

NOTICE OF EXEMPT SOLICITATION (VOLUNTARY)
Prepared in the format of Rule 14a-103

Name of the Registrant: McDonald's Corporation
Name of persons relying on exemption: National Legal and Policy Center
Address of persons relying on exemption: 107 Park Washington Court, Falls Church, VA 22046

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PROXY MEMORANDUM

TO: Shareholders of McDonald's Corporation
RE: The case for voting **FOR Proposal 4** on the 2026 Ballot

Photo credits follow at the end of the report.

National Legal and Policy Center ("NLPC") urges shareholders to vote **FOR** Proposal 4, entitled "Advisory Vote to Adopt Policy for an Independent Chair," on the 2026 Proxy Ballot for McDonald's Corporation ("McDonald's" or the "Company").

The "Resolved" clause of the proposal states:

Shareholders of McDonald's Corporation ("Company") hereby approve, and request that the Board of Directors take all necessary steps—consistent with Delaware law—and amend the governing documents as necessary, to require hereafter that two separate people hold the office of the Chairman of the Board ("Chair") and the office of the Chief Executive Officer ("CEO") as follows:

Selection of the Chairman of the Board: The Board requires the separation of the offices of the Chairman of the Board and the Chief Executive Officer.

Whenever possible, the Chairman of the Board shall be an Independent Director.

The Board may select a Temporary Chairman of the Board who is not an Independent Director to serve while the Board seeks an Independent Chairman of the Board.

The Chairman should not be a former CEO of the company.

Selection of the Chairman of the Board shall be consistent with applicable law and existing contracts.

THE CASE FOR AN INDEPENDENT BOARD CHAIR

The board of directors of a publicly traded corporation exists for one essential purpose: to serve as an independent steward of the corporation on behalf of its shareholders. That oversight mission is compromised from the outset when the very executive whose decisions the board is charged with evaluating also presides over the board itself. When one person holds both the role of Chief Executive Officer and Chair of the Board, the corporation has structurally combined the supervised with the supervisor — an arrangement that defies the most basic principle of governance accountability.

This is not merely a theoretical concern. It is one recognized by leading governance institutions, proxy advisory firms, major institutional investors, and an expanding majority of America's largest public companies — all of which have concluded that separating the Chair and CEO roles produces stronger, more credible oversight.

I. The Structural Conflict at the Heart of CEO Duality

The Council of Institutional Investors (CII), one of the nation's foremost advocates for sound corporate governance, has stated its position plainly in its published corporate governance policies: "The board should be chaired by an independent director. The CEO and chair roles should only be combined in very limited circumstances; in these situations, the board should

provide a written statement in the proxy materials discussing why the combined role is in the best interests of shareowners, and it should name a lead independent director who should have approval over information flow to the board, meeting agendas and meeting schedules."¹

The CFA Institute, in its authoritative manual *The Corporate Governance of Listed Companies*, has warned that the combined Chair/CEO model "may give undue influence to executive board members and impair the ability and willingness of board members to exercise their independent judgment."² The same publication concludes that "many jurisdictions consider the separation of the chair and CEO positions a best practice because it ensures that the board agenda is set by an independent voice uninfluenced by the CEO."³

The reason for this unease is not esoteric. A CEO who chairs the board controls meeting agendas, shapes the flow of information to directors, presides over discussions of his or her own performance, and wields disproportionate influence over board composition and committee assignments. The combined Chair/CEO is, in effect, evaluating himself — a conflict of interest that no amount of procedural goodwill fully eliminates.

Glass Lewis, a leading independent proxy advisory firm, has emphasized this point in its governance guidelines, stating that it "believes that separating the roles of CEO (or, more rarely, another executive position) and chair creates a better governance structure than a combined CEO/chair position."⁴ The firm has further observed that "the presence of an independent chair fosters the creation of a thoughtful and dynamic board, not dominated by the views of senior management."⁵

II. The Lead Independent Director Is Not a Substitute for an Independent Chair

Companies that resist adopting an independent chair policy routinely point to the existence of a Lead Independent Director (LID) as a functional equivalent. This argument does not withstand scrutiny.

A Lead Independent Director is a board role that exists at the discretion of, and operates alongside, a combined Chair/CEO — not in place of one. The LID's responsibilities typically include calling meetings, presiding at executive sessions of independent directors, providing feedback to the Chair/CEO, and serving as a liaison to shareholders. These are important functions. But they are advisory and reactive in character. The LID does not set the board's agenda independently, does not control the flow of information to the board, and lacks the positional authority of a Chair.

