

EXECUTIVE SUMMARY

2014 Progress Report

In September 2013, McDonald's partnered with the Alliance for a Healthier Generation ("Alliance") in a global effort to increase customers' access to fruits, vegetables, water, and low-fat dairy products and to help families make more informed food choices. McDonald's and the Alliance announced their partnership on a Commitment to Action at the Clinton Global Initiative ("CGI") Annual Meeting in September 2013. This Commitment to Action includes five specific commitments related to McDonald's menu offerings, menu boards, packaging, and advertising. McDonald's pledged to implement these actions in 20 major markets, which represent more than 85% of the company's global sales. The commitment includes interim goals for market-level compliance in 2016 and 2018 and final goal of fulfilling all commitments in all 20 markets by 2020.

McDonald's also committed to participate in an independent process to measure and verify the progress of its efforts. This document represents the first annual report on the company's progress towards fulfilling this Commitment to Action. It includes results from verification efforts that were piloted in the United States and Italy during the initial implementation period from September 2013 through December 2014.

Neither market was expected to have fulfilled all five commitments during this initial year. Instead, the markets were expected to see progress towards fulfilling aspects of the commitment in a set number of markets before the end of 2016. Subsequent reports will include additional markets and assess McDonald's progress towards its 2016, 2018, and 2020 goals.

McDonald's-Alliance Partnership on CGI Commitment to Action

Commitment 1: Feature only water, milk and juice as the beverage in Happy Meals on menu boards and in-store and external advertising directed to children; For Happy Meals, remove all soda logos and images of cups with soda from the Happy Meal section of menu boards (where it exists) and all in-store and external advertising directed to children, and phase out the listing of soda on the Happy Meal section of the menu board. Soda will be available as a beverage option, but it will not be listed on the Happy Meal section of the menu board.

Commitment 2: Offer side salad, fruit, or vegetable as a substitute for fries in value meals.


Commitment 3: Utilize Happy Meal and other packaging innovations and designs to generate excitement for fruit, vegetable, low/reduced fat dairy, or water options for kids; or offer new fruit, vegetable, low/ reduced fat dairy or water option in the Happy Meal.

Commitment 4: Dedicate one Happy Meal box or bag panel to communicate a fun nutrition or children's well-being message (four times annually).

Commitment 5: 100% of advertising directed to children to include a fun nutrition or children's well-being message.

This report finds that progress was made in both markets on a number of the commitments. To summarize:

- McDonald's USA fulfilled Commitments 1, 3, 4, and 5 in 2014. While some of the commitments were met prior to 2014, two new initiatives taken during this inaugural year included removing sodas from the Happy Meal section of menu boards and introducing new fruit and low-fat dairy side items in Happy Meals. Although the United States did not fulfill Commitment 2 in 2014, progress was made in early 2015.
- McDonald's Italy fulfilled Commitments 2, 3, 4, and 5 in 2014. As for Commitment 1, Italy excluded sodas from in-store or external ads in 2014, as in years prior, and it removed soda logos from the Happy Meal section of menu boards at the end of 2014. Additional steps need to be taken to phase out the listing of juice with added sugar from the Happy Meal section of menu boards in order to fulfill this commitment.

McDonald's-Alliance Partnership: CGI Commitment to Action			
1. Water, Milk, and Juice Were the Only Happy Meal Beverages on Menu Boards & Child-Directed Ads	<input checked="" type="radio"/>	<input type="radio"/>	
2. Side Salad, Fruit, or Vegetable Option Offered in Value Meals	<input type="radio"/>	<input checked="" type="radio"/>	
3. New Happy Meal Packaging Designs Utilized or New Happy Meal Fruit, Vegetable, or Low-Fat Dairy Side Offered	<input checked="" type="radio"/>	<input checked="" type="radio"/>	
4. At Least Four Happy Meal Boxes or Bags Dedicated a Panel to a Nutrition or Children's Well-Being Message	<input checked="" type="radio"/>	<input checked="" type="radio"/>	
5. Nutrition or Children's Well-being Messages Included on Child-Directed Ads	<input checked="" type="radio"/>	<input checked="" type="radio"/>	

Criteria Fulfilled
 Progress Made but Not Fulfilled
 Not Fulfilled

These conclusions are based on data collected from both McDonald's and external sources. McDonald's provided sales data, images of menu boards, and video files of television advertisements, among other data. Keybridge collected data from external sources to corroborate that the information reported by McDonald's accurately reflected the reality in restaurants and external communications. Keybridge analyzed all of the data to determine whether each market satisfied the five commitments.

Additional details about each market's efforts to fulfill each commitment and the data used to verify those efforts are included in the full report.

McDONALD'S-ALLIANCE PARTNERSHIP: CGI COMMITMENT TO ACTION

Progress on 2020 Commitment: United States

2014 SUMMARY OF PROGRESS BY COMMITMENT

1. Water, Milk, and Juice Were the Only Happy Meal Beverages on Menu Boards & Child-Directed Ads	●
2. Side Salad, Fruit, or Vegetable Option Offered in Value Meals	○
3. New Happy Meal Packaging Designs Utilized or New Happy Meal Fruit, Vegetable, or Low-Fat Dairy Side Offered	●
4. At Least Four Happy Meal Boxes or Bags Dedicated a Panel to a Nutrition or Children's Well-Being Message	●
5. Nutrition or Children's Well-being Messages Included on Child-Directed Ads	●

● Fulfilled ● Progress Made but Not Fulfilled ○ Not Fulfilled

KEY STATISTICS BY COMMITMENT

1. Beverages Featured in Restaurants & External Ads

Nielsen Survey Data; TV Ad Data

100% of restaurants sampled did not picture or list sodas on the Happy Meal section of menu boards.

