



FRANCHISE DISCLOSURE DOCUMENT

McDonald's USA, LLC
a Delaware limited liability company
110 N. Carpenter Street
Chicago, Illinois 60607
(630) 623-3000
www.mcdonalds.com

The franchisee will own and operate a quick service restaurant offering a limited menu of value-priced foods using the McDonald's System.

The total investment necessary to begin operation of a traditional McDonald's franchise ranges from \$1,470,500 to \$2,642,000 (see Item 7 for small town oil, small town retail, and Satellite locations). This includes an initial franchise fee of \$45,000.00 (see Item 5 for small town oil, small town retail, and Satellite locations) that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Practice Group at 110 N. Carpenter Street, Chicago, IL 60607 and (630) 623-3000.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: May 1, 2024, [as amended January 1, 2025](#)

In 1955, our predecessor, McDonald’s Corporation, began granting franchises to individuals for the operation of McDonald’s restaurants. In 1960, our predecessor began forming and granting franchises to McOpCo companies for the operation of McDonald’s restaurants. In 2004, our predecessor formed us as a subsidiary and in 2005, as part of a global company alignment, transferred to us a majority of the assets used in its U.S. business, including its interests in the McOpCo companies and the franchises for McDonald’s restaurants in the U.S. In 2007, restaurants in Puerto Rico and the Virgin Islands operated by McOpCo companies were sold to, and a master franchise to offer and sell franchises in Puerto Rico and the Virgin Islands was granted to, LatAm, LLC, a Delaware limited liability company, which is not an affiliate of McDonald’s.

As a franchisee, you should not have any expectation that the economic and demographic factors that exist at your McDonald’s restaurant location will remain constant. In addition, other McDonald’s restaurants (including those that we develop in the future) may have an effect on the sales of your McDonald’s restaurant, since customers typically patronize various McDonald’s restaurants depending on their travel patterns and other factors. You also will be competing with other restaurants, food service businesses and convenience stores that offer the same types of products that you do. These restaurants, food service businesses and convenience stores may be associated with national or regional chains (whether or not franchised) or may be local, single restaurant locations. You will compete with other restaurants, food service businesses and convenience stores that feature products different from those in a McDonald’s restaurant. In certain STOs, the fuel station/convenience store operators will have the right to sell fountain drinks and hot beverages in the convenience store located within the same building as the McDonald’s restaurant. Your products and services will be offered primarily to individual consumers for on-site or off-site consumption. The market for the products you will offer is developed in some areas and still developing in other areas, depending on the number of restaurants of this type operating in each particular area.

You will be required to comply with all local, state, and federal laws, including health and sanitation laws and menu-labeling requirements that apply to restaurant operations. There are other laws that apply generally to all businesses, including, but not limited to, the Americans with Disabilities Act, and we encourage you to make further inquiries about these laws.

Item 2 Business Experience

Except where noted below, all of the officers and directors listed below became employees of McDonald’s on January 1, 2005. However, all have long histories with our predecessor and the date they joined our predecessor is listed below.

<u>Title</u>	<u>Name</u>	<u>Start Date</u>
Director and President	Joe Erlinger	April 22, 2002
Director	Ian Borden	July 25, 1994
Director	Angela K. Steele	May 9, 2011
U.S. Chief Restaurant Operations Officer	Mason Smoot	March 1, 1994
U.S. Chief Finance Officer	Tom Dillon	February 2, 2009
U.S. President National Field Operations	Myra Doria	January 1, 1996
U.S. Vice President – Franchising Strategy	Brad Bogan	June 17, 2019 (1)
U.S. Field Vice President	Albert Ahumada	October 30, 2007
U.S. Field Vice President	Angela Blissett	May 18, 2006
U.S. Field Vice President	Derin Briggs	February 7, 2022 (2)
U.S. Field Vice President	Joseph Chiczewski	August 6, 2012
U.S. Field Vice President	John Cronan	February 21, 2005
U.S. Field Vice President	Robert Franklin	June 4, 2018 (3)
U.S. Field Vice President	Monica Hayes	June 1, 2022 (4)
U.S. Field Vice President	Ken Marcinkowski	August 25, 2003
U.S. Field Vice President	Alycia Mason Val Mathelier	November 26, 2018 (5) August 17, 2011
U.S. Field Vice President	Lauren Schultz	June 15, 2009