Academic research underscores this institutional asymmetry. A study published in the *Academy of Management Journal* found that when companies appoint a LID, the most likely candidate selected is one of "moderate power" — neither the most assertive independent director nor the least — reflecting a negotiated compromise between the board and the CEO/Chair rather than a genuine elevation of independent governance authority.⁶ The study concluded that the LID appointment often represents a compromise arrangement, with the board accepting the LID rather than pressing for the more structurally significant separation of the CEO and board chair positions.

This is precisely the problem. The LID structure does not eliminate the conflict of interest inherent in CEO duality — it merely provides window dressing for it. As Glass Lewis has cautioned: "We scrutinize avowedly 'independent' chairs and lead directors. We believe they should be unquestionably independent, or the company should not tout them as such."⁷

An independent Chair, by contrast, is the board's leader — not management's liaison to the board. The distinction is not semantic. It is structural. Only a Chair who holds the position in their own right, accountable to the board and to shareholders rather than to the CEO, can conduct a genuine evaluation of executive performance, set meeting agendas free from management's preferred priorities, and take decisive action when the CEO's judgment proves faulty.

III. The Governance Standard Is Clear — and Increasingly Prevalent

The case for an independent chair is no longer a minority position or an idealistic reform agenda. It has become the prevailing best practice among major U.S. public companies. According to the 2024 U.S. Spencer Stuart Board Index, 60% of S&P 500 companies now separate the Chair and CEO roles — the highest proportion in the history of the annual survey, and a substantial increase from 47% a decade earlier. The share of S&P 500 companies with a fully independent chair stood at 39% in 2024.⁸

Institutional Shareholder Services (ISS), the world's largest proxy advisory firm, reported that shareholder proposals calling for an independent board chair rose by 113% in the Russell 3000 in the first half of 2023 alone — reaching the highest absolute number in the preceding ten years. One in four S&P 500 companies chaired by a non-independent director received such a proposal.⁹ ISS data further reported that in 2025, the prevalence of independent board chairs reached five-year highs of 38.6% in the S&P 500 and 46.7% in the Russell 3000.¹⁰

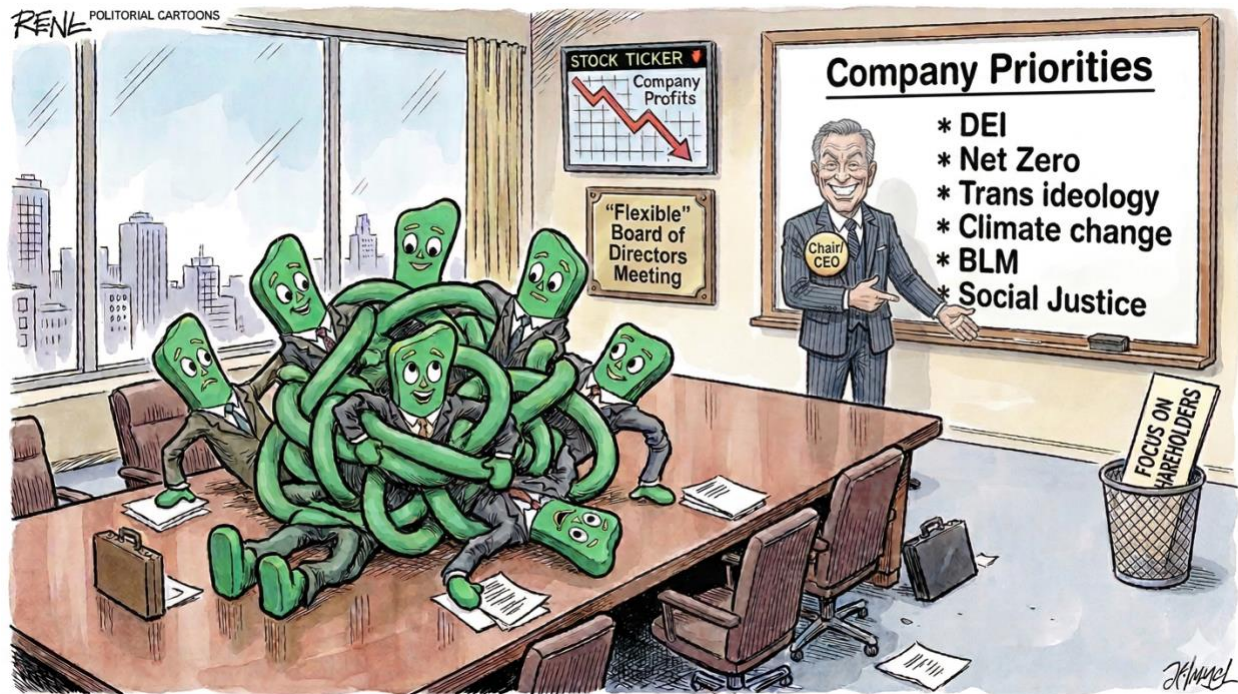
The Securities and Exchange Commission itself reflects the normative weight of this issue: it requires all U.S. public companies to disclose in their annual proxy statements a detailed explanation of their board leadership structure and, where the Chair and CEO roles are combined, a specific justification for that combination and how the company's governance compensates for the lack of independence.¹¹