100% of restaurants sampled did not picture or list sodas on child-directed in-store ads.

99.9% of child-directed TV ads did not mention or show images of sodas.*

2. Value Meals: Side Salad, Fruit & Vegetable Offerings

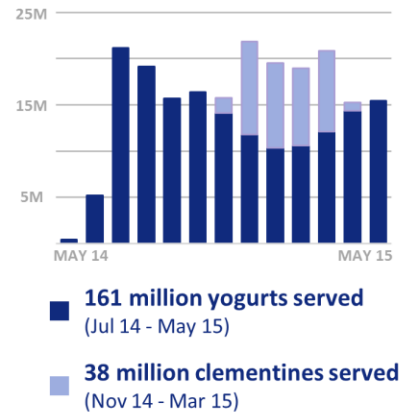
Sales Data

McDonald's reported that 2% of restaurants offered side salads in value meals in 2014; Nielsen found that 83% offered them in early 2015.



3. New Happy Meal Sides Introduced in 2014

Sales Data (Includes a la carte sales)



4. Happy Meal Boxes & Bags with Qualifying Messages

Images of Happy Meal Boxes/Bags

14 boxes/bags out of 18 dedicated a panel to a nutrition or children's well-being message, ten more than required.



5. Child-Directed Ads with Qualifying Message

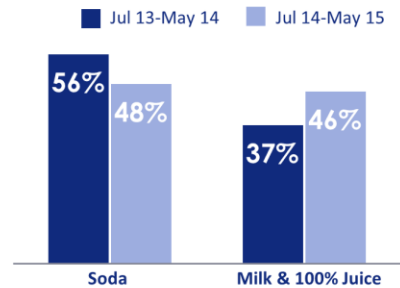
TV Ad Data



99.9% of McDonald's TV ads on programs directed to children included a fun nutrition or children's well-being message.*

IMPACT: Beverage Selections as a Percentage of Happy Meals

Sales Data



21 million Additional milk jugs & juice boxes served in Happy Meals and a la carte from Jul 2014 - May 2015 compared to the prior year.

* The remaining ads shown during child-directed programs represent programming errors or unexpectedly high viewership among children.

McDONALD'S-ALLIANCE PARTNERSHIP: CGI COMMITMENT TO ACTION

Progress on 2020 Commitment: Italy

2014 SUMMARY OF PROGRESS BY COMMITMENT

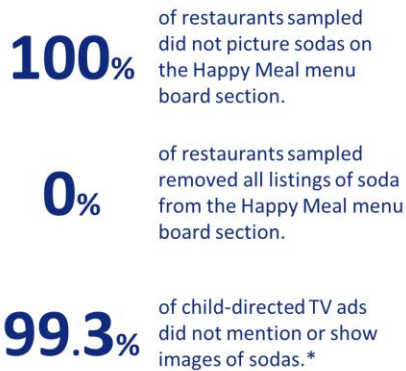
1. Water, Milk, and Juice Were the Only Happy Meal Beverages on Menu Boards & Child-Directed Ads	●
2. Side Salad, Fruit, or Vegetable Option Offered in Value Meals	●
3. New Happy Meal Packaging Designs Utilized or New Happy Meal Fruit, Vegetable, or Low-Fat Dairy Side Offered	●
4. At Least Four Happy Meal Boxes or Bags Dedicated a Panel to a Nutrition or Children's Well-Being Message	●
5. Nutrition or Children's Well-being Messages Included on Child-Directed Ads	●

● Fulfilled ● Progress Made but Not Fulfilled ○ Not Fulfilled

KEY STATISTICS BY COMMITMENT

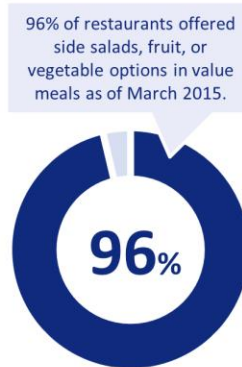
1. Beverages Featured in Restaurants & External Ads

Nielsen Survey Data; TV Ad Data



2. Value Meals: Side Salad, Fruit & Vegetable Offerings

Nielsen Survey Data



3. Qualifying Happy Meal Packaging Designs

Qualitative Data



4. Happy Meal Boxes With Qualifying Message

Images of Happy Meal Box Designs

7 boxes out of 13 dedicated a panel to a nutrition or children's well-being message, three more than required.



5. Child-Directed Ads with Qualifying Message

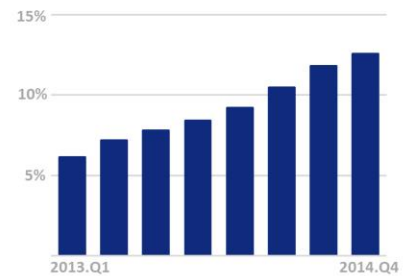
TV Ad Data



99.3% of McDonald's TV ads on programs directed to children included a fun nutrition or children's well-being message.*

IMPACT: Take Rates for Happy Meal Fruit Sides, 2013-14

Sales Data



49% Increase in average take rates of fruit sides in Happy Meals from 2013 to 2014.

* The remaining ads shown during child-directed programs represent programming errors or unexpectedly high viewership among children.