option exercises and other			28.2					0.8	29.6	57.8
Balance at March 31, 2021	1,660.6	$ 16.6	$ 7,959.1	$54,483.0	$ (297.8)	$ (73.2)	$ (2,264.9)	(914.5)	$ (67,058.3)	$ (7,235.5)

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, 2020 Annual Report on Form 10-K. In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation have been included. The results for the quarter ended March 31, 2021, do not necessarily indicate the results that may be expected for the full year.

Restaurant Information

The following table presents restaurant information by ownership type:

Restaurants at March 31,	**2021**	2020
Conventional franchised	**21,496**	21,838
Developmental licensed	**7,705**	7,678
Foreign affiliated	**7,283**	6,831
Total Franchised	**36,484**	36,347
Company-operated	**2,676**	2,637
Total Systemwide restaurants	**39,160**	38,984

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 Condensed Consolidated Financial Statements for the periods prior to purchase and sale.

Per Common Share Information

Diluted earnings per common share is calculated using 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 5.2 million shares and 5.9 million shares for the quarters 2021 and 2020, respectively. Share-based compensation awards that would have been antidilutive, and therefore were not included in the calculation of diluted weighted-average shares, totaled 3.6 million shares and 2.0 million shares for the quarters 2021 and 2020, respectively.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Income Taxes

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes" ("ASU 2019-12"), which simplifies the accounting for income taxes. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, including applicable interim periods. The Company adopted the new standard effective January 1, 2021. The adoption of the standard did not have a material impact on the Company's condensed consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" ("ASU 2020-04"). The pronouncement provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate and other interbank offered rates to alternative reference rates. The guidance was effective upon issuance and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company is currently evaluating the impact the adoption of ASU 2020-04 will have on its consolidated financial statements.

Updates to Significant Accounting Policies

Long-lived assets and Goodwill

Long-lived assets and Goodwill are typically reviewed for impairment annually in the fourth quarter and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or if an indicator of impairment exists. The Company has continued to monitor the global economic uncertainty as a result of COVID-19 to assess the outlook for restaurant operations and the impact that any disruption may have on the Company's business and overall financial performance.

As a result of the Company's analysis, and in consideration of the totality of events and circumstances, including the potential impact of COVID-19 related disruptions on the Company’s operating results, there were no indicators of impairment during the first quarter of 2021.

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 Company did not have any significant changes to the valuation techniques used to measure fair value as described in the Company's December 31, 2020 Annual Report on Form 10-K.

At March 31, 2021, the fair value of the Company’s debt obligations was estimated at $39.8 billion, compared to a carrying amount of $35.7 billion. The fair value was based upon quoted market prices, Level 2 within the valuation hierarchy. The carrying amounts 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		
In millions	Balance Sheet Classification	**March 31, 2021**	December 31, 2020	Balance Sheet Classification	**March 31, 2021**	December 31, 2020
Derivatives designated as hedging instruments						
Foreign currency	Prepaid expenses and other current assets	**$ 11.7**		Accrued payroll and other liabilities	**$ (32.9)**	$ (64.5)
Interest rate	Prepaid expenses and other current assets	**5.7**		Accrued payroll and other liabilities		
Foreign currency	Miscellaneous other assets	**23.0**	$ 5.6	Other long-term liabilities	**(1.2)**	(15.0)
Interest rate	Miscellaneous other assets	**21.2**	35.8	Other long-term liabilities		
Total derivatives designated as hedging instruments		**$ 61.6**	$ 41.4		**$ (34.1)**	$ (79.5)
Derivatives not designated as hedging instruments						
Equity	Prepaid expenses and other current assets	**$ 194.4**	$ 185.6	Accrued payroll and other liabilities	**$ (4.1)**	$ (8.6)
Foreign currency	Prepaid expenses and other current assets			Accrued payroll and other liabilities	**(7.1)**	(9.4)
Equity	Miscellaneous other assets					
Total derivatives not designated as hedging instruments		**$ 194.4**	$ 185.6		**$ (11.2)**	$ (18.0)
Total derivatives		**$ 256.0**	$ 227.0		**$ (45.3)**	$ (97.5)

The following table presents the pre-tax amounts from derivative instruments affecting income and AOCI for the three months ended March 31, 2021 and 2020, 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**	
In millions		**2021**	2020	**2021**	2020	**2021**	2020
Foreign currency	Nonoperating income/expense	**$ 29.9**	$ 39.3	**$ (17.8)**	$ 12.6		
Interest rate	Interest expense		(90.8)	**(1.6)**	(0.7)		
Cash flow hedges		**$ 29.9**	$ (51.5)	**$ (19.4)**	$ 11.9		
Foreign currency denominated debt	Nonoperating income/expense	**$ 379.7**	$ 350.4	**$ 16.2**			
Foreign currency derivatives	Nonoperating income/expense	**26.6**	11.9				
Foreign currency derivatives[(1)]	Interest expense					**$ 3.7**	$ 3.7
Net investment hedges		**$ 406.3**	$ 362.3	**$ 16.2**		**$ 3.7**	$ 3.7
Foreign currency	Nonoperating income/expense					**$ 2.3**	$ 7.5
Equity	Selling, general & administrative expenses					**20.4**	(66.3)
Equity	Other operating income/expense, net					**(4.7)**	
Undesignated derivatives						**$ 18.0**	$ (58.8)

[(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, 2021, the carrying amount of fixed-rate debt that was effectively converted was $1.0 billion, which included an increase of $26.9 million of cumulative hedging adjustments. For the three months ended March 31, 2021, the Company recognized an $8.9 million loss on the fair value of interest rate swaps, and a corresponding gain 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 the next 18 months for certain exposures and are denominated in various currencies.

As of March 31, 2021, the Company had derivatives outstanding with an equivalent notional amount of $1.2 billion that hedged a portion of forecasted foreign currency denominated cash flows.

Based on market conditions at March 31, 2021, the $73.2 million in cumulative cash flow hedging losses, after tax, is not expected to have a significant effect on earnings over the next 12 months.

Net Investment Hedges

The Company primarily uses foreign currency denominated debt (third party and intercompany) 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, 2021, $11.6 billion of the Company's third party foreign currency denominated debt and $877.8 million of intercompany foreign currency denominated debt was 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, including total return swaps, to hedge market-driven changes in certain of its supplemental benefit plan liabilities. Changes in the fair value of these derivatives are recorded in Selling, general & administrative expenses together with the changes in the supplemental benefit plan liabilities. The Company may also use certain derivatives to mitigate the share price risk related to its sale of stock in McDonald’s Japan. The changes in the fair value of the undesignated derivatives used for the most recent sale transaction were recognized immediately in earnings in Other Operating (income) expense, net. 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, 2021 and has master agreements that contain netting arrangements. For financial reporting purposes, the Company presents gross derivative balances in the 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, 2021, the Company was required to post an immaterial amount of collateral due to the negative fair value of certain derivative positions. The Company's counterparties were not required to post collateral on any derivative position, other than on certain hedges of the Company’s supplemental benefit plan liabilities where the counterparties were required to post collateral on their liability positions.