<u>Title</u>	<u>Name</u>	<u>Start Date</u>
U.S. Field Vice President	Remedios Valenzuela	January 16, 1984
Sr. Director – Operations Officer	Jerry Angelotti	April 4, 1997
Sr. Director – Operations Officer	Angela Blissett	May 18, 2006
Sr. Director – Operations Officer	Anthony Cayee	June 27, 2011
Sr. Director – Operations Officer	Alan Cohen	September 27, 2001
Sr. Director – Operations Officer	Patricia Diaz	May 16, 2018 (65)
Sr. Director – Operations Officer	Chris Dobson	February 24, 1984
Sr. Director – Operations Officer	Kris Donchatz	June 16, 1990
<u>Sr. Director – Operations Officer</u>	<u>Alejandra Jimenez</u>	<u>February 12, 1996</u>
Sr. Director – Operations Officer	Janet Kish	October 12, 1999
<u>Sr. Director – Operations Officer</u>	<u>Hazel Kraft</u>	<u>September 1, 2024 (6)</u>
Sr. Director – Operations Officer	Christina Lewis	September 1, 1994
Sr. Director – Operations Officer	Stephen McElhatten II	June 5, 2018 (7)
Sr. Director – Operations Officer	Dyanna Okazaki	February 23, 2015
Sr. Director – Operations Officer	Heather Pfeiff	February 21, 2011
Sr. Director – Operations Officer	Ingrid Rodriguez	May 4, 1993
Sr. Director – Operations Officer	Mayra Romero	April 16, 2015
Sr. Director – Operations Officer	Jeff Roth	February 1, 2017 (8)
Sr. Director – Operations Officer	Lynn Rudy	October 15, 1996
Sr. Director – Operations Officer	Leanne Sagert	October 1, 2002
Sr. Director – Operations Officer	Rochelle Tandy	October 27, 2000
Sr. Director – Operations Officer	Silvia Vergani	May 24, 1991
Sr. Director – Operations Officer	Michelle Wherry	April 1, 1985
Sr. Director – Operations Officer	Chris Whitfield	April 1, 2017
<u>Sr. Director – Operations Officer</u>	<u>Patrick Wrobel</u>	<u>January 6, 2014</u>
<u>Sr. Director – Operations Officer</u>	<u>John Yelenosky</u>	<u>March 1, 1991</u>

(1) Brad Bogan is the U.S. Vice President - Franchising Strategy effective as of April 2022. From June 2019 to March 2022, he was the U.S. Field Vice President for the Denver Field Office. From January 2019 to June 2019, he was the Managing Director – Consumer/Retail Strategy, Operations and M&A Advisory for Deloitte in Chicago, Illinois.

(2) Derin Briggs is the U.S. Field Office Vice President for the Nashville Field Office effective as of February 7, 2022. From November 2019 to January 2022, she was the Division Vice President for Dollar General, and from October 2018 to November 2019, she was the Regional Director for Dollar General. From January 2019 to September 2018, she was the District Senior Director for Target, located in Austin and San Antonio, Texas.

(3) Robert Franklin is a Sr. Director – Operations Officer for the Bethesda Field Office effective January 2023. From November 2019 to January 2023, he was a Director of Value & Deal Strategy within US Finance & Insights, and from January 2019 to November 2019, he was a Lead Manager of Performance Management.

(4) Monica Hayes is the U.S. Field Office Vice President for the Atlanta Field Office effective as of April 2023. From June 2022 to April 2023, she was Vice President in McDonald’s Accelerated Operations Training Program. From January 2021 to May 2022 she was Vice President, West Zone Operations; from January 2019 to December 2020, she was Chief of Staff to the President and Chief Operating Officer.

(5) Patricia Diaz is a Sr. Director – Operations Officer for the Nashville Field Office effective November 2020. From January 2019 to November 2020, she was the Marketing Officer for the Nashville Field Office. ~~Alycia Mason is the U.S. Field Office Vice President for the Denver Field Office effective as of February 2023. From March 2022 to February 2023, she was Chief U.S. Customer Experience Officer and from January 2019 to March 2022, she was Vice President, Digital Customer Experience and Media.~~

(6) ~~Patricia Diaz is a Sr. Director – Operations Officer for the Nashville Field Office effective November 2020. From January 2019 to November 2020, she was the Marketing Officer for the Nashville Field Office.~~ Hazel Kraft is a Sr. Director – Operations Officer for the Chicago Field Office effective September, 2024. From September

[2021 to August 2024, she was the UK and Ireland Vice President of Operations for McDonald's Restaurant Limited, located in London, and from March 2019 to August 2021, she was the IDL Segment Director of Strategy and Alignment for McDonald's Global Franchising Limited, located in Singapore. From January 2019 to March 2019 she was in the Accelerated Operations Program with McDonald's USA in Chicago, Illinois.](#)

(7) Stephen McElhatten II is a Sr. Director – Operations Officer for the Chicago Field Office effective February 16, 2021. From April 2019 to February 2021, he was the Operations Associate Lead, and from January 2019 to April 2019, he was a Franchise Business Partner, both for the Atlanta Field Office.

(8) Jeff Roth is a Sr. Director – Operations Officer for the Stamford Field Office effective October 2020. From January 2019 to September 2020 he was a Franchise Business Partner for the Stamford Field Office.