IV. "Flexibility" Is a Governance Liability, Not a Feature

Companies opposing independent chair proposals frequently invoke the need for "flexibility" in determining board leadership structure — arguing that the board, rather than a fixed policy, should retain the discretion to choose its leadership model at any given time. This argument sounds reasonable on the surface. Under examination, it is a rationalization for indefinitely preserving a structure that entrenches incumbent management.

Governance policies exist precisely because human institutions cannot be relied upon to self-correct absent structural rules. When a board has the discretion to combine or separate the Chair and CEO positions based on evolving "circumstances," those circumstances are invariably shaped by the preferences and relationships of the very executives whose power would be

constrained by separation. The result is a governance structure that looks flexible on paper but functions as a mechanism for preserving the status quo.



Shareholders, by contrast, are best served by consistency and clarity. It is telling that, according to Conference Board data, as of 2023, 76% of S&P 500 companies claimed to preserve "flexibility" in their board leadership structure — yet a growing share of those same companies had already concluded that separation was the appropriate choice.¹² The invocation of "flexibility" is thus most often a holding position, not a principled governance stance.

V. What Is at Stake When Oversight Fails

The real-world costs of inadequate board oversight are not hypothetical. Corporate governance failures historically correlate with concentrated leadership structures in which the CEO faced insufficient independent challenge from a board he or she also chaired.

The dangers were catalogued memorably in the prescient 1984 assessment by ITT Corporation's legendary CEO Harold Geneen, who wrote: "If the board of directors is really there to represent the interests of the stockholders, what is the chief executive doing on the board? Doesn't he have a conflict of interest? He's the professional manager. He cannot represent the shareholders and impartially sit in judgment of himself."¹³

Two business law professors, Joseph Mandato and William Devine, writing in the *Harvard Business Review*, examined the governance failures at Boeing and other major corporations and concluded that the combined Chair/CEO model weakens a board's capacity for independent challenge — allowing critical warning signs about corporate priorities to go unaddressed until the consequences prove irreversible. The professors argued that dividing the two roles is essential to preserving the quality of board deliberation and the rigor of risk oversight.¹⁴

VI. The Core Principle

The request for an independent board chair is not a punitive measure directed at any individual executive, nor is it an expression of lack of confidence in current management. It is a request that the Company's governance structure reflect a principle that decades of experience and a broad consensus among governance scholars, institutional investors, and regulatory authorities have affirmed: that those responsible for overseeing an institution's leadership must be structurally independent of that leadership. The CFA Institute's Research and Policy Center has stated plainly that "Good corporate governance not only protects the interests of investors and improves their trust in capital markets, but also acts as a key driver of investment performance."¹⁵

McDONALD'S CHAIRMAN AND CEO CHRIS KEMPCZINSKI: A RECORD OF CONTESTED JUDGMENT AND MISPLACED PRIORITIES

A. The Recombination of Roles: A Step Backward in Governance — and the Board's Defense of It

In early 2024, the McDonald's Board of Directors made a decision that inverted years of governance progress: it conferred upon Chief Executive Officer Chris Kempczinski the additional title and authority of Board Chairman, ending a period of role separation that had, at least structurally, positioned the Board to offer independent oversight of its CEO. At the time of this report, the Company's 2026 proxy statement — published April 7, 2026 — confirms that the Board has reaffirmed this combined structure for a second consecutive year following the 2025 Annual Shareholders' Meeting.¹⁶



In its opposition to NLPC's Proposal 4 on page 81 of the 2026 proxy, the Board offers four arguments against the proposal. Each deserves direct examination — and each falls short.

First, the "historical experience" argument. The Board argues that McDonald's "has a long history of effective governance with both a combined Chairman and CEO role and with a separation of these roles," and that this history validates the current recombination.¹⁷ This argument proves too much. McDonald's history of operating under both structures does not justify permanently returning to the weaker of the two. The mere fact that the Board has exercised discretion in both directions is an argument for a structural requirement of independence — not against it. When discretion is available, it will be exercised in the interests of those who hold power.