Franchise Arrangements

Revenues from franchised restaurants consisted of:

In millions	Quarters Ended March 31, 2021	2020
Rents	**$ 1,826.1**	$ 1,668.2
Royalties	**1,038.7**	928.8
Initial fees	**12.6**	11.0
Revenues from franchised restaurants	**$ 2,877.4**	$ 2,608.0

Segment Information

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

- U.S. - the Company's largest market. The segment is 95% franchised as of March 31, 2021.
- International Operated Markets - comprised of markets or countries in which the Company operates and franchises restaurants, including Australia, Canada, France, Germany, Italy, the Netherlands, Russia, Spain and the U.K. The segment is 84% franchised as of March 31, 2021.
- International Developmental Licensed Markets & Corporate - comprised of primarily developmental licensee and affiliate markets in the McDonald’s system. Corporate activities are also reported in this segment. The segment is 98% franchised as of March 31, 2021.

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

In millions	Quarters Ended March 31, 2021	2020
Revenues		
U.S.	**$ 2,075.5**	$ 1,871.0
International Operated Markets	**2,556.2**	2,404.3
International Developmental Licensed Markets & Corporate	**492.9**	439.1
Total revenues	**$ 5,124.6**	$ 4,714.4
Operating Income		
U.S.	**$ 1,125.5**	$ 892.4
International Operated Markets	**953.8**	879.1
International Developmental Licensed Markets & Corporate *	**202.0**	(77.9)
Total operating income	**$ 2,281.3**	$ 1,693.6

* Results for the quarter 2021 included $128.6 million of strategic gains related to the sale of McDonald's Japan stock, which reduced the Company's ownership by an additional 3%. As of March 31, 2021, the Company owned approximately 41% of McDonald's Japan. The proceeds were recorded within the other investing activities section of the Condensed Consolidated Statement of Cash Flows.

Subsequent Events

The Company evaluated subsequent events through the date the financial statements were issued and filed with the Securities and Exchange Commission. There were no subsequent events that required recognition or disclosure.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company franchises and operates McDonald’s restaurants, which serve a locally-relevant menu of quality food and beverages in 119 countries. Of the 39,160 restaurants at March 31, 2021, 36,484 were franchised, which is 93% of McDonald's restaurants.

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, throughout this report we present the International Developmental Licensed Markets & Corporate segment, which includes markets in over 80 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 McDonald’s and its independent franchisees is supported by adhering to standards and policies 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 our ability to act as a credible franchisor. One of the strengths of the franchising model is that the expertise from operating Company-owned 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, we are able to further develop and refine operating standards, marketing concepts and product and pricing strategies that will ultimately benefit McDonald’s restaurants.

The Company’s revenues consist of sales by Company-operated restaurants and fees from restaurants operated by franchisees. 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 technology fees paid by franchisees, revenues from brand licensing arrangements, and third party revenues for the Dynamic Yield business.

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 us 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 their 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 our 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. As most revenues are based on a percent of sales, the Company expects that consumer sentiment and government regulations as a result of COVID-19 may continue to have a negative impact on revenue in the near term.

Developmental License or Affiliate

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

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

As both royalty revenues and the Company's share of net results in equity investments are based on sales results, the Company may continue to experience a negative impact to revenues and Equity in earnings of unconsolidated affiliates as a result of COVID-19 in the near term.

Strategic Direction

In 2020, the Company announced the Accelerating the Arches (the "Strategy") growth strategy. The Strategy encompasses all aspects of McDonald's business as the leading global omni-channel restaurant brand, and includes a refreshed purpose, updated values, and growth pillars that build on the Company's competitive advantages.

Purpose, Mission, & Values

The Company embraces and prioritizes its role and commitments to the communities in which it operates through our:

- **Purpose** to feed and foster communities,
- **Mission** to create delicious feel-good moments for everyone, and
- **Core values** that define who we are and how we run our business.

Our values underpin our success and are at the very heart of our Strategy. In addition to the Company's financial performance, beginning in 2021, the Company incorporated quantitative metrics into the Company's annual incentive compensation plan. For 2021, executives will be measured on their ability to champion our core values, improve diversity representation within leadership roles for both women and historically underrepresented groups, and create a strong culture of inclusion. In addition, in April, the Company defined a set of Global Brand Standards designed to reinforce a culture of safety and inclusion. All McDonald's restaurants across the globe, including Company-owned and franchised locations, will be required to uphold these standards.

Growth Pillars

The growth pillars, rooted in the Company's identity, MCD, build on historic strengths and articulate areas of further opportunity. Under the Strategy, the Company will:

- **Maximize our Marketing** by investing in new, culturally relevant approaches to effectively communicate the story of our brand, food and purpose. This will focus on enhanced digital capabilities that provide a more personal connection with customers. The Company is also committed to a marketing strategy that highlights value at every tier of the menu, as affordability remains a cornerstone of the McDonald's brand.
- **Commit to the Core** by tapping into customer demand for the familiar and focusing on serving delicious burgers, chicken and coffee. The Company will prioritize chicken and beef offerings as we expect they represent the largest growth opportunities. The Company recognizes there is significant opportunity to expand its chicken offerings by leveraging line extensions of customer favorites, such as the new Crispy Chicken Sandwich that launched in the U.S. at the end of February 2021. The Company will also implement a series of operational and formulation changes designed to improve upon the great taste of our burgers. We also see a significant opportunity with coffee, and markets will leverage the McCafe brand, experience, value and quality to drive long-term growth.
- **Double Down on the 3D's: Digital, Delivery and Drive Thru** by leveraging competitive strengths and building a powerful digital experience growth engine that provides a fast, easy experience for our customers. To unlock further growth, the Company will accelerate technology innovation so that when customers interact with McDonald's, they can enjoy a fast, easy experience that meets their needs.
    - Digital: The Company's digital experience growth engine, "MyMcDonald's" will transform its digital offerings across drive thru, takeaway, delivery, curbside pick-up and dine-in. Through the digital tools across this platform, customers will receive tailored offers, be able to participate in a new loyalty program and order and receive McDonald's food through the channel of their choice. The Company expects to have elements of "MyMcDonald's" across its top six markets by the end of 2021, featuring loyalty programs in several of those markets, including a U.S. loyalty program launch later in 2021. Across these top six markets, digital sales exceeded $10 billion or nearly 20% of Systemwide sales in 2020.

- Delivery: Over the past three years, the Company has expanded the number of McDonald’s restaurants offering delivery to over 30,000 or 75% of its restaurants, and delivery sales have grown significantly. The Company will build on this progress and enhance the delivery experience for customers by adding the ability to order on the McDonald’s app, which is already available in several markets around the world, and optimizing operations with a focus on speed and accuracy.
- Drive Thru: The Company has drive thru locations in over 25,000 restaurants globally, including nearly 95% of the over 13,000 locations in the U.S. This channel will remain of heightened importance and we expect that it will become even more critical to meet customers’ demand for flexibility and choice. The Company will 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.