Item 3 Litigation

Pending Cases

Farah Gohari v. McDonald's Corporation, et al. (Case No2016-CH-08261). On June 20, 2016, plaintiff filed a complaint against our predecessor and our former franchisee of two O'Hare airport restaurants in the Circuit Court of Cook County, Illinois, County Department, Chancery Division. Plaintiff alleges that the Digital Menu Board prices at the two restaurants were lower than the prices at the register. Plaintiff's initial complaint asserted claims for common law fraud and violations of the Illinois Consumer Fraud Act ("ICFA") and sought class certification, injunctive relief, actual and compensatory damages, and attorneys' fees and costs. On November 30, 2016, the court dismissed the common law fraud count with prejudice. On December 28, 2016, plaintiff filed an amended complaint asserting claims under the ICFA and the Racketeer Influenced and Corrupt Organizations Act ("RICO") and seeking the same relief as the initial complaint. On July 13, 2017, the court dismissed plaintiff's RICO claim. As a result, the ICFA claim is the only remaining claim. On April 23, 2019, after answering the complaint, our predecessor filed a motion for summary judgment. The former franchisee joined this motion on May 1, 2019. Plaintiff then moved the court for leave to amend her complaint. On October 1, 2020, the court granted summary judgment in our predecessor's favor. On October 8, 2020, plaintiff filed a notice of appeal. On February 22, 2022, the appellate court reversed and remanded the case to the Circuit Court. Our predecessor filed a renewed motion for summary judgment with the Circuit Court, which the Circuit Court denied. Our former franchisee and predecessor intend to defend their interests vigorously in this case.

Leinani Deslandes, et al. v. McDonald's USA, LLC, and McDonald's Corporation and Does 1-10 (Case No. 1:17-cv-04857). On June 28, 2017, plaintiff, a former franchisee employee, filed a complaint against us and our predecessor in the U.S. District Court, Northern District of Illinois, Eastern Division, alleging that a provision of McDonald's franchise agreement unlawfully prohibited her from obtaining a position at a nearby franchise that would have paid her more money and, as a consequence, she suffered reduced wages, loss of professional growth opportunities and illegal working conditions. Plaintiff asserts we and our predecessor engaged in unlawful contracts and unfair competition in violation of the Sherman Antitrust Act, the Illinois Antitrust Act, and the Illinois Consumer Fraud and Deceptive Business Practices Act. Plaintiff seeks class certification, damages, restitution, attorneys' fees, costs and expenses and a permanent injunction enjoining McDonald's from enforcing the franchise agreement provision at issue in the complaint. On September 18, 2017, plaintiff filed an amended complaint. On October 2, 2017, McDonald's filed a motion to dismiss plaintiff's amended complaint, and on June 25, 2018 the court denied that motion. On June 28, 2022, the court granted our motion for judgment on the pleadings, entering judgment in McDonald's favor. On July 27, 2022, plaintiff filed an appeal. On August 25, 2023, the United States Court of Appeals for the Seventh Circuit reversed the district court's ruling and remanded the case back to the district court for further proceedings. On November 21, 2023, we and our predecessor asked the United States Supreme Court to review and reverse the appellate court's decision, which the Supreme Court denied. The case ~~will return~~[has returned](#) to the district court for further proceedings. We and our predecessor intend to defend our interests vigorously in this case.

Stephanie Turner v. McDonald's USA, LLC and McDonald's Corporation (Case No. 1:19-cv-05524). On August 15, 2019, plaintiff, who worked in corporate-owned and franchisee-owned restaurants, filed a complaint against us and our predecessor in the U.S. District Court, Northern District of Illinois, Eastern Division. Her complaint

alleges that a provision of McDonald's franchise agreement unlawfully prohibited her from obtaining a position at other McDonald's-brand restaurants that would have paid her more money and, as a consequence, she suffered reduced wages, loss of professional growth opportunities and illegal working conditions. Plaintiff asserts that we and our predecessor engaged in unlawful contracts and unfair competition in violation of the Sherman Antitrust Act. On October 15, 2019, we moved to dismiss plaintiff's claims, and on April 24, 2020, the court denied that motion. On June 28, 2022, the court granted our motion for judgment on the pleadings, entering judgment in McDonald's favor. On July 27, 2022, plaintiff filed an appeal. On August 25, 2023, the United States Court of Appeals for the Seventh Circuit reversed the district court's ruling and remanded the case back to the district court for further proceedings. On November 21, 2023, we and our predecessor asked the United States Supreme Court to review and reverse the appellate court's decision, which the Supreme Court denied. The case ~~will return~~[has returned](#) to the district court for further proceedings. We and our predecessor intend to defend our interests vigorously in this case.

