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September 27, 2006

Office of Mergers and Acquisitions
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-3628
Attention: Mr. Brian V. Breheny, Chief
Ms. Pamela Carmody, Special Counsel
Mr. Adé K. Heyliger, Attorney Advisor

Re: McDonald's Corporation – Exchange Offer

Ladies and Gentlemen:

We are writing on behalf of McDonald's Corporation in connection with an exchange offer that McDonald's commenced on September 8, 2006 following our discussions with the staff about the matters discussed below. The exchange offer is being made by McDonald's with respect to its remaining interest in Chipotle Mexican Grill, Inc., which consists of 16,539,967 shares of Chipotle class B common stock.¹ McDonald's is offering to exchange a specified dollar value of Chipotle class B common stock in exchange for a fixed dollar value of tendered McDonald's common stock, based on values determined by reference to daily volume-weighted

¹ McDonald's has one class of common stock, which is listed on the New York Stock Exchange. Chipotle has class A and class B common stock. The class A stock is listed on the NYSE, and the class B stock will also be listed on the NYSE. The two classes of Chipotle common stock have identical economic rights. On matters subject to shareholder vote, class A stock is entitled to one vote per share, while class B stock has 10 votes per share, except with respect to corporate transactions such as mergers, the sale of all or substantially all of Chipotle's assets or a dissolution, when both classes have one vote per share. The class B stock owned by McDonald's represents about 82.2% of the voting interest and 50.8% of the economic interest in Chipotle, and about 88% of the class B stock outstanding on June 30, 2006. The other holders of class B stock are founders, directors and employees of Chipotle and a small number of other investors who owned Chipotle common stock at the time of its initial public offering when it effected a recapitalization.

average trading prices during the final two business days of the offer. Morgan Stanley & Co. Incorporated is acting as the dealer manager for the exchange offer.

We respectfully request that the staff confirm that it will not recommend that the Commission take enforcement action pursuant to Rules 13e-4(d)(1), 13e-4(e)(3), 13e-4(f)(1)(ii) and 14e-1(b) under the Securities Exchange Act of 1934 (requiring the specification of consideration offered and the extension of the offer on a change in consideration) with respect to McDonald's use of the pricing mechanism described below.

I. The Exchange Offer

The terms of McDonald's exchange offer are described in the Prospectus—Offer To Exchange included in Chipotle's Registration Statement on Form S-4 (No. 333-137177) filed with the Commission on September 8, 2006. Participation in the exchange offer is voluntary, and McDonald's, Chipotle and Morgan Stanley will not make any recommendation about whether anyone should participate. Directors and officers of McDonald's and Chipotle may participate, but the terms of the offer do not provide them with any advantage relative to other McDonald's shareholders.

The pricing mechanism used in McDonald's exchange offer differs from traditional pricing means insofar as it does not provide for a fixed exchange ratio – whether set at the start or during the term of the offer – that specifies the exact number of shares receivable by a tendering holder, and it does not otherwise specify at the outset a fixed dollar amount of consideration receivable. Instead, McDonald's pricing mechanism is designed to deliver a specified dollar value of Chipotle class B common stock in exchange for a fixed dollar value of tendered McDonald's common stock. To encourage participation, the value relationship reflects a 10% discount to the estimated value of Chipotle class B common stock. In determining this discount, McDonald's considered a variety of factors, including the price of Chipotle class A common stock, which McDonald's believes is an appropriate, readily ascertainable proxy for the value of the class B stock, due to the substantial identity in the attributes of the two classes. Thus, for each \$1.00 of McDonald's common stock tendered, a holder will receive \$1.11 of Chipotle class B common stock (subject to the limit on the exchange ratio described below).

The final exchange ratio reflecting this value relationship will be determined using the calculated per-share values for the two stocks at offer expiration. Specifically, the calculated per-share values of McDonald's and Chipotle stock will be determined by reference to the arithmetic average of the daily volume-weighted average price (or daily VWAP) of McDonald's common stock and Chipotle class A common stock on the NYSE on each of the last two trading days of the exchange offer.² The daily VWAP for McDonald's common stock or Chipotle class A common stock will be the volume-weighted average price per share of the applicable stock on the NYSE during the period beginning at 9:30 a.m., New York City time (or the then-official

² The last two trading days of the originally contemplated exchange offer period are October 4, 2006 and October 5, 2006. Although these dates could change if the exchange offer is extended, they will not change for purposes of calculating the per-share values if that extension occurs solely as a result of the automatic extension of the exchange offer triggered by the limit.

open of trading) and ending at 4:00 p.m., New York City time (or the then-official close of trading), except that, on the last trading day of the originally contemplated exchange offer period, such data will only take into account any adjustments made to reported trades included by 4:10 p.m., New York City time, on that day. McDonald's believes that a two-day VWAP-based pricing period offers shareholders a reasonable balance between the objectives of providing the most current pricing practicable, while reducing price distortions that could occur if prices were established at a single point in time. The exchange offer will be automatically extended if a market disruption event (*e.g.*, a trading suspension in McDonald's common stock or Chipotle class A common stock) occurs during this two-day period.