The Company’s Strategy is underpinned by a relentless focus on running great restaurants, including improving speed of service to address customer needs. The Company believes this Strategy builds on our inherent strengths by harnessing our competitive advantages and investing in innovations that will enhance the customer experience and deliver long-term growth.

First Quarter 2021 Financial Performance

Global comparable sales increased 7.5% for the quarter with all segments reflecting positive results as we began to lap the significant impact of COVID-19 on our global results beginning in March 2020. Guest counts remained negative for all segments.

- U.S. comparable sales increased 13.6%. Comparable sales results benefited from average check growth with double digit positive comparable sales across all dayparts. The Company's strong national menu and marketing offerings, as well as growth in delivery and digital platforms, contributed to the comparable sales growth.
- International Operated Markets segment comparable sales increased 0.6%. Results reflected strong positive comparable sales in the U.K., Australia and Canada, partly offset by significantly negative comparable sales in France and Germany. Comparable sales in many markets continued to be impacted by varying levels of government imposed COVID-19 restrictions on restaurant operations.
- International Developmental Licensed Markets segment comparable sales increased 6.4%. Monthly comparable sales results improved sequentially throughout the quarter. The strong quarterly comparable sales were primarily driven by China and Japan.

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

- Consolidated revenues increased 9% (5% in constant currencies)
- Systemwide sales increased 12% (8% in constant currencies)
- Consolidated operating income increased 35% (30% in constant currencies) and included $135 million of strategic gains primarily related to the sale of McDonald's Japan stock. Excluding these gains, operating income increased 27% (22% in constant currencies).
- Diluted earnings per share increased 39% (35% in constant currencies) to $2.05. Excluding $0.13 per share of strategic gains, diluted earnings per share was $1.92 for the quarter, an increase of 31% (27% in constant currencies).

Management reviews and analyzes business results excluding the effect of foreign currency translation, as well as impairment and other strategic charges and gains, 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 Form 10-Q:

- 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, as well as impairment and other strategic charges and gains, and bases incentive compensation plans on these results, because the Company believes this better represents underlying business trends.
- Comparable sales are compared to the same period in the prior year and represent sales at all restaurants, whether 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 reimaging or remodeling, rebuilding, road construction and natural disasters (including restaurants temporarily closed due to COVID-19). Comparable sales exclude the impact of currency translation and the sales of any market considered hyper-inflationary (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, which is affected by changes in pricing and product mix.
- Comparable guest counts represent the number of transactions at all restaurants, whether operated by the Company or by franchisees, in operation at least thirteen months including those temporarily closed.
- Systemwide sales include sales at all restaurants, whether operated by the Company or by franchisees. 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-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	Quarter Ended March 31, 2021	
	Amount	Increase/ (Decrease)
Revenues		
Sales by Company-operated restaurants	$ 2,161.5	7 %
Revenues from franchised restaurants	2,877.4	10
Other revenues	85.7	6
Total revenues	5,124.6	9
Operating costs and expenses		
Company-operated restaurant expenses	1,817.6	4
Franchised restaurants-occupancy expenses	571.5	3
Other restaurant expenses	67.2	3
Selling, general & administrative expenses		
Depreciation and amortization	76.0	3
Other	490.4	(5)
Other operating (income) expense, net	(179.4)	n/m
Total operating costs and expenses	2,843.3	(6)
Operating income	2,281.3	35
Interest expense	300.0	7
Nonoperating (income) expense, net	28.6	n/m
Income before provision for income taxes	1,952.7	35
Provision for income taxes	415.5	23
Net income	$ 1,537.2	39 %
Earnings per common share-basic	$ 2.06	38 %
Earnings per common share-diluted	$ 2.05	39 %

n/m Not meaningful

Impact of Foreign Currency Translation

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,	**2021**	2020	Currency Translation Benefit/ (Cost) **2021**
Revenues	**$ 5,124.6**	$ 4,714.4	**$ 154.8**
Company-operated margins	**343.9**	273.0	**11.8**
Franchised margins	**2,305.9**	2,053.8	**80.9**
Selling, general & administrative expenses	**566.4**	589.8	**(11.3)**
Operating income	**2,281.3**	1,693.6	**82.1**
Net income	**1,537.2**	1,106.9	**44.1**
Earnings per share-diluted	**$ 2.05**	$ 1.47	**$ 0.06**

- The impact of foreign currency translation on consolidated operating results for the quarter primarily reflected the strengthening of the Euro and Australian Dollar.

Net Income and Diluted Earnings per Share

For the quarter, net income increased 39% (35% in constant currencies) to $1,537.2 million, and diluted earnings per share increased 39% (35% in constant currencies) to $2.05. Foreign currency translation had a positive impact of $0.06 on diluted earnings per share.

Results for the quarter reflected stronger operating performance in the U.S. due to higher sales-driven restaurant margins.

Results for the quarter included $135 million of pre-tax strategic gains, or $0.13 per share, primarily related to the sale of McDonald’s Japan stock, which reduced the Company's ownership by an additional 3%.

EARNINGS PER SHARE-DILUTED RECONCILIATION

	Quarters Ended March 31,			
	2021	**2020**	**Inc/ (Dec)**	**Inc/ (Dec) Excluding Currency Translation**
GAAP earnings per share-diluted	$ 2.05	$ 1.47	39 %	35 %
Strategic gains	(0.13)	—		
Non-GAAP earnings per share-diluted	$ 1.92	$ 1.47	31 %	27 %

Excluding the strategic gains, for the quarter net income increased 30% (26% in constant currencies) and diluted earnings per share increased 31% (27% in constant currencies).

Diluted weighted average shares outstanding were relatively flat with the prior year. In early March 2020, the Company suspended its share repurchase program. The share repurchase activity in the current quarter relates to shares withheld for taxes under the Company's equity compensation program. For the quarter, these shares withheld for tax purposes totaled 0.1 million shares of stock for $21.5 million.

In the first quarter, the Company paid a quarterly dividend of $1.29 per share, or $962.3 million.

RESTAURANT UPDATE

The Company has continued to follow the guidance of expert health authorities to ensure the appropriate precautionary steps are taken to protect the health and safety of our people and our customers.

As a result of COVID-19 resurgences, throughout the quarter there have been numerous instances of government restrictions on restaurant operating hours, limited dine-in capacity and, in some cases, mandated dining room closures particularly in the International Operated Markets. These restrictions are impacting most of the Company's markets across Europe, particularly those with fewer drive thru restaurant locations. The Company expects some restrictions in various markets so long as the COVID-19 pandemic continues.

Revenues

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

Franchised restaurants represented 93% of McDonald's restaurants worldwide at March 31, 2021. 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. As most revenues are based on a percent of sales, the Company expects that government restrictions as a result of COVID-19 may continue to have a negative impact on revenue in the near term.

The Company granted the deferral of cash collection for certain rent and royalties earned from franchisees in substantially all markets in the first quarter of 2020. While the Company deferred cash collection, revenue continued to be recognized as sales were incurred. The extent of the deferrals in 2020 differed in length by market and nearly 95% of the deferrals were collected by March 31, 2021.