Christine Crawford, et al. v. McDonald's USA, LLC and McDonald's Corporation (Case No. 1:20-cv-05132). On August 31, 2020, plaintiffs, seventy-seven former franchisees, filed a complaint against us and our predecessor in the U.S. District Court, Northern District of Illinois, Eastern Division. Their complaint alleges that we and our predecessor discriminated against Black franchisees on the basis of their race. Plaintiffs claim that their allegations constitute bad faith breach of their franchise agreements, fraudulent inducement and fraudulent omission, and violate federal civil rights laws. Plaintiffs seek declaratory relief, compensatory and punitive damages, and attorneys' fees and costs. On October 23, 2020, we and our predecessor moved to dismiss plaintiffs' claims. On November 16, 2020, plaintiffs filed an amended complaint which added twenty-eight former franchisees and deleted three former franchisees, bringing the total number of plaintiffs to seventy-seven. On December 21, 2020, we and our predecessor moved to dismiss plaintiffs' amended complaint, which the court granted on September 28, 2022. The court allowed plaintiffs to file another amended complaint. Forty-eight of the plaintiffs retained new counsel, and the court severed those plaintiffs into a separate but related case. Both sets of plaintiffs filed amended complaints on December 16, 2022. On March 31, 2023, we and our predecessor moved to dismiss the second amended complaint. On June 12, 2023, the court ordered a complaint filed by another former franchisee, Mitch McPherson, that raised similar claims, to be transferred and identified as a related complaint (the "McPherson Complaint"). On June 5, 2023, we and our predecessor moved to dismiss the McPherson Complaint. We intend to defend our interests vigorously in this case.

Kytch, Inc. v. McDonald's Corporation (Case No. 1:22-cv-00279). On March 1, 2022, plaintiff filed a complaint against our predecessor in the U.S. District Court, District of Delaware. The complaint alleges that our predecessor engaged in false advertising, trade libel and deceptive trade practices by warning franchisees of safety concerns associated with a device designed to diagnose and repair ice cream machines that was developed by plaintiff. The complaint also alleges that our predecessor tortiously interfered with plaintiff's nondisclosure agreements by inducing franchisees to disclose certain information that plaintiff alleges was confidential. Plaintiff seeks injunctive relief, monetary damages, punitive damages, costs and attorneys' fees. On April 22, 2022, our predecessor moved to dismiss the complaint, which the court granted with respect to one of plaintiff's claims, but denied with respect to the others, on March 29, 2023. On April 24, 2023, the parties agreed to transfer the case to the U.S. District Court, Northern District of California. Our predecessor intends to defend its interests vigorously in this case.

George R. Michell, et al. v. McDonald's Corporation, McDonald's USA, LLC, et al. (Case No. 1:24-cv-03442). On May 9, 2024, plaintiff, a franchisee, filed a complaint against our predecessor, three of our officers, and us in the United States District Court for the Eastern District of New York. Plaintiff alleges that we targeted plaintiff to force him out of the McDonald's System because he is Hispanic, and that our actions violated the Connecticut Franchise Act, breached his franchise agreements, tortiously interfered with his relationship at an airport, and constitute discrimination and retaliation under federal antidiscrimination statutes. Plaintiff also alleges that we fraudulently induced him to reinvest in the restaurants he operated. On July 25, 2024, plaintiff moved for a preliminary injunction to prevent us from refranchising a restaurant to a new franchisee when the franchise term expires in January 2025. The court held an evidentiary hearing on September 25, 2024, and the parties are awaiting the court's decision. On October 10, 2024, we, our predecessor, and our officers moved to dismiss the complaint in part and answered the remainder of the complaint. On the same day, we and our predecessor filed a counterclaim seeking a declaratory judgment that plaintiff is in breach of all his franchise agreements and that we

have the right to terminate them. We, our predecessor, and our officers intend to defend our interests vigorously in this case.

Amanda McCray et al. v. McDonald's USA, LLC (Case No. 1:24-cv-11102). On October 29, 2024, plaintiffs filed a complaint against us in the U.S. District Court, Northern District of Illinois, on behalf of themselves and a purported class of nationwide McDonald's customers who were exposed to E. coli as a result of purchasing Quarter Pounder sandwiches from McDonald's. The plaintiffs allege that they were customers at McDonald's restaurants, purchased Quarter Pounder sandwiches, and became ill from exposure to E. coli as a result of eating those sandwiches. Plaintiffs also allege that the sandwiches were unsafe, defectively designed and unfit for customers to eat, and that McDonald's failed to warn the public of the risks of getting E. coli from eating Quarter Pounder sandwiches. Plaintiffs claim that McDonald's conduct constitutes unjust enrichment, strict liability and negligent failure to warn and design and formulation defect, fraudulent concealment, breach of express and implied warranty and warranty of merchantability and negligence. Plaintiffs seek certification of a nationwide class, compensatory and punitive damages, medical monitoring, attorneys' fees and injunctive relief. We intend to defend our interests vigorously in this case.