The maximum number of shares of Chipotle class B common stock receivable for tendered McDonald's common stock is subject to a limit expressed as a fixed ratio that was established using the closing price for McDonald's common stock on September 7, 2006 (the last trading day prior to the commencement of the exchange offer) and a 20% discount to the closing price for Chipotle class A common stock on that date. This limit is intended to protect non-tendering holders against an unusual or unexpected drop in the trading price of Chipotle class A common stock, relative to the trading price of McDonald's common stock, and the prospective loss of value to them (as continuing McDonald's investors) if the Chipotle class B common stock were exchanged at an unduly high exchange ratio. If the limit is in effect at the close of trading on the originally contemplated expiration date, the final exchange ratio will be fixed at the limit and the exchange offer will be extended until 12:00 midnight of the second following trading day to permit shareholders to tender or withdraw their shares of McDonald's common stock during those days. No later than 4:30 p.m. on the originally contemplated expiration date, McDonald's will issue a press release to announce whether the limit is in effect and, if so, the extension of the exchange offer period and will also place this announcement on the website described below.³

The foregoing pricing terms are disclosed in the Prospectus—Offer to Exchange and will be constant throughout the exchange offer. Any change in pricing terms (including in the limit described above) will be made no later than 10 business days before offer expiration.

The exchange offer is also subject to a "minimum tender" condition, whereby McDonald's will not be obligated to complete the exchange offer if fewer than 4,961,990 shares of Chipotle class B common stock would be distributed in the exchange offer (about 30% of the Chipotle class B common stock owned by McDonald's). If the limit described above is in effect at offer expiration and the minimum tender condition is not met, this condition would help to protect tendering holders who may not have recognized or acted upon the underlying change in the economic benefits of the exchange offer by withdrawing their shares.

If the exchange offer is oversubscribed, shares of Chipotle class B common stock receivable by a tendering holder (other than holders of odd-lot positions who tender all of their shares) will be subject to proration with all tendering holders participating equally. McDonald's

³ Expressed as a formula, the number of shares of Chipotle class B common stock receivable by a tendering holder will be equal to the number of shares of McDonald's common stock tendered and accepted, multiplied by the lesser of (i) 0.9157; and (ii) the quotient obtained by dividing (a) 100% of the calculated per-share value of McDonald's common stock, by (b) 90% of the calculated per-share value of Chipotle class A common stock.

determined not to include any minimum exchange ratio because, were such a limit to be triggered, it would provide tendering shareholders with a windfall return in excess of \$1.11 of Chipotle class B common stock for each \$1.00 of McDonald's common stock tendered and accepted.

To make pricing information available to the general public during the exchange offer, McDonald's is maintaining a website (www.chipotleexchange.com) and publishing pricing-related information as follows:⁴

- On September 11 and each day thereafter prior to the final two-day calculation period, indicative calculated per-share values and exchange ratios have been or will be made available on the website no later than 4:30 p.m., New York City time, in each case calculated as though that day were the expiration date. In other words, assuming that a given day is a trading day, the indicative calculated per-share value and exchange ratio that will be made available that afternoon will be determined by averaging the daily VWAP for that day and the immediately preceding trading day.
- During the last two trading days of the exchange offer, the indicative exchange ratios will be based on indicative calculated per-share values using cumulative actual trading data. Thus, on the next-to-last trading day during the offer (the first day of the calculation period), the actual daily volume-weighted average prices during the elapsed portion of that first day will be used in the calculations and, on the final trading day, the calculations will use the average of the daily VWAP for the next-to-last trading day and the actual daily volume-weighted average prices during the elapsed portion of that final trading day. Indicative calculated per-share values and exchange ratios will be updated on the website every 30 minutes during the two-day calculation period.⁵
- The information agent for the exchange offer is also able to provide the above data via a toll-free telephone number disclosed in the Prospectus—Offer to Exchange on each day of the exchange offer period.
- The final exchange ratio (including an announcement about the extension of the exchange offer period, if the limit on the exchange ratio described above is in effect) will be published by McDonald's on the website and in a press release no later than 4:30 p.m., New York City time, on the expiration date, and that information and the press release will also be included in an amendment to McDonald's Schedule TO.

⁴ McDonald's is filing with the Commission under Rule 425 of the Securities Act of 1933 information derived from screen shots of the website each time that information changes.

⁵ While the VWAP information, indicative calculated per-share values and exchange ratios will be updated every 30 minutes during the two-day calculation period, the information provided on the website will reflect a 20-minute delay in the reported pricing information due to restrictions on publication of real-time price and volume data imposed by the NYSE.