That history, in fact, cuts the opposite direction from what the Board implies. When the Board discovered that Mr. Kempczinski's predecessor, Steve Easterbrook, had violated company policy through a relationship with an employee, McDonald's had an independent Chairman — Enrique Hernandez, Jr. — presiding over the Board. That structure enabled the Board to act with decisiveness and clean-handedness: Mr. Easterbrook was terminated swiftly,¹⁸ and

McDonald's subsequently pursued legal action against him when additional concealed misconduct was discovered — ultimately recovering substantial compensation he had been wrongly paid.¹⁹ That is independent board oversight functioning precisely as designed. The structural clean-handedness that enabled it — a Board whose Chair held no management role and had no personal stake in protecting the incumbent CEO — is exactly what McDonald's has now voluntarily surrendered.

Second, the "flexibility" argument. The Board cites a 2025 survey finding that 78% of S&P 500 companies maintain board flexibility on leadership structure, and that only 16% have a formal policy requiring separation.²⁰ This framing is misleading in exactly the way Section IV of this report anticipates. The same body of governance data establishes that 60% of S&P 500 companies have already chosen separation in practice — the highest proportion ever recorded — and that the share of companies with a fully independent chair has reached historic highs. The 78% figure measures stated policy preferences, not actual behavior. The gap between them is the gap between what companies say and what the governance evidence requires.

Third, the Lead Independent Director argument. The Board devotes the most space in its opposition to defending the LID structure, listing an extensive roster of responsibilities assigned to LID Miles White.²¹ But the comprehensiveness of this list is the argument's own undoing. A LID who must "collaborate with the Chairman/CEO regarding the agenda and schedule for Board meetings," "provide feedback to the Chairman/CEO on the presentations made to and discussions with the Board," and "act as the principal liaison between independent Directors and the Chairman/CEO" is, by definition, operating in a subordinate and advisory posture relative to the CEO/Chairman.

This is precisely the structural problem that independence is designed to eliminate. Feeding feedback to the person who presides over your meetings is not the same as exercising independent judgment. That Mr. White himself spent more than two decades as the combined Chairman and Chief Executive Officer of Abbott Laboratories²² is a further irony that shareholders are entitled to consider: the Board's chosen independent check on its combined Chair/CEO is a former combined Chair/CEO.

Fourth, the "shareholder engagement" argument. The Board states that feedback from ongoing shareholder engagement has "reinforced support for and comfort with the current structure."²³ NLPC notes that this is the Board's own characterization of conversations it

controls, with a shareholder base it selects for outreach representing approximately 45% of shares. This is not an independent audit of governance preferences.

Also, the composition of McDonald's largest institutional shareholders provides important context for evaluating the credibility of that endorsement. Among the institutions collectively owning at least 15 percent of McDonald's outstanding shares are four whose own chief executives hold the same combined Chairman and CEO arrangement they are being asked to endorse at McDonald's. BlackRock, Inc. — whose Chairman and CEO is Larry Fink — holds 7.3 percent of McDonald's shares. State Street Corporation — whose Chairman and CEO is Ronald O'Hanley — holds 5.1 percent. T. Rowe Price Group — whose Chair, CEO and President is Robert Sharps — holds approximately 1.1 percent. Fidelity Investments — whose Chairman and CEO is Abigail Johnson — is an additional significant holder below the proxy's five-percent disclosure threshold.^{24 25} Executives who have embraced the combined Chair/CEO model at their own institutions are not disinterested arbiters of its merits at McDonald's.

B. DEI as Corporate Theology: Commitment Without Accountability

Under Mr. Kempczinski's leadership, McDonald's made a highly publicized commitment to diversity, equity, and inclusion — formally tying 15 percent of executive annual bonus pay to DEI-related metrics beginning in 2021.²⁶ The company set targets for female representation and "underrepresented groups" in senior management, and Mr. Kempczinski publicly framed DEI accountability as a personal priority. "Since the day I stepped into the CEO role, I've said that actions are bigger than words," he wrote to employees at the time.

When the broader corporate retreat from DEI policies accelerated in 2025 — following Supreme Court rulings, a shift in the political and regulatory landscape, and pressure from shareholder activists including NLPC — McDonald's announced a series of changes that, on their surface, resembled reform. The company renamed its diversity team the "Global Inclusion Team," retired numerical representation goals for senior hiring, dropped a supplier DEI pledge, and paused participation in external diversity surveys.²⁷ Major media outlets credulously reported that McDonald's had "ended its DEI program."