Tammy Williams v. McDonald's USA, LLC (Case No. 1:24-cv-11275). On October 31, 2024, plaintiff filed a complaint against us in the U.S. District Court, Northern District of Illinois, on behalf of herself and a purported class of nationwide McDonald's customers who were exposed to E. coli as a result of purchasing Quarter Pounder sandwiches from McDonald's. The plaintiff alleges that she purchased a Quarter Pounder sandwich from a McDonald's restaurant and became ill from exposure to E. coli as a result of eating that sandwich. Plaintiff also alleges that McDonald's misrepresented the safety of the sandwiches, failed to warn customers of the dangers of E. coli, and that McDonald's safety practices were inadequate. Plaintiff claims that McDonald's conduct violates the Illinois Consumer Fraud and Deceptive Trade Practices Act, and constitutes negligence and unjust enrichment. Plaintiff seeks certification of a nationwide class, restitution, compensatory and punitive damages and attorneys' fees and costs. We intend to defend our interests vigorously in this case.

Additionally, we and our predecessor have been named as defendants in numerous additional labor and employment lawsuits brought by employees of our franchisees on an individual, class and collective basis, alleging that we are joint employers with our franchisees. These lawsuits allege racial discrimination, sexual harassment, wrongful termination, constructive discharge, wage and hour violations, and similar claims under Title VII of the Civil Rights Act of 1964 and 42 U.S.C. Section 1981, and the Fair Labor Standards Act or similar statutes. We strongly disagree with the joint employment allegations and intend to vigorously defend these actions.

Occasionally, disputes arise with our franchisees. If a dispute cannot be resolved through our internal processes such as appealing to higher level individuals (our "open door policy") or our formal Ombudsman process, then as a matter of common practice (not required by the Franchise Agreement) we will often agree to use mediation. Even though we follow these practices, occasionally lawsuits alleging the same or similar allegations to those listed in this Item 3 have been brought against us or our predecessor and could be brought against us in the future.

Concluded Cases

Dasmine Bell, et al. v. McDonald's USA, LLC, and McDonald's Restaurants of Florida, Inc. (Case 8:14-cv-02742-JSM-EAJ). On October 10, 2014, the plaintiff, a former employee of our affiliate, filed a complaint against us and our affiliate in the U.S. District Court for the Middle District of Florida, alleging that our affiliate, along with McDonald's as a joint employer, violated the Fair Credit Reporting Act by performing background checks without the required authorizations and disclosures. On January 26, 2015, we and our affiliate agreed to settle the case by paying \$4,000 in damages and in exchange received a general release from the plaintiff.

Syed Ali Husain and Khurshed Husain v. McDonald's Corporation, McDonald's USA, LLC, Mwaffak Kanjee, and Does 1-20 (Case No. CIV 09-6177). On December 8, 2009, the plaintiffs, franchisees, filed a complaint against our predecessor, Mwaffak Kanjee, one of our officers, and us in the Superior Court of California, Marin County, California. The complaint asserted that we refused to grant new term franchises for 3 of the plaintiffs' restaurants after allegedly entering into agreements to do so and alleged breach of contract, fraudulent and

Type of fee	Amount	Due Date	Remarks
Satellite Rent (1)	Varies (6)	Payable monthly on the 10th day of the next month.	
STO and STR Rent (1)	Varies (3)(4)(7)	Same as Base, Pass Thru and Percentage Rent above.	
BFL Rent (1)	Varies (3)(8)	Same as Rent above.	
Relocation Contribution (1)(9)	\$50,000	On opening of the relocated restaurant.	
Sesame (1)(10)	\$2,600 license fee (one-time fee) (11) \$1,058 96 annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for Point of Sale (POS) (also known as Sesame) software maintenance, integration and localization of store system platform.
Global Mobile App / Digital Capabilities (1)(10)	\$900 integration fee (one-time fee) (11) \$3,543 632 annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for the maintenance, support, hosting, integration and localization of digital technology software.
McDelivery Integration (1)(10)	\$611 annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for the support and maintenance of McDelivery orders integration into our POS software.
Self-Ordering Kiosk (1)(10)	\$1,500 licensing fee (one-time fee) (11) \$500 integration fee (11) \$51 234 annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	Kiosk licensing fee is paid to us as part of the standard construction billing. You pay this fee to us for kiosk technology software maintenance, integration and localization.
Digital Menu Boards (1)(10)	\$500 integration fee (one-time fee) (11) \$107 annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for digital menu board integration and support.
Self-Ordering Kiosk Accessibility (1)(10)	\$150 annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for self-ordering kiosk accessibility annual software maintenance.
Hand-Held Order Taker (HHOT) (1)(10)	\$50 annual fee \$500 (one-time fee)	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for Hand-Held Order Taker (HHOT) annual software maintenance. This is an optional fee.
eProduction (1)(10)	\$34 45 annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for the support of eProduction software.
Back Office Integration and Enhancements (1)(10)	\$79 755 annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for the back office integration and enhancements to store system platform.
Payments and Fraud Management (1)(10)	\$593 700 annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for payments and fraud management software and related encryption services.