REVENUES
Dollars in millions

Quarters Ended March 31,	**2021**	2020	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
Company-operated sales				
U.S.	**$ 618.3**	$ 579.2	7 %	7 %
International Operated Markets	**1,379.7**	1,305.3	6	3
International Developmental Licensed Markets & Corporate	**163.5**	141.3	16	8
Total	**$ 2,161.5**	$ 2,025.8	7 %	4 %
Franchised revenues				
U.S.	**$ 1,420.5**	$ 1,250.7	14 %	14 %
International Operated Markets	**1,144.4**	1,074.0	7	(3)
International Developmental Licensed Markets & Corporate	**312.5**	283.3	10	9
Total	**$ 2,877.4**	$ 2,608.0	10 %	6 %
Total Company-operated sales and Franchised revenues				
U.S.	**$ 2,038.8**	$ 1,829.9	11 %	11 %
International Operated Markets	**2,524.1**	2,379.3	6	0
International Developmental Licensed Markets & Corporate	**476.0**	424.6	12	8
Total	**$ 5,038.9**	$ 4,633.8	9 %	5 %
Total Other revenues	**$ 85.7**	$ 80.6	6 %	3 %
Total Revenues	**$ 5,124.6**	$ 4,714.4	9 %	5 %

- Total Company-operated sales and franchised revenues increased 9% (5% in constant currencies) for the quarter. The increase reflected strong sales performance in the U.S. and the International Developmental Licensed Markets segment driven by China.

  Revenues in the International Operated Markets segment were flat with the prior year in constant currencies. Performance was mixed, with revenue growth impacted by varying levels of government imposed COVID-19 restrictions on restaurant operations. Results reflected an increase in revenues in the U.K. and Australia, partly offset by decreases in France and Germany. In addition, revenues were positively impacted by results in Russia, reflecting both strong comparable sales and unit expansion.

Comparable Sales

The following table presents the percent change in comparable sales for the quarters ended March 31, 2021 and 2020:

	Increase/(Decrease)	
	Quarters Ended March 31,	
	2021	2020
U.S.	13.6 %	0.1 %
International Operated Markets	0.6	(6.9)
International Developmental Licensed Markets & Corporate	6.4	(4.3)
Total	7.5 %	(3.4)%

Systemwide Sales and Franchised Sales

The following table presents the percent change in Systemwide sales for the quarter ended March 31, 2021:

SYSTEMWIDE SALES*

	Quarter Ended March 31, 2021	
	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
U.S.	13 %	13 %
International Operated Markets	10	2
International Developmental Licensed Markets & Corporate	11	9
Total	12 %	8 %

* Unlike comparable sales, the Company has not excluded hyper-inflationary market results 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):

FRANCHISED SALES
Dollars in millions

Quarters Ended March 31,	2021	2020	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
U.S.	**$ 10,089.8**	$ 8,873.7	14 %	14 %
International Operated Markets	**6,880.6**	6,192.7	11	2
International Developmental Licensed Markets & Corporate	**6,048.0**	5,447.0	11	9
Total	**$ 23,018.4**	$ 20,513.4	12 %	9 %
Ownership type				
Conventional franchised	**$ 16,907.6**	$ 14,986.4	13 %	9 %
Developmental licensed	**3,280.2**	3,228.0	2	2
Foreign affiliated	**2,830.6**	2,299.0	23	18
Total	**$ 23,018.4**	$ 20,513.4	12 %	9 %

Restaurant Margins

RESTAURANT MARGINS
Dollars in millions

Quarters Ended March 31,	Amount 2021	Amount 2020	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
Franchised				
U.S.	**$1,131.1**	$ 961.3	18 %	18 %
International Operated Markets	**868.6**	815.3	7	(3)
International Developmental Licensed Markets & Corporate	**306.2**	277.2	10	9
Total	**$2,305.9**	$2,053.8	12 %	8 %
Company-operated				
U.S.	**$ 125.1**	$ 80.5	56 %	56 %
International Operated Markets	**218.0**	197.7	10	4
International Developmental Licensed Markets & Corporate	**n/m**	n/m	n/m	n/m
Total	**$ 343.9**	$ 273.0	26 %	22 %
Total restaurant margins				
U.S.	**$1,256.2**	$1,041.8	21 %	21 %
International Operated Markets	**1,086.6**	1,013.0	7	(1)
International Developmental Licensed Markets & Corporate	**n/m**	n/m	n/m	n/m
Total	**$2,649.8**	$2,326.8	14 %	10 %

n/m Not meaningful

- Total restaurant margins increased $323.0 million or 14% (10% in constant currencies) for the quarter. The increase reflected strong sales performance in the U.S., partly offset by sales declines primarily in France and Germany in the International Operated Markets segment as a result of government imposed COVID-19 restrictions.

  The increase in U.S. franchised margins was partly offset by higher depreciation costs related to investments in restaurant modernization.
- Due to the nature of our operating model, franchised margin expenses (primarily comprised of lease expense and depreciation expense) are mainly fixed, whereas Company-operated restaurant expenses have more variable cost components. Total restaurant margins included $376.6 million of depreciation and amortization expense for the quarter.
- Franchised margins represented over 85% of restaurant margin dollars for the quarter.

Selling, General & Administrative Expenses

- Selling, general and administrative expenses decreased $23.4 million or 4% (6% in constant currencies) for the quarter. The decrease reflected the benefit from comparisons to prior year costs related to the cancellation of the 2020 Worldwide Owner/Operator Convention and contractual obligations as a result of a reduction in scope of certain investments in restaurant technology and research & development.
- Selling, general and administrative expenses as a percent of Systemwide sales was 2.2% and 2.6% for the quarters ended 2021 and 2020, respectively.

Other Operating (Income) Expense, Net

OTHER OPERATING (INCOME) EXPENSE, NET
Dollars in millions

	Quarters Ended March 31,	
	2021	2020
Gains on sales of restaurant businesses	**$ (17.6)**	$ (2.5)
Equity in earnings of unconsolidated affiliates	**(35.1)**	(14.7)
Asset dispositions and other (income) expense, net	**8.5**	74.4
Impairment and other charges, net	**(135.2)**	1.3
Total	**$ (179.4)**	$ 58.5

- Gains on sales of restaurant businesses increased for the quarter primarily due to a higher number of restaurant sales, mostly in the U.S.
- Equity in earnings of unconsolidated affiliates increased for the quarter primarily due to improved performance in China.
- Asset dispositions and other expense, net decreased for the quarter primarily due to higher reserves for bad debts in the prior year related to rent and royalty deferrals.
- Impairment and other charges, net for the quarter reflected $128.6 million of strategic gains related to the sale of McDonald’s Japan stock, which reduced the Company's ownership by an additional 3%. As of March 31, 2021, the Company owned approximately 41% of McDonald's Japan.

  Results for the first quarter 2020 reflected the write-off of impaired software that was no longer being used of $14.4 million, mostly offset by $13.0 million of income associated with the Company's sale of its business in the India Delhi market.