Those reports were wrong, and McDonald's own management said so. McDonald's Chief Field People Officer Jordann Nunn told a human resources conference in June 2025: "We changed some of the language that we've used around it, but at the core none of our programming has changed... we have no intention of doing that."²⁸ Translated: the budgets, affinity groups, and preferential contracting guidelines remained intact. Only the public-relations framing changed. As NLPC documented in analysis published that same month, McDonald's cosmetic retreat from DEI rhetoric has left the company exposed to boycotts from the left while continuing to invite scrutiny from shareholders who question racially preferential policies.

When NLPC submitted a shareholder proposal for the 2025 annual meeting that asked the Board's Compensation Committee merely to revisit and consider eliminating DEI-based executive compensation incentives, the Board characterized this gentle, non-binding, advisory request as "overly prescriptive," an undue "interference" with committee flexibility, and "dictatorial."²⁹ This overreaction to a polite inquiry is itself a governance failure. A board that

cannot tolerate shareholders asking about the composition of its compensation formula is a board that believes itself unaccountable for those decisions. An independent board chair is precisely the structural mechanism through which such accountability would be more likely.

The 2026 proxy confirms that this pattern of accountability-resistance continues. McDonald's 2025 compensation structure retains a "Strategic Scorecard" component — accounting for 15 percent of the Short-Term Incentive Plan — described in the proxy as measuring leadership's efforts on key initiatives including the Company's values, employee engagement and executing its franchising strategy.³⁰ The Company has provided no transparency about whether inclusion-related performance criteria remain embedded in that scorecard. In fact, the proxy states that "performance was evaluated qualitatively, informed by quantitative results" — language that forecloses meaningful shareholder scrutiny of what is actually being measured and rewarded. Despite the fact that 2025 financial results fell below target — with the Corporate STIP payout factor for top executives coming in at just 76.4% of target — Mr. Kempczinski received a strategic scorecard payout of 75 percent of maximum, even as financial metrics fell short.³¹ Shareholders of a company whose CEO publicly announced that DEI accountability was among his highest priorities are entitled to a clear answer about what management is being paid to accomplish. The opacity of the current scorecard ensures they will not receive one — absent a structural change that brings independent judgment to the governance of executive compensation.

C. Judgment Under Scrutiny: The Text Message Scandal and Its Aftermath

Beyond the DEI debate, Mr. Kempczinski's tenure has been marked by episodes that raised serious and legitimate questions about his personal judgment and cultural leadership — episodes that an independent board chair would have been structurally positioned to address with more credibility and force.

In April 2021, just eighteen months into his tenure as CEO, Kempczinski sent a text message to Chicago Mayor Lori Lightfoot in which he appeared to blame the parents of two children killed in separate shootings for their children's deaths. Seven-year-old Jaslyn Adams had been shot and killed while sitting in a McDonald's drive-through; 13-year-old Adam Toledo had been killed by a Chicago police officer. Kempczinski wrote to the Mayor: "with both, the parents failed those kids which I know is something you can't say. Even harder to fix."³²

When the message became public through a Freedom of Information Act request filed by an activist, it triggered a firestorm. A coalition of employee groups, community organizations, and the Service Employees International Union denounced the message as "ignorant, racist and unacceptable."³³ Kempczinski issued multiple apologies —



in writing, by video, and in a company-wide town hall — acknowledging what he described as his "narrow worldview" and saying he was "sorry I let you down. And I let myself down."³⁴

The legal fallout from the episode was not contained by the apologies. A federal judge in August 2023 refused to dismiss a racial discrimination lawsuit brought by a 35-year McDonald's veteran who alleged that Mr. Kempczinski and the company began discriminating against him and ultimately terminated him in November 2022 in retaliation for challenging Kempczinski's handling of the text message controversy at an internal town hall meeting.³⁵ The case illustrates how a CEO's interpersonal conduct and internal management culture can generate lasting legal exposure — exposure that a structurally independent board would be better positioned to detect, challenge, and address before it becomes liability.

D. The China Dependency: Strategic Risk Without Adequate Transparency



McDonald's second-largest market by restaurant count is mainland China and Hong Kong, where the company holds a 48 percent ownership stake in a joint venture whose controlling partner — state-controlled CITIC Capital, through its affiliated entity Trustar Capital — maintains the remaining 52 percent majority stake.³⁶ China currently hosts over 6,000 McDonald's restaurants, and the company's stated growth strategy calls for opening approximately 1,000 additional restaurants there annually through the near-term future. The company's Accelerating the Arches strategy explicitly

identifies China as a primary engine of international expansion.