Type of fee	Amount	Due Date	Remarks
Employee Engagement Platforms (1)(10)	\$ 404 <u>391</u> annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for the support and maintenance of Fred and Campus solutions and employee engagement platform integrations.
People Data Warehouse (PDW) Reporting (1)(10)	\$156 annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for the support and maintenance of people data warehouse reporting platform. This is an optional fee.
Deployment, OTP, Execution and Support (1)(10)	\$2, 11 <u>303</u> annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for deployment, OTP, execution and support services.
Restaurant Network Management, Access and Security (1)(10)	\$ 1,095 <u>999</u> annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for maintaining secure and reliable network infrastructure, and identity access <u>management and security system.</u>
Restaurant Hardware, Data Movement, Management, and Monitoring (1)(10)	\$ 546 <u>802</u> annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for restaurant data movement, management, monitoring and restaurant hardware services.
Restaurant File Maintenance (RFM) (1)(10)	\$ 51 <u>265</u> annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for the maintenance and support of restaurant file maintenance (RFM) software.
Microsoft License Subscription (1)(10)	\$ 588 <u>671</u> annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for Microsoft annual license subscription.
Pricing Engine (1) (10)	\$ 132 <u>264</u> annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for the use of the Base Pricing Engine, & Portal 3.0 . This is an optional fee.
Workplace by Meta (1) (10)	\$ 2 <u>150</u> annual fee	Drafted in 12 monthly installments on the 25th day of each month through iReceivables.	You pay this fee to us for the use of Workplace by Meta. This is an optional fee.
Store Mail (email accounts) Fee (10)	\$73.80 annual fee	Payable annually within 30 days of billing.	You pay this fee to us for email account support for using the us.stores.mcd.com domain.

- (1) All fees are imposed and collected by and payable to McDonald's. All fees are non-refundable and uniform and we may draft miscellaneous receivables you may owe us. We will automatically draft rent and royalty from your bank account according to the terms of the Franchise Agreement.
- (2) The royalty of 5% of Gross Sales applies on and after January 1, 2024, in the following scenarios: (i) a franchisee opens a new restaurant; (ii) a franchisee purchases a restaurant as a result of a McOpCo sale; and (iii) we exercise our right of first refusal on a franchisee sale transaction and then sell the restaurant to another franchisee. The royalty of 4% of Gross Sales will continue to apply after January 1, 2024, in the following circumstances with respect to existing restaurants operated by existing franchisees prior to January 1, 2024: (i) family restaurant transactions and ownership transfers; (ii) existing franchisees sign new term agreements on existing restaurants; (iii) existing franchisees complete the sale of an existing restaurant to another franchisee; and (iv) the rebuild of an existing restaurant location.
- (3) The following is the rent structure for new and relocated traditional restaurants:

[Schedule to be used for Oil sites.]

SCHEDULE A

Pollution Coverage (rev. ~~6/23~~6/24)

The standard commercial general liability insurance purchased by owner/operators excludes pollution and/or environmental contamination. Since the oil alliance sites have a pollution exposure if contamination is caused by negligence of McDonald’s or the owner/operator, an Environmental Impairment Liability Policy (Pollution) has been purchased by McDonald’s for the protection of the owner/operators and McDonald’s.

This coverage is being purchased on behalf of the owner/operators because, individually, such insurance is either not available or the cost is prohibitive.

All Oil Alliance sites are covered under this policy.

A brief summary of the coverage follows:

Insurance Company:	Beazley Furlonge Ltd
Policy Period:	6/1/23-6/1/24 (renewed annually)
Limit of Liability:	\$10,000,000 each loss
Policy Aggregate Limit:	\$10,000,000
Deductible:	\$50,000 per occurrence
Annual Premium:	\$234.91 176.80 per location (includes taxes)*

*This is the premium in effect as of the date of this Franchise and it may increase with the renewal of the policy.

Insurance premiums will be collected via the base rent draft on the third workday of each month.

Owner/operator will be drafted one twelfth of the premium per month except for the first three months of operation. During the first three months of operation, the following will occur:

- The premium will not be charged for the month of store opening.
- The premium will be due but not drafted for the first full month of operation.
- The second full month’s premium along with the first full month’s premium will be drafted on the third workday of second month of operation.