Operating Income

OPERATING INCOME
Dollars in millions

Quarters Ended March 31,	2021	2020	Inc/ (Dec)	Inc/ (Dec) Excluding Currency Translation
U.S.	**$ 1,125.5**	$ 892.4	26 %	26 %
International Operated Markets	**953.8**	879.1	8	(1)
International Developmental Licensed Markets & Corporate	**202.0**	(77.9)	n/m	n/m
Total	**$ 2,281.3**	$1,693.6	35 %	30 %
Operating margin	**44.5 %**	35.9 %		
Non-GAAP operating Margin	**41.9 %**	n/a		

n/m Not meaningful
n/a Not applicable

- ***Operating Income:*** Operating income increased $587.7 million or 35% (30% in constant currencies) for the quarter. Results included $135 million of strategic gains primarily related to the sale of McDonald's Japan stock. Excluding the strategic gains, operating income increased 27% (22% in constant currencies).
  - ***U.S.:*** The operating income increase for the quarter was driven by strong sales performance.
  - ***International Operated Markets:*** The operating income decrease in constant currencies was primarily due to sales declines in France and Germany, partly offset by increases in Australia, the U.K. and Canada.
  - ***International Developmental Licensed Markets & Corporate:*** Excluding the strategic gains, results for the quarter reflected strong sales performance and the benefit from comparisons to prior year G&A costs and reserves for bad debts.
- ***Operating Margin:*** Operating margin is defined as operating income as a percent of total revenues. The contributions to operating margin differ by segment due to each segment's ownership structure, primarily due to the relative percentage of franchised versus Company-operated restaurants. Additionally, temporary restaurant closures, which vary by segment, also impact the contribution of each segment to the consolidated operating margin.

  Excluding the strategic gains, the increase in operating margin percent for the quarter was driven by stronger sales performance, higher other operating income and lower G&A costs.

Interest Expense

- Interest expense increased 7% (5% in constant currencies) for the quarter, primarily due to higher average interest rates and the impact of foreign currency translation.

Nonoperating (Income) Expense, Net

NONOPERATING (INCOME) EXPENSE, NET
Dollars in millions

	Quarters Ended March 31,	
	2021	2020
Interest income	**$ (1.8)**	$ (5.4)
Foreign currency and hedging activity	**20.3**	(17.8)
Other expense, net	**10.1**	(8.1)
Total	**$ 28.6**	$ (31.3)

Income Taxes

- The effective income tax rate was 21.3% and 23.4% for the quarters ended 2021 and 2020, 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 such as capital expenditures, debt repayments, dividends and share repurchases.

Cash provided by operations totaled $2.1 billion and exceeded capital expenditures by $1.8 billion for the first quarter 2021. Cash provided by operations increased $578.0 million compared with the first quarter 2020, primarily due to changes in working capital and improved operating results, partly offset by higher income tax payments.

The Company granted the deferral of cash collections for certain rent and royalties earned from franchisees in substantially all markets in the first quarter of 2020. While the Company deferred cash collections, revenue continued to be recognized as sales were incurred. The extent of the deferrals in 2020 differed in length by market and nearly 95% of the deferrals were collected by March 31, 2021.

Cash used for investing activities totaled $244.6 million for the first quarter 2021, a decrease of $273.8 million compared with the first quarter 2020. The decrease was primarily due to lower capital expenditures and current year proceeds received from the sale of McDonald's Japan stock.

Cash used for financing activities totaled $2.3 billion for the first quarter 2021, which included $1.3 billion in debt repayments. Cash provided by financing activities totaled $3.5 billion for the first quarter 2020 due to long-term debt issuances of $5.5 billion, which were used to bolster our cash position in anticipation of the adverse macroeconomic and business conditions associated with COVID-19.

Outlook for 2021

Based on current conditions, the following information is provided to assist in forecasting the Company's future results for 2021.

- The Company expects 2021 Systemwide sales growth, in constant currencies, in the mid-teens, and expects net restaurant unit expansion to contribute about 1% to 2021 Systemwide sales growth.
- The Company expects operating margin percent to be in the low-to-mid 40% range.
- The Company expects full year 2021 selling, general and administrative expenses of approximately 2.4% of Systemwide sales. This is revised from our previously provided guidance due to higher incentive-based compensation expense.
- Based on current interest and foreign currency exchange rates, the Company expects interest expense for the full year 2021 to decrease about 1% to 3% due primarily to lower average debt balances as the Company expects to pay down current debt levels to return to pre-COVID-19 leverage ratios.
- The Company expects the effective income tax rate for the full year 2021 to be in the 21% to 23% range. Some volatility may result in a quarterly tax rate outside of the annual range.
- The Company expects 2021 capital expenditures to be approximately $2.3 billion, about half of which will be directed towards new unit expansion across the U.S. and International Operated Markets.

  In 2021, about $1.1 billion will be dedicated to our U.S. business, about $500 million of which will be allocated to over 1,200 restaurant modernization projects. Globally, the Company expects to open over 1,300 restaurants. We will open nearly 500 restaurants in the U.S. and International Operated Markets segments, and our developmental licensee and affiliates will contribute capital towards over 800 restaurant openings in their respective markets. Additionally, the U.S. expects to close roughly 325 restaurants in 2021; a majority of which are lower sales volume McDonald's in Walmart locations. The Company expects about 650 net restaurant additions in 2021.
- The Company expects to achieve a free cash flow conversion rate greater than 90%.

Recent Accounting Pronouncements

Recent accounting pronouncements are discussed in Part I, Item 1, page 8 of this Form 10-Q.

Risk Factors and Cautionary Statement Regarding Forward-Looking Statements

The information in this report includes 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 words, such as "could," "should," "continue," "estimate," "forecast," "intend," "look," "may," "will," "expect," "believe," "anticipate," "plan," "remain," "confident" and "commit" 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 date the statement is made. Except as required by law, we do not undertake to update such forward-looking statements. Our business results are subject to a variety of risks, including those that are reflected in the following considerations and risks, as well as elsewhere in our filings with the SEC. The considerations and risks that follow are organized within relevant headings but may be relevant to other headings as well. If any of these considerations or risks materialize, our expectations (or the underlying assumptions) may change and our performance may be adversely affected. You should not rely unduly on forward-looking statements.

GLOBAL PANDEMIC

The COVID-19 pandemic has adversely affected and is expected to continue to adversely affect our financial results, condition and outlook.

Health epidemics or pandemics can adversely affect consumer spending and confidence levels and supply availability and costs, as well as the local operations in impacted markets, all of which can affect our financial results, condition and outlook. Importantly, the global pandemic resulting from COVID-19 has disrupted global health, economic and market conditions, consumer behavior and McDonald's global restaurant operations since early 2020. Local and national governmental mandates or recommendations and public perceptions of the risks associated with the COVID-19 pandemic have caused, and we expect will continue to cause, consumer behavior to change and worsening or volatile economic conditions, each of which could continue to adversely affect our business. In addition, our global operations have been disrupted to varying degrees and may continue to be disrupted given the unpredictability of the virus, its resurgences and government responses thereto as well as potentially permanent changes to the industry in which we operate. While we cannot predict the duration or scope of the COVID-19 pandemic, the resurgence of infections or the emergence of new variants in one or more markets, or the impact of vaccines across the globe, the COVID-19 pandemic has negatively impacted our business and is expected to continue to impact our financial results, condition and outlook in a way that may be material.