This concentration of strategic dependence on a country governed by an authoritarian regime — and on a joint venture structure in which the controlling partner is a Chinese-linked private equity entity — is a governance concern that has received insufficient independent scrutiny.

NLPC has raised this concern at McDonald's annual meetings for multiple years. In 2022, NLPC presented a lobbying disclosure proposal that highlighted inconsistencies in the company's public advocacy posture relative to its China relationship.³⁷ In 2023, NLPC presented a "Communist China Risk Audit" proposal that called for a comprehensive assessment of the company's China-specific operational and geopolitical vulnerabilities.³⁸ In 2024, NLPC presented a human rights congruency proposal noting that McDonald's jointly owns its China locations with an entity — enterprises controlled by the Chinese government — that the U.S. State Department has linked to human rights violations, including alleged genocide and the forced sterilization of Uyghur Muslims in Xinjiang province.³⁹

In each instance, the McDonald's Board has declined to provide the China-focused risk disclosure that the company's exposure warrants. McDonald's international developmental

licensed markets segment — which includes China — does not disaggregate country-specific financial results in a manner that permits shareholders to assess the degree to which the company's future performance depends upon stable U.S.-China relations, continued access to Chinese consumers, and the absence of geopolitical disruption. Mr. Kempczinski has described the CITIC partnership as "extremely successful" and enthusiastically embraced continued expansion into China.⁴⁰ A chairman who is also the CEO responsible for prosecuting that strategy is not positioned — structurally or psychologically — to challenge, interrogate, or independently moderate the risks that strategy entails.

McDONALD'S FINANCIAL PERFORMANCE: TURBULENCE, RECOVERY, AND THE ACCOUNTABILITY QUESTION

McDonald's Corporation is, by most measures, a profitable and durable franchise business. Its full-year 2025 results — revenues of \$26.9 billion (up four percent year over year), global systemwide sales of over \$139 billion (up seven percent), and diluted earnings per share of \$11.95 (up five percent) — represent a meaningful recovery from a difficult prior year.⁴¹ A 5.7 percent global comparable sales increase in the fourth quarter of 2025, including 6.8 percent growth in the United States, suggests that the operational adjustments pursued in 2024 and 2025 are bearing fruit.⁴² The company's franchise model, loyal customer base, and global scale provide structural resilience that most consumer businesses would envy.

The case for independent governance at McDonald's is not, therefore, a case about current operational crisis. It is a case about the trajectory of the years immediately preceding that recovery — a period of sustained underperformance that unfolded entirely under Mr. Kempczinski's tenure as CEO, and which he now oversees without the check of an independent board chair — and about the structural risks that remain unaddressed going forward.

A. 2024: The Year Management Admitted Did Not Meet Expectations

McDonald's 2024 was, by Mr. Kempczinski's own admission, a significant disappointment. In the second quarter of 2024, comparable sales declined across all three of the company's operating segments — the first time that had occurred since the COVID-19 pandemic.⁴³ Full-year 2024 diluted earnings per share of \$11.39 declined approximately one percent from the prior year.⁴⁴ The company's stock dropped approximately 15 percent in the first half of the year before partially recovering on the back of a summer value meal promotion.⁴⁵

The most damaging single event of 2024 was a deadly E. coli outbreak linked to contaminated sliced onions served on the company's Quarter Pounder hamburgers. Between September and October 2024, at least 104 people across 14 states were sickened; one person died; and at least four individuals developed hemolytic uremic syndrome, a life-threatening condition that can cause kidney failure.⁴⁶ Daily customer visits to McDonald's U.S. restaurants fell 6.4 percent nationally in the days immediately following the CDC's public announcement — and plunged as much as 24 percent in Colorado, where the outbreak was most concentrated, according to foot traffic data from Placer.ai.⁴⁷ The company was compelled to spend \$100 million in marketing and franchisee support during the fourth quarter alone in an attempt to restore consumer confidence.⁴⁸ Fourth-quarter 2024 U.S. comparable sales fell 1.4 percent.⁴⁹

"Our performance in 2024 did not meet our expectations," Kempczinski told analysts in February 2025. "It was a big year, and at times it felt like McDonald's was part of almost every major news story, reflecting the reach and visibility of our brand."⁵⁰ That is not a characterization of effective, unified leadership. It is a characterization of a company navigating a sequence of crises — some self-generated, others externally imposed — under a governance structure that concentrated executive and board authority in a single individual.