Below is an example of how the premium will be drafted based on a June 15th open date and a ~~\$234.91~~176.80 annual premium:

<u>Month</u>	<u>Amount Due</u>	<u>Amount Drafted on 3rd Workday</u>
June	\$0	\$0
July	\$19.57 14.73	\$0
August	\$19.57 14.73	\$39.14 29.46
September	\$19.57 14.73	\$19.57 14.73

THIS ADDITION TO THE DRAFT DOES NOT CHANGE BASE SALES CALCULATIONS.

Additional details of the coverage can be secured by contacting the McDonald’s Insurance Department at 630-623-6594. For questions on the premium collection procedures, contact a Home Office Representative at 630-623-5319.

[Schedule to be used for Oil sites.]

SCHEDULE A

Pollution Coverage (rev. ~~6/23~~6/24)

The standard commercial general liability insurance purchased by owner/operators excludes pollution and/or environmental contamination. Since the oil alliance sites have a pollution exposure if contamination is caused by negligence of McDonald’s or the owner/operator, an Environmental Impairment Liability Policy (Pollution) has been purchased by McDonald’s for the protection of the owner/operators and McDonald’s.

This coverage is being purchased on behalf of the owner/operators because, individually, such insurance is either not available or the cost is prohibitive.

All Oil Alliance sites are covered under this policy.

A brief summary of the coverage follows:

Insurance Company:	Beazley Furlonge Ltd
Policy Period:	6/1/23-6/1/24 (renewed annually)
Limit of Liability:	\$10,000,000 each loss
Policy Aggregate Limit:	\$10,000,000
Deductible:	\$50,000 per occurrence
Annual Premium:	\$234.91 176.80 per location (includes taxes)*

*This is the premium in effect as of the date of this Franchise and it may increase with the renewal of the policy.

Insurance premiums will be collected via the base rent draft on the third workday of each month.

Owner/operator will be drafted one twelfth of the premium per month except for the first three months of operation. During the first three months of operation, the following will occur:

- The premium will not be charged for the month of store opening.
- The premium will be due but not drafted for the first full month of operation.
- The second full month’s premium along with the first full month’s premium will be drafted on the third workday of second month of operation.

Below is an example of how the premium will be drafted based on a June 15th open date and a ~~\$234.91~~176.80 annual premium:

<u>Month</u>	<u>Amount Due</u>	<u>Amount Drafted on 3rd Workday</u>
June	\$0	\$0
July	\$19.57 14.73	\$0
August	\$19.57 14.73	\$39.14 29.46
September	\$19.57 14.73	\$19.57 14.73

THIS ADDITION TO THE DRAFT DOES NOT CHANGE BASE SALES CALCULATIONS.

Additional details of the coverage can be secured by contacting the McDonald’s Insurance Department at 630-623-6594. For questions on the premium collection procedures, contact a Home Office Representative at 630-623-5319.

EXHIBIT K

McDONALD'S U.S. NEW TERM POLICY

(Effective ~~January 1, 2024~~ January 1, 2025)

As franchisor, McDonald's USA, LLC ("McDonald's") desires to enter into business relationships with Owner/Operators who, as McDonald's determines, consistently meet the National Franchising Standards (the "Standards"), comply with their Franchise Agreement, support McDonald's initiatives and Values, and contribute to the overall success of the McDonald's System. A McDonald's franchise is granted for a limited period of time with no right to renew or extend. In addition, in determining whether to enter into a new term franchise, McDonald's will evaluate the available real estate tenure and economic viability of the restaurant and may set conditions on the new term franchise, as further explained below.

An Owner/Operator organization's performance will be assessed throughout the franchise term and, at each Business Review, the Field Office will communicate the history of performance and current performance under the Standards.

A new term franchise decision must be made before the franchise term expires. In the sixteenth calendar year prior to the expiration of the franchise term (year 16 of the standard 20 year franchise term), the Owner/Operator will apply for a new term franchise by completing a New Term Request for the restaurant.

In year 17 of the franchise term, if the organization has consistently met the Standards, the Vice President of the respective Field Office is likely to recommend to the New Term Committee that a new term franchise offer be made to the Owner/Operator. If the organization has a history of inconsistently meeting the Standards or, in year 17, is not meeting the Standards, the Vice President of the respective Field Office is likely to recommend against offering a new term franchise to the New Term Committee.

New term franchise recommendations are submitted by the Operations Officer, with endorsement from the Field Vice President of the respective Field Office, for approval from the New Term Committee. ~~by the Vice President of the respective Field Office to the New Term Committee~~ The New Term Committee, ~~which~~ is made up comprised of members of U.S. management. Only the New Term Committee, or its designee, has the authority to offer, reconsider an offer or not offer a new term franchise to an Owner/Operator.

If a new term franchise offer is ~~made~~ approved, the terms will be outlined in a new term offer letter that will be sent to the Owner/Operator. The offer of a new term franchise is conditioned upon the organization continuing to remain in compliance with the Standards and their Franchise Agreement for the remainder of the current franchise term and is subject to available real estate tenure. If the organization does not meet one or more of the Standards after the time of the new term offer but before the end of the current term, the Vice President of the respective Field Office is likely to ~~ask~~ request the New Term Committee to reconsider the offer of a new term.