The COVID-19 pandemic may also heighten other risks disclosed in these Risk Factors, such as, but not limited to, those related to consumer behavior, consumer perceptions of our brand, supply chain interruptions, commodity costs and labor availability and cost.

STRATEGY AND BRAND

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

To drive Systemwide sales, operating income and free cash flow growth, our business strategies 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 ability to:

- Capitalize on our global scale, iconic brand and local market presence to build upon our historic strengths and competitive advantages, such as our marketing, core menu items and digital, delivery and drive thru;
- Continue to 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;
- Accelerate digital innovation for a fast and easy customer experience;
- Continue to run great restaurants by driving efficiencies and expanding capacities while continuing to prioritize health and safety;
- Identify and develop restaurant sites consistent with our plans for net growth of Systemwide restaurants;
- Accelerate our existing strategies, including through growth opportunities and potential acquisitions, investments and partnerships; and
- Evolve and adjust our business strategies in response to, among other things, changing consumer behavior, operational restrictions and impacts to our results of operations and liquidity, including as a result of the COVID-19 pandemic.

If we are delayed or unsuccessful in executing our strategies, 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 and relevance of our brand could have an adverse impact on our financial results.

To be successful in the future, we believe we must preserve, enhance and leverage the value of our brand, including our corporate purpose, mission and values. Brand value is based in part on consumer perceptions. Those perceptions 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 constantly 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. 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, our brand, our culture, our operations, our suppliers, or our franchisees. If we are unsuccessful in addressing adverse commentary or perceptions, whether or not accurate, our brand and our financial results may suffer.

Additionally, the ongoing relevance of our brand may depend on the success of our sustainability initiatives, which require Systemwide coordination and alignment. We are working to manage risks and costs to us, our franchisees and our supply chain of any effects of climate change, greenhouse gases, and diminishing energy and water resources. These risks include any increased public focus, including by governmental and nongovernmental organizations, on these and other environmental sustainability matters, such as packaging and waste, animal health and welfare, deforestation and land use. These risks also include any increased pressure to make commitments, set targets or establish additional goals and take actions to meet them, which could expose us to market, operational and execution costs or risks.

Our brand trust also depends on how we address social risks, including through our increased focus on human capital initiatives and diversity, equity and inclusion (DEI). We expect our DEI strategy to represent a step change in how we view equitable opportunity across our System. Additionally, we have announced Global Brand Standards that will apply to McDonald's operations worldwide, including both Company-owned and franchised restaurants.

If we are not effective in addressing social and environmental responsibility matters or achieving relevant social or sustainability goals, our brand trust may suffer. In particular, business incidents or practices, whether actual or perceived, that erode consumer trust or confidence, particularly if such incidents or practices receive considerable publicity or result in litigation, can significantly reduce brand value and have a negative impact on our financial results.

If we do not anticipate and address 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 trends in food sourcing, food preparation, food offerings and consumer preferences and behaviors in the IEO segment. If we are not able to predict, or quickly and effectively respond to, these changes, or our competitors predict or respond 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 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, and 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 our customers 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 marketing, allows us to reach our customers effectively and efficiently, and in ways that are meaningful to them. If the 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 enhance the customer experience, including through technology, may not generate the expected returns.

Our long-term business objectives depend on the successful Systemwide execution of our strategies. We continue to build upon our investments in technology and modernization, digital engagement and delivery, in order to transform the customer experience. As part of these investments, we are placing renewed 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 may not generate expected returns. We also continue to offer and refine our delivery initiatives, including through growing awareness and trial. 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 and customer satisfaction risks. If these customer experience initiatives are not well 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 and coffee shops as well as 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 or consolidation of our competitors and third party partners, which may have a short- or long-term impact on our results.

We compete 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 technology and modernization, 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 other metrics, 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.

The success of our business 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 registered in all of the countries outside of the U.S. in which we do business or may do business in the future and may never be registered in all of these countries. It may be costly and time consuming to protect our intellectual property, and the steps we have taken to protect our intellectual property 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 be time-consuming, result in costly litigation and harm our business.

We cannot ensure that franchisees and other third parties who hold licenses to our intellectual property will not take actions that hurt the value of our intellectual property.

OPERATIONS

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

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

Disruptions in operations or price volatility in a market can also result from governmental actions, such as price, foreign exchange or changes in trade-related tariffs or controls, sanctions and counter sanctions, government-mandated closure of our, our franchisees' or our suppliers' operations, and asset seizures. Trade policies, tariffs and other regulations affecting trade between the U.S. and other countries could adversely affect our business and operations. These and other government actions may impact our results and could cause reputational or other harm. Our international success depends in part on the effectiveness of our strategies and brand-building initiatives to reduce our exposure to such governmental actions.

Additionally, challenges and uncertainties are associated with operating in developing markets, which may entail a relatively higher risk of political instability, economic volatility, crime, corruption and social and ethnic unrest. Such challenges may be exacerbated in many cases by a lack of an independent and experienced judiciary and uncertainties 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 have a material adverse effect on our business and financial condition.

We may also face challenges and uncertainties in developed markets. For example, as a result of the U.K.'s exit from the European Union, it is possible that there will be increased regulatory complexities and uncertainty in European or worldwide economic conditions. The decision created volatility in certain foreign currency exchange rates that may or may not continue, and may result in increased supply chain costs for items that are imported from other countries. Any of these effects, and others we cannot anticipate, could adversely affect our business, results of operations, financial condition and cash flows.

Supply chain interruptions may increase costs or reduce revenues.

We depend on the effectiveness of our supply chain management to assure reliable and sufficient supply of quality products on favorable terms. Although many of the products we sell are sourced from a wide variety of suppliers in countries around the world, certain products have limited suppliers, which may increase our reliance on those suppliers. Supply chain interruptions, including as a result of shortages and transportation issues or unexpected increases in demand, and price increases can adversely affect us as well as our suppliers and franchisees, whose performance may have a significant impact on our results. Such shortages or disruptions could be caused by factors beyond the control of our suppliers, franchisees or us. If we experience interruptions in our System's supply chain, or if contingency planning is not effective, our costs could increase and it could limit the availability of products critical to our System's operations.

Our franchise business model presents a number of risks.

The Company's 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-operated restaurants. Our franchisees and developmental licensees manage their businesses independently, and therefore are responsible for the day-to-day operation of their restaurants. The revenues we realize from franchised restaurants are largely dependent on the ability of our franchisees to grow their sales. Business risks affecting our operations also affect our franchisees. In particular, our franchisees have also been significantly impacted by the COVID-19 pandemic and the volatility associated with the pandemic. If franchisee sales trends worsen or volatility persists, our financial results will continue to be negatively affected, which may be material.

Our success also relies on the willingness and ability of our independent franchisees and affiliates to implement major initiatives, which may include financial investment, and to remain aligned with us on operating, value/promotional and capital-intensive reinvestment plans. The ability of franchisees to contribute to the achievement of our plans is dependent in large part on the availability to them of funding at reasonable interest rates and may be negatively impacted by the financial markets in general, by the creditworthiness of our franchisees or the Company 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.