B. 2025: Recovery at Below-Target Performance — and a CEO Pay Raise

The 2026 proxy statement's own pay-for-performance disclosures tell an illuminating story about the relationship between executive accountability and executive compensation under Mr. Kempczinski's combined Chair/CEO tenure. The Company's 2025 operating income and systemwide sales results came in below internal targets, resulting in a Corporate Short-Term Incentive Plan payout factor for named executive officers of only 76.4 percent.⁵¹ The performance-based restricted stock units that vested in early 2026 (covering the 2023-2025 period) paid out at 82.2 percent of target — also below the level management had aimed for, as EPS growth of 6.0% fell short of the 9.0% target and relative total shareholder return came in at the 40th percentile versus the S&P 500.⁵²



Despite these below-target results across both short- and long-term incentive measures, Mr. Kempczinski's total compensation in 2025 rose to \$20,574,525 — an increase of approximately \$2.4 million from his 2024 compensation of \$18,195,263.⁵³ This increase was driven primarily by an expansion of his long-term incentive award to \$16 million. The Board's Compensation Committee characterized this increase as necessary to "more competitively align his total compensation within our peer group."⁵⁴ Shareholders who received 76.4 cents on each dollar of target STIP performance — and whose equity appreciated at the 40th percentile versus the S&P 500 — may reasonably question whether their interests and the CEO's compensation are genuinely aligned.

C. Stock Performance: A Prolonged Lag Behind the Market

Perhaps most telling for shareholders evaluating the governance case is McDonald's prolonged underperformance relative to the broader market during the period of Kempczinski's leadership. The Company's own 2026 proxy statement discloses that a hypothetical \$100 investment in McDonald's common stock in December 2020 had grown to \$160 by the end of 2025 — while the same investment in the Company's executive compensation peer group (the Dow Jones Industrial Average component companies) had grown to \$173 over the same period.⁵⁵ McDonald's shareholders thus underperformed even the Company's own peer group benchmark over the five years during which Mr. Kempczinski built and executed his strategy.

Over the twelve-month period ending April 9, 2026, McDonald's total shareholder return lagged that of the S&P 500 by a meaningful margin, based on publicly available market data.⁵⁶ In five of the six years ending in 2024, McDonald's had generated worse returns than the S&P 500.⁵⁷ Over the decade ending in early 2025, McDonald's annualized return of approximately 13.5 percent trailed the S&P 500's annualized return of approximately 13.9 percent — a gap that compounds meaningfully across a shareholder's investment horizon.⁵⁸

Financial analysis published in early 2025 highlighted a related balance sheet concern: McDonald's carried approximately \$52 billion in debt against a cash-to-assets ratio of approximately two percent — compared to the S&P 500 average of roughly 14.8 percent.⁵⁹ While McDonald's franchise model differs from many S&P 500 companies, this comparison nonetheless illustrates the Company's relatively limited balance sheet liquidity. The company's balance sheet leaves limited margin for error in the event of a prolonged economic downturn, a geopolitical disruption affecting its China operations, or another food safety episode requiring emergency marketing investment.

The recent recovery in comparable sales during the second half of 2025 is encouraging. But shareholders should weigh that recovery against the broader pattern: a company whose stock has underperformed both the market and its own peer group benchmark over a five-year period; that acknowledged in its 2026 proxy that 2025 operating income and systemwide sales "were below target"; that spent \$100 million recovering from a food safety crisis that damaged its brand with the core customers it most depends upon; that carries \$52 billion in debt; and that continues to manage a concentrated, opaque strategic dependency on communist China — all while its CEO simultaneously chairs the board charged with holding that CEO accountable.

CONCLUSION

McDonald's Corporation is a company with exceptional brand strength, a durable franchise economic model, and genuine global reach. It is also a company whose Board, in 2024, chose to vest in its CEO complete and simultaneous control over both the executive management function and the board oversight function — and whose Board reaffirmed that decision in 2025. It did so at precisely the moment when the CEO's judgment, cultural leadership, supply chain stewardship, and strategic transparency were all under legitimate scrutiny.

The resulting combined Chair/CEO structure insulates Mr. Kempczinski from the structured, independent challenge that the breadth and complexity of McDonald's global operations require. It places the evaluation of his performance in the hands of a board he himself presides over. It makes it structurally harder — not easier — to address the company's persistent exposure to DEI-related legal and reputational risk, its unresolved China transparency deficit, and the consumer credibility gap that drove years of comparable sales underperformance. And it has produced, for five of the past six years, stock returns that lag the broad market — with five-year returns that trail even the Company's own compensation peer group.

National Legal and Policy Center respectfully urges shareholders to vote **FOR** Proposal 4 on the proxy statement for McDonald's Corporation's May 20, 2026 Annual Shareholders' Meeting, requesting that the Board adopt a policy requiring an independent Chair of the Board.

