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Getting To Know Bill Ackman: Part III McDonald's

AUGUST 21, 2015 · [BILL ACKMAN \(/BLOG/?TAG=BILL+ACKMAN\)](#), [PERSHING SQUARE CAPITAL \(/BLOG/?TAG=PERSHING+SQUARE+CAPITAL\)](#)

Pershing Square took a stake in McDonald's Corporation in 2005 and made a number of proposals to management that were designed to increase shareholder value. Specifically, in November 2005, Pershing Square made a proposal to sell 65% of McOpCo, a unit of McDonald's which operated roughly 8,000 of McDonald's 32,000 system-wide restaurants, to the public and accelerate an ongoing share repurchase program. Pershing Square later revised its proposal, urging McDonald's to sell 20% of McOpCo to the public, commence a McOpCo refranchising program by selling company-operated restaurants directly to its franchisees, and increase share repurchases. As part of the plan, Pershing Square also proposed a three-fold increase in McDonald's dividend.



McDonald's eventually undertook a number of initiatives upon the urging of Pershing Square, including the sale of 1,600 McOpCo restaurants in Latin America and the Caribbean, a commitment to sell approximately 30% of its company-operated restaurants to franchisees over time, the repurchase of more than \$5 billion of its stock, and an approximate three-fold increase in its dividend resulting in a sustained rise in its stock price. We believe our proposals helped McDonald's

dividend resulting in a sustained rise in its stock price. We believe our proposals helped McDonald's highlight the value of its brand royalty business, improve overall capital allocation, increase same store sales and accelerate earnings growth. During the approximately two-year period of Pershing Square's involvement with McDonald's, McDonald's stock price nearly doubled in price.

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