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

Our success depends in part on our System's ability to proactively recruit, motivate and retain qualified individuals to work in McDonald's restaurants and to maintain appropriately-staffed restaurants in an intensely competitive environment. Increased costs associated with recruiting, motivating and retaining qualified employees to work in our Company-operated restaurants, as well as costs to promote awareness of the opportunities of working at McDonald's restaurants, could have a negative impact on our Company-operated margins. Similar concerns apply to our franchisees.

We are also impacted by the costs and other effects of compliance with U.S. and international regulations affecting our workforce, which includes our staff and employees working in our Company-operated restaurants. These regulations are increasingly focused on employment issues, including wage and hour, healthcare, immigration, retirement and other employee benefits and workplace practices. Claims of non-compliance with these regulations could result in liability and expense to us. 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 recruit and retain talent) or the franchisees and suppliers that are also part of the McDonald's System and whose performance may have a material impact on our results.

Effective succession planning is important to our continued success.

Effective succession planning is important to our long-term success. Failure to effectively identify, develop and retain key personnel, recruit high-quality candidates and ensure smooth management and personnel transitions could disrupt our business and adversely affect our results.

Food safety concerns may 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 to ensure that our customers enjoy safe food products, including as our menu and service model evolve. However, food safety events, including instances of food-borne illness, occur within the food industry and our System from time to time and could occur in the future. Instances of food tampering, food contamination or food-borne illness, whether actual or perceived, could adversely affect our brand and reputation as well as our revenues and profits.

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-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 and the cost of financing. 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, technologies supporting McDonald’s 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 franchisees’ operations, or our customers’ experience and perceptions. Additionally, we provide certain technology systems to businesses that are unaffiliated with the McDonald’s System and a failure, interruption or breach of these systems may cause harm to those unaffiliated parties, which may result in liability to the Company or reputational harm.

Despite the implementation of security measures, those technology systems could become vulnerable to damage, disability or failures due to theft, 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 maintenance. Our increasing reliance on third party systems also present the risks faced by the third party’s business, including the operational, security and credit risks of those parties. If those 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.

Furthermore, security incidents or breaches have from time to time occurred and may in the future occur involving our systems, the systems of the parties we communicate or collaborate with (including franchisees), or those of third-party providers. These may include such things as unauthorized access, phishing attacks, account takeovers, denial of service, computer viruses, introduction of malware or ransomware and other disruptive problems caused by hackers. These technology systems contain personal, financial and other information that is entrusted to us by our customers, our employees, our franchisees, our business customers and other third parties, as well as financial, proprietary and other confidential information related to our business. A security breach could result in disruptions, shutdowns, theft or unauthorized disclosure of personal, financial, proprietary or other confidential information. The actual or alleged occurrence of any of these incidents could result in reputational damage, adverse publicity, loss of consumer confidence, reduced sales and profits, complications in executing our growth initiatives and regulatory and legal risk, including criminal penalties or civil liabilities.

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, 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 subjected to increased public focus, including by governmental and nongovernmental organizations, regarding environmental and social initiatives. 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, and have increased 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 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 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 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, 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. If we experience any such changes, they could have a significant adverse effect on our reported results for the affected periods.

If we fail to comply with privacy and data collection 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 collection, protection and management, as it relates to information associated with our technology-related services and platforms made available to business partners, customers, employees, franchisees or other third parties. For example, the General Data Protection Regulation ("GDPR") requires entities processing the personal data of individuals in the European Union to meet certain requirements regarding the handling of that data. We are also subject to U.S. federal and state and foreign laws and regulations in this area such as the California Consumer Privacy Act ("CCPA"). These regulations have been subject to frequent change, and there may be markets or jurisdictions that propose or enact new or emerging data privacy requirements in the future. Failure to comply with GDPR, CCPA or other privacy and data collection laws could result in legal proceedings and substantial penalties, 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, which can vary significantly by market and can impact consumer disposable income levels and spending habits. Economic conditions can also 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 in our markets could pressure our operating performance and our business continuity disruption planning, and our business and financial results may suffer.

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

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

The profitability of our Company-operated restaurants depends in part on our ability to anticipate and react to changes in commodity costs, including food, paper, supplies, fuel, utilities and distribution, and other operating costs, including labor. Any volatility in certain commodity prices or fluctuation in labor costs 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, international commodity markets, food safety concerns, product recalls and government regulation, all of which are beyond our control and, in many instances, unpredictable. We 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, collateral requirements and our operating or financial flexibility could all be negatively affected, especially if lenders 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. If any of these events were to occur, they could have a material adverse effect on our business and financial condition.

Trading volatility and the price of our common stock may be adversely affected by many factors.

Many factors affect the volatility and price of our common stock in addition to our operating results and prospects. The most important of these factors, some of which are outside our control, are 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 or trading activity in derivative instruments with respect to our common stock or 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 stock by significant shareholders; or 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 on our results of corporate actions and market and third-party perceptions and assessments of such actions, such as those we may take from time to time as we implement our strategies, including through acquisitions, in light of changing business, legal and tax considerations and evolve our corporate structure.

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

Severe weather conditions, natural disasters, hostilities and social unrest, climate change or terrorist activities (or expectations about them) can adversely affect consumer spending and confidence levels and supply availability and costs, as well as the local operations in impacted markets, all of which can affect our results and prospects. 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 our Annual Report on Form 10-K for the year ended December 31, 2020 regarding this matter.

Item 4. Controls and Procedures

Disclosure Controls

An evaluation was conducted under the supervision and with the participation of the Company’s management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of March 31, 2021. 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 Securities and Exchange Commission 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's management, including the CEO and CFO, confirm there was no change in the Company's internal control over financial reporting during the quarter ended March 31, 2021 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 our Annual Report on Form 10-K for the year ended December 31, 2020 regarding these matters.

Item 1A. Risk Factors

For a discussion of risk factors affecting our business, refer to statements appearing under the caption “Risk Factors and Cautionary Statement Regarding Forward-Looking Statements” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part I, Item 2 of this Form 10-Q.

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, 2021:

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, 2021	2,171	$ 210.82	2,171	$ 14,125,417,534
February 1-28, 2021	97,746	211.45	97,746	14,104,748,655
March 1-31, 2021	1,872	214.58	1,872	14,104,346,967
Total	101,789	$ 211.50	101,789	

* 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, among other types of transactions and arrangements.

(1) On December 31, 2019, the Company's Board of Directors approved a share repurchase program, effective January 1, 2020, that authorized the purchase of up to $15 billion of the Company's outstanding common stock. In early March 2020, the Company voluntarily suspended share repurchases from the open market. Therefore, the table above reflects only shares withheld for taxes under the Company’s equity compensation program.