ENDNOTES

¹ "Independent Chair/Lead Director" (Policy 2.4), Council of Institutional Investors Corporate Governance Policies, last updated March 12, 2026. See https://www.cii.org/corp_gov_policies

² "The Corporate Governance of Listed Companies: A Manual for Investors," 3rd ed., CFA Institute, 2018, p. 14. See <https://rpc.cfainstitute.org/-/media/documents/article/position-paper/corporate-governance-of-listed-companies-3rd-edition.pdf>

³ *Ibid.*

⁴ "2025 Benchmark Policy Guidelines — United States," Glass Lewis, November 2024. See <https://resources.glasslewis.com/hubfs/2025%20Guidelines/2025%20US%20Benchmark%20Policy%20Guidelines.pdf>

⁵ *Ibid.*

⁶ Ryan Krause, Mike Withers, and Matthew Semadeni. "Sharing the Lead: Examining the Causes and Consequences of Lead Independent Director Appointment," Harvard Law School Forum on Corporate Governance, September 20, 2017. See <https://corpgov.law.harvard.edu/2017/09/20/sharing-the-lead-examining-the-causes-and-consequences-of-lead-independent-director-appointment/>

⁷ *Supra*, Note 4.

⁸ Julie Daum and Laurel McCarthy. "2024 U.S. Board Index," Harvard Law School Forum on Corporate Governance, October 26, 2024. See <https://corpgov.law.harvard.edu/2024/10/26/2024-u-s-board-index/>

⁹ Sandra Herrera Lopez and Veronica Nikitas. "Investors Press U.S. Boards to Separate Chair, CEO Roles," Harvard Law School Forum on Corporate Governance, October 12, 2023. See <https://corpgov.law.harvard.edu/2023/10/12/investors-press-u-s-boards-to-separate-chair-ceo-roles/>

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¹⁷ 2026 Proxy, p. 82 (Board's Statement in Opposition to Proposal 4).

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²⁰ 2026 Proxy, pp. 82-83 (Board's Statement in Opposition to Proposal 4, citing ESGAUCE 2025 survey data).

²¹ 2026 Proxy, p. 83 (Board's Statement in Opposition to Proposal 4, enumerating Lead Independent Director responsibilities).

²² 2026 Proxy, p. 32 (Miles White biographical information: "Chairman and Chief Executive Officer, Abbott Laboratories (1999-2020)").

²³ 2026 Proxy, p. 83 (Board's Statement in Opposition to Proposal 4: "The current structure also reflects feedback from ongoing shareholder engagement, which has emphasized the importance of strong oversight and safeguards and reinforced support for and comfort with the current structure").

²⁴ 2026 Proxy, p. 88 (Security Ownership of Certain Beneficial Owners table, disclosing BlackRock, Inc. at 7.3% and State Street Corporation at 5.1% of McDonald's shares outstanding)

as of December 31, 2025). For T. Rowe Price Associates, Inc.: Schedule 13F-HR filings with the U.S. Securities and Exchange Commission (Q4 2024) indicate holdings of approximately 7,996,506 shares, representing approximately 1.1% of McDonald's shares outstanding. See <https://www.marketbeat.com/instant-alerts/mcdonalds-co-nysemcd-shares-sold-by-price-t-rowe-associates-inc-md-2025-04-23/>

²⁵ Larry Fink serves as Chairman and Chief Executive Officer of BlackRock, Inc. See <https://www.blackrock.com/corporate/leadership/larry-fink>. Ronald O'Hanley serves as Chairman and Chief Executive Officer of State Street Corporation. See <https://www.statestreet.com/us/en/about/company-information/leadership/executive-management/ronald-ohanley.html>. Robert W. Sharps was named Chair of the Board of T. Rowe Price Group, Inc. in addition to his existing roles as Chief Executive Officer and President, effective May 2024. See T. Rowe Price Group, Inc. Form 8-K, U.S. Securities and Exchange Commission, February 20, 2024. See <https://www.sec.gov/Archives/edgar/data/0001113169/000111316924000009/trowex-991.htm>. Abigail P. Johnson serves as Chairman and Chief Executive Officer of Fidelity Investments (FMR LLC). See <https://www.fidelity.com/about-fidelity/our-company/>

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For questions regarding McDonald's Corporation (**Proposal 4 on the 2026 Proxy Statement**), submitted by National Legal and Policy Center – please contact Paul Chesser, director of NLPC's Corporate Integrity Project, via email at pchesser@nlpc.org.