

MCDONALDS CORP
Form DEF 14A
April 10, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

McDonald s Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Letter to Shareholders from McDonald's Board of Directors

Dear Fellow Shareholders:

Over the past few months in our shareholder outreach, investors told us they would like more transparency into the Board's processes, particularly those related to driving improved operating performance, Board refreshment and risk oversight. We welcome the opportunity to provide you with additional insights into our work in these areas in this letter to shareholders.

CEO Transition in 2015. First and foremost, McDonald's maintains an unwavering commitment to delivering value to shareholders. Although our financial discipline and strong financial position enabled us to return \$6.4 billion to shareholders in the form of dividends and share repurchase in 2014, the Company's business performance fell significantly short of expectations. In response, the Board took action and elected Steve Easterbrook President and CEO and a member of McDonald's Board. Steve most recently served as McDonald's Chief Brand Officer, was previously President of McDonald's Europe and led McDonald's turnaround in the United Kingdom. We believe we selected the right person to lead the Company to renewed and continued success and look forward to working with Steve and his team through a turnaround of our business.

Active Board Engagement. We are actively engaged in overseeing the Company's strategy and performance through participation in formal Board and Committee meetings, holding 40 such meetings in 2014. We also have frequent informal discussions among Directors and with management. As our management team significantly enhanced our shareholder engagement program in the last year, we gained valuable feedback from McDonald's investors. Recognizing the importance of maintaining high standards of Director accountability and performance, in 2014 we engaged in a peer review process facilitated by an independent third party and overseen by the Chairman of the Governance Committee, as we have done in past years.

Ongoing Evolution of a Skilled and Diverse Board. The Board is currently composed of all independent Directors, except for the CEO, and is led by an independent chairman. Currently, 50% of Directors are minorities or women. Our nominees this year possess a breadth of experience and a range of relevant skills to provide effective oversight of the Company's strategies and performance. Importantly, the Board continues to evolve. In addition to welcoming Steve, in January we were pleased to announce the addition of Margo Georgiadis, President, Americas, Google Inc. Ms. Georgiadis brings fresh perspectives in retail, marketing, consumer and technology insights to the Board. Additionally, our former CEO, Don Thompson, stepped down from the Board in 2015 and Cary McMillan, a Director of the Company since 2003, is not standing for re-election and will retire from the Board effective as of the Annual Meeting. We thank both Don and Cary for their years of dedicated service to the Board and Company.

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Renewed Focus on Corporate Governance and Succession Planning. We are also acutely aware of changing dynamics facing businesses today and recognize the need to continue our evolution. Accordingly, we have taken the following actions:

Expanded our shareholder engagement program to more consistently gather your feedback

Reviewed the composition of the Board with a view to ensuring a balance of capabilities, perspectives and tenure

Engaged a search firm to help us identify prospective candidates from a diverse candidate pool

Separated the roles of Board Chairman and Governance Committee Chairman to establish greater independence around the Board's succession planning process

Enhanced our risk oversight processes

We are committed to protecting your interests and working with urgency and focus to guide the Company in delivering improved operating performance and increased shareholder value. We recognize the challenges that lie ahead and we are confident that McDonald's will emerge from this period as an even stronger, better performing Company.

Thank you for your continued investment in McDonald's.

Sincerely,

The Board of Directors

Andrew J. McKenna, *Chairman*

Susan E. Arnold

Stephen J. Easterbrook

Robert A. Eckert

Margaret H. Georgiadis

Enrique Hernandez, Jr.

Jeanne P. Jackson

Richard H. Lenny

Walter E. Massey

Cary D. McMillan

Sheila A. Penrose

John W. Rogers, Jr.

Roger W. Stone

Miles D. White

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Proxy Summary

This summary contains highlights about our Company and the upcoming 2015 Annual Shareholders Meeting. This summary does not contain all of the information that you should consider in advance of the meeting, and we encourage you to read the entire Proxy Statement and our 2014 Annual Report on Form 10-K carefully before voting.

GOVERNANCE HIGHLIGHTS

McDonald's governance is guided by core values that have been part of our business for more than 50 years—integrity, fairness, respect and ethical behavior. The strength of our governance is important to our success, and we continually review our practices to ensure the Board is aligned with evolving best practices and positioned to provide effective oversight in creating value for shareholders. Highlights of our governance include:

RECENT UPDATES

Our Board oversaw successful CEO transition in 2015 with promotion of strong internal candidate that enabled leadership continuity

Refreshed the Board with appointment of two new Directors in 2015, including one independent Director and new CEO

Two Director departures in 2015, including former CEO and Director with 12-year tenure not standing for re-election (*see page 8*)

Engaged with shareholders representing approximately 25% of shares outstanding over the last several months on a variety of topics, including board, governance and executive compensation practices (*see page 57*)

Updated Corporate Governance Principles and Committee Charters to more clearly define risk oversight responsibilities and formalize Governance Committee's role in Board succession planning (*see page 57*)

BOARD OF DIRECTORS

Separate Chairman and CEO roles, including an independent Chairman

All Directors are independent, except the CEO

Currently, 50% of Directors are minorities or women

Annual election of Directors

Board Committees are 100% independent (except Executive Committee, which has one management Director)

Executive sessions of independent Directors at each regularly scheduled Board meeting

Limited membership on other public company boards

Regular management and Board succession planning

Regular Board self-assessments and Director peer review

No former employees serve as Directors

SHAREHOLDER INTERESTS

Majority voting standard for uncontested Director elections

Shareholder right to call special meetings

No super-majority voting requirements

No exclusive forum selection clause

Stock Ownership Policy and Guidelines for senior management and Directors, respectively

Governance Committee regularly reviews Corporate Governance Principles and related policies

Ongoing shareholder outreach and engagement

No shareholder rights plan

Effective governance of compensation program, including annual advisory vote to approve executive compensation

Publicly disclose corporate political contributions under Board's policy

Confidential voting policy

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The following table provides summary information about Directors who are nominees for election at the annual meeting of shareholders. Additional information for our Directors may be found beginning on page 8.

<i>Name</i>	<i>Director</i>		<i>Independent</i>	<i>Committee Membership</i>					
	<i>Since</i>	<i>Primary Occupation</i>		<i>AC</i>	<i>CC</i>	<i>GC</i>	<i>SCR</i>	<i>FC</i>	<i>EC</i>
Susan E. Arnold	2008	Operating Executive, Global Consumer & Retail Group, The Carlyle Group							
Stephen J. Easterbrook	2015	President & CEO, McDonald's							C
Robert A. Eckert	2003	Operating Partner, Friedman, Fleischer & Lowe						C	
Margaret H. Georgiadis	2015	President, Americas, Google							
Enrique Hernandez, Jr.	1996	President & CEO,		C					

Inter-Con Security Systems			FE
Jeanne P. Jackson	1999	President, Product & Merchandising, NIKE	C
Richard H. Lenny	2005	Non-executive Chairman, Information Resources	
Walter E. Massey	1998	President, School of the Art Institute of Chicago	C
Andrew J. McKenna	1991	Chairman, Schwarz Supply Source	
Sheila A. Penrose	2006	Non-executive Chairman, Jones Lang LaSalle	
John W. Rogers, Jr.	2003	Founder, Chairman & CEO, Ariel Investments	