Item 6. Exhibits

Exhibit Number		Description
(3)	(a)	Restated Certificate of Incorporation, effective as of May 23, 2019, incorporated herein by reference from Exhibit 3(a) of Form 10-Q (File No. 001-05231), filed August 6, 2019.
	(b)	By-Laws, as amended and restated with effect as of December 6, 2019, incorporated herein by reference from Exhibit 3 of Form 8-K (File No. 001-05231), filed December 10, 2019.
(4)		Instruments defining the rights of security holders, including Indentures:*
	(a)	Senior Debt Securities Indenture, dated as of October 19, 1996, incorporated herein by reference from Exhibit (4)(a) of Form S-3 Registration Statement (File No. 333-14141), filed October 15, 1996.
	(b)	Subordinated Debt Securities Indenture, dated as of October 18, 1996, incorporated herein by reference from Exhibit (4)(b) of Form S-3 Registration Statement (File No. 333-14141), filed October 15, 1996.
(10)		Material Contracts
	(a)	Directors' Deferred Compensation Plan, amended and restated effective as of May 26, 2016, incorporated herein by reference from Exhibit 10(a)(i) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2016.**
	(b)	McDonald’s Deferred Compensation Plan, effective January 1, 2017, incorporated herein by reference from Exhibit 10(b) of Form 10-K (file No. 001-05231), for the year ended December 31, 2016.**
	(i)	First Amendment to the McDonald's Deferred Compensation Plan, effective as of May 1, 2018, incorporated herein by reference from Exhibit 10(b)(i) of Form 10-Q (File No. 001-05231), for the quarter ended September 30, 2018.**
	(c)	McDonald's Amended and Restated Deferred Compensation Plan, effective as of May 26, 2020, incorporated herein by reference from Exhibit 10(c) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2020.**
	(d)	McDonald’s Corporation Supplemental Profit Sharing and Savings Plan, effective as of September 1, 2001, incorporated herein by reference from Exhibit 10(c) of Form 10-K (File No. 001-05231), for the year ended December 31, 2001.**
	(i)	First Amendment to the McDonald’s Corporation Supplemental Profit Sharing and Savings Plan, effective as of January 1, 2002, incorporated herein by reference from Exhibit 10(c)(i) of Form 10-K (File No. 001-05231), for the year ended December 31, 2002.**
	(ii)	Second Amendment to the McDonald’s Corporation Supplemental Profit Sharing and Savings Plan, effective January 1, 2005, incorporated herein by reference from Exhibit 10(c)(ii) of Form 10-K (File No. 001-05231), for the year ended December 31, 2004.**
	(e)	McDonald’s Corporation Amended and Restated 2001 Omnibus Stock Ownership Plan, effective July 1, 2008, incorporated herein by reference from Exhibit 10(h) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2009.**
	(i)	First Amendment to the McDonald’s Corporation Amended and Restated 2001 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(h)(i) of Form 10-K (File No. 001-05231), for the year ended December 31, 2008.**
	(ii)	Second Amendment to the McDonald’s Corporation Amended and Restated 2001 Omnibus Stock Ownership Plan as amended, effective February 9, 2011, incorporated herein by reference from Exhibit 10(h)(ii) of Form 10-K (File No. 001-05231), for the year ended December 31, 2010.**
	(f)	McDonald's Corporation 2012 Omnibus Stock Ownership Plan, effective June 1, 2012, incorporated herein by reference from Exhibit 10(h) of Form 10-Q (File No. 001-05231), for the quarter ended September 30, 2012.**
	(g)	McDonald's Corporation Amended and Restated 2012 Omnibus Stock Ownership Plan, effective May 21, 2020, incorporated herein by reference from Exhibit 10(g) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2020.**
	(h)	Form of Executive Stock Option Grant Agreement in connection with the Amended and Restated 2001 Omnibus Stock Ownership Plan, as amended, incorporated herein by reference from Exhibit 10(j) of Form 10-K (File No. 001-05231), for the year ended December 31, 2011.**
	(i)	Form of 2013 Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(n) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2013.**
	(j)	Form of 2014 Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(z) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2014.**

(k) Form of Executive Confidentiality, Intellectual Property and Restrictive Covenant Agreement, incorporated herein by reference from Exhibit 10(o) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2017.**

(l) Form of 2018 Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(q) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2018. **

(m) Separation Agreement and General Release between Douglas Goare and the Company, dated January 7, 2019, incorporated herein by reference from Exhibit 10(r) of Form 10-K (File No. 001-05231), for the year ended December 31, 2018. **

(n) McDonald's Corporation Target Incentive Plan, effective as of January 1, 2013, as Amended and Restated February 13, 2019, incorporated herein by reference from Exhibit 10(p) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2019.**

(o) McDonald's Corporation Officer Severance Plan, as Amended and Restated, effective January 1, 2019, incorporated herein by reference from Exhibit 10(q) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2019.**

(p) Form of 2019 Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(r) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2019.**

(q) Form of 2019 Executive Performance-Based Restricted Stock Unit Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Exhibit 10(s) of Form 10-Q (File No. 001-05231), for the quarter ended March 31, 2019.**

(r) Separation Agreement and General Release between Stephen Easterbrook and the Company, dated October 31, 2019, incorporated herein by reference from Exhibit 10.1 of Form 8-K (File No. 001-05231), filed November 4, 2019.

(s) Separation Agreement and General Release between Silvia Lagnado and the Company, dated August 14, 2019, incorporated herein by reference from Exhibit 10(t) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2020.**

(t) Separation Agreement and General Release between Silvia Lagnado and the Company, dated October 31, 2019, incorporated herein by reference from Exhibit 10(u) of Form 10-Q (File No. 001-05231), for the quarter ended June 30, 2020.**

(u) Separation Agreement and General Release between Jerome N. Krulewitch and the Company, dated October 13, 2020, incorporated herein by reference from Exhibit 10(v) of Form 10-K (File No. 001-05231), for the year ended December 31, 2020.**

(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.

* Other instruments defining the rights of holders of long-term debt of the registrant, and all of its subsidiaries for which consolidated financial statements are required to be filed and which are not required to be registered with the Commission, are not included herein as the securities authorized under these instruments, individually, do not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. An agreement to furnish a copy of any such instruments to the Commission upon request has been filed with the Commission.

** Denotes compensatory plan.

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/ Kevin M. Ozan

Date: May 5, 2021

Kevin M. Ozan
Corporate Executive Vice President and
Chief Financial Officer

Exhibit 31.1

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

I, Christopher J. Kempczinski, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of McDonald's Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2021

/s/ Christopher J. Kempczinski

Christopher J. Kempczinski

President and Chief Executive Officer

Exhibit 31.2

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

I, Kevin M. Ozan, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of McDonald's Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2021

/s/ Kevin M. Ozan

Kevin M. Ozan

Corporate Executive Vice President and
Chief Financial Officer

Exhibit 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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of McDonald’s Corporation (the “Company”), does hereby certify, to such officer’s knowledge, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2021

/s/ Christopher J. Kempczinski

Christopher J. Kempczinski

President and Chief Executive Officer

Exhibit 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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of McDonald's Corporation (the "Company"), does hereby certify, to such officer's knowledge, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2021

/s/ Kevin M. Ozan

Kevin M. Ozan

Corporate Executive Vice President and
Chief Financial Officer