There may be additional conditions imposed as a part of the new term franchise offer. Any such conditions will be included in the new term offer letter and will vary from case to case, but most frequently relate to reinvestment, rebuilds, relocations, real estate issues, or ownership policy issues. If the Owner/Operator owns or leases additional property that McDonald's determines is essential to the operation of the restaurant business, the new term franchise offer will be conditioned upon McDonald's obtaining a controlling interest, through purchase or option to purchase, in the additional property to ensure its availability for the long-term operation of the restaurant. In some situations, due to the availability of real estate, questions about the long-term economic viability of the restaurant location, or other considerations, a shorter-term franchise or restaurant closure may be appropriate.

To accept the offer of a new term franchise, the Owner/Operator must sign our then-current form of franchise agreement prior to the start of the new term franchise. The Royalty will remain the same as the previous rate for the restaurant. The initial franchise fee for the new term franchise will be those in effect for similar restaurants at the time the new term franchise commences. The rent for the new term franchise will be calculated in accordance with the then-current new term rent policy. Owner/Operator rental of additional property will be treated in accordance with the additional property policy in effect at the time the new term franchise commences.

INITIAL FEE

The initial fee will be due in full at the start of the new term franchise. The initial fee charged will be that in effect at the time the new term franchise begins and may be higher than the \$45,000.00 initial fee currently in effect.

(Paragraphs with specific conditions of the new term offer are inserted here.)

NEW FRANCHISE DOCUMENTS

Provided you continue to meet the NFS for the new term franchise, the new franchise documents will be forwarded to you for execution approximately one month prior to the start of the new term franchise.

If you are not interested in receiving a new term franchise for this Restaurant as outlined above, please notify (New Term Manager Name), U.S. Franchising Strategy, at the ~~number shown~~ email address listed above within 30 days from the date of this letter.

Sincerely,

McDONALD'S USA, LLC

Brad Bogan
U.S. Vice President – Franchising Strategy

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	May 1, 2024, as amended January 1, 2025
Hawaii	May 1, 2024, as amended January 1, 2025 (pending)
Illinois	May 1, 2024, as amended January 1, 2025
Indiana	May 1, 2024, as amended January 1, 2025
Maryland	May 1, 2024, as amended January 1, 2025
Michigan	May 1, 2024, as amended January 1, 2025
Minnesota	May 1, 2024, as amended January 1, 2025
New York	May 1, 2024, as amended January 1, 2025
North Dakota	May 1, 2024, as amended January 1, 2025
Rhode Island	May 1, 2024, as amended January 1, 2025
South Dakota	May 1, 2024, as amended January 1, 2025
Virginia	April 30, 2024, as amended January 1, 2025
Washington	May 1, 2024, as amended January 1, 2025
Wisconsin	April 15, 2024, as amended January 1, 2025

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If McDonald's USA, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If McDonald's USA, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency listed on Exhibit P.

The name, principal business address, and telephone number of the franchise sellers offering the franchise are McDonald's USA, LLC and Brad Bogan, 110 N. Carpenter Street, Chicago, Illinois 60607 (630) 623-3000.

The issuance date of this Franchise Disclosure Document is May 1, 2024, [as amended January 1, 2025](#).

McDonald's USA, LLC authorizes the state agents listed in Exhibit O to receive service of process for it in the respective states.

I received a disclosure document dated May 1, 2024, [as amended January 1, 2025](#), that included the following Exhibits:

- | | |
|--------------------------------------|---|
| A. Financial Statements | L. McDonald's Growth Policy |
| B. Franchise Agreement (Traditional) | M. New Term Offer Letter |
| C. Franchise Agreement (Satellite) | N. Loan and Related Documents |
| D. Franchise Agreement (Walmart) | O. List of Agents for Service of Process |
| E. New Restaurant Rider | P. State Administrators |
| F. BFL Rider | Q. McDonald's Affiliates |
| G. Operator's Lease | R. List of Franchised Restaurants |
| H. Assignment to an Entity | S. List of franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business |
| I. Assignment Agreement | T. State Specific Addenda |
| J. Preliminary Agreement | |
| K. McDonald's New Term Policy | |

Date Received

Prospective Franchisee

Prospective Franchisee

Prospective Franchisee

Effective Date: May 1, 2024, [as amended January 1, 2025](#)

Return electronically signed and dated Receipt via DocuSign; or fax signed and dated Receipt to (630) 568-6271; or mail signed and dated Receipt to Franchise Practice Group Dept. 088, McDonald's USA, LLC, 110 N. Carpenter Street, Chicago, IL 60607.

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