Withdrawal rights are available throughout the exchange offer. Since the offer will terminate at midnight (New York City time) on the expiration date, holders will have an opportunity for last-minute tenders and withdrawals. In this regard, we note the following:

- The Depository Trust Company remains open until 5:00 p.m., enabling holders to withdraw or tender their shares in that system for at least half an hour.
- Investors will be able to fax (through their brokers or similar institutions if they do not hold their shares directly) notices of withdrawal to the exchange agent, which will reflect all of those withdrawals either on its system or on DTC's system when DTC's system reopens the following morning.
- McDonald's has made available a notice of withdrawal to investors both in printed materials and via the exchange offer website, and the procedures for withdrawal are explained in the Prospectus—Offer to Exchange, including the times and methods by which tenders and withdrawals must be made.

Even without these procedures, holders will at all times from the start of the exchange offer know the value offered for each share of McDonald's common stock. They will also have free and ready access to information during the two-day pricing period that should enable them to make informed decisions about their participation in the exchange offer. Moreover, if the final exchange ratio is subject to the limit on the exchange ratio described above, investors will have two additional trading days during which to tender or withdraw their shares of McDonald's common stock.

II. Discussion

We respectfully request that the staff confirm that it will not recommend that the Commission take enforcement action under Exchange Act Rules 13e-4(d)(1), 13e-4(e)(3), 13e-4(f)(1)(ii) and 14e-1(b) if McDonald's completes the exchange using the pricing mechanism described above. We believe that this mechanism is consistent with the protection of investors because it results in a fixed, constant dollar value exchange (subject to the limit on the exchange ratio described above) and provides greater certainty about the ultimate return to investors and absolute certainty about the maximum number of shares of Chipotle class B common stock receivable per share of McDonald's common stock tendered. We also believe that this approach builds on offers using other traditionally available pricing structures, including formula-based and "Dutch auction" structures previously approved by the staff, while providing investors with advantages not available in those offers.

Fixed Exchange Ratios. The pricing mechanism used in McDonald's exchange offer allows investors to better predict the value they will receive in the exchange offer than would an offer using the traditional pricing method of a fixed exchange ratio. In fixed-ratio offers, the return to investors depends on the value at offer expiration of both what is offered and what is tendered. These values fluctuate independently and without constraint during the offer period, and an investor only realizes the actual discount or premium initially embedded in the exchange

ratio if the prices of the underlying stocks on offer expiration are equal to their prices at the offer's inception. Sophisticated investors may seek to lock in this discount at the offer's start through a variety of trading strategies (including a "long-short" arbitrage strategy⁶) that, when implemented, could make them economically indifferent to subsequent changes in trading prices for the stocks involved. Less sophisticated investors, such as small retail investors, generally will not lock in the discount at the offer's inception. Instead, their participation decision may be more heavily influenced by the relative prices of each stock at the offer's end, which may not reflect the discount originally provided.

Formula-Based Exchange Ratios and Pricing Structures. For various reasons, including to mitigate the disadvantages of fixed-ratio offers and to permit a more current market valuation of the securities involved in an exchange, market participants have sought, and the staff has granted, relief under the tender offer rules when the exchange ratio is based on a formula using

⁶ For example, if McDonald's had made a fixed-ratio offer, an investor could buy McDonald's stock and sell short the number of shares of Chipotle stock it expected to receive by tendering McDonald's shares in the exchange offer. The investor could thus seek to lock in an immediate gain equal to the excess of the value of the Chipotle shares it sells short over the value of McDonald's shares it purchases. The investor's return is independent of future changes in the value of either McDonald's or Chipotle stock because the investor does not have a position in either stock on a net basis.

Prior to the setting of the exchange ratio over the last two days of the originally contemplated offer period, the strategy described above would not be directly applicable to McDonald's pricing mechanism unless the limit on the exchange ratio were triggered. For example, an investor treating McDonald's offer from the outset like a fixed-ratio offer on the basis of the maximum number of shares of Chipotle class B common stock received per share of McDonald's common stock tendered and accepted could incur significant risk. To trigger the limit, the investor could attempt to sell short Chipotle class A stock in sufficient volume to drive it to, and maintain it at, an artificially depressed level. Were this strategy successful, the short sales would be profitable. For example, assume the prices of McDonald's and Chipotle stock at inception of the offer are \$35 and \$50 per share, respectively, such that the "capped" exchange ratio using a 20% discount is .08750 shares of Chipotle class B common stock per share of McDonald's common stock. The trader would simultaneously (i) short 875 shares of Chipotle class A common stock; and (ii) buy 1,000 shares of McDonald's common stock repeatedly until the price of Chipotle class A common stock declines to \$40 per share at which point the offer would be "break-even" on a pre-tax basis (*i.e.*, $\$40 \times 0.8750 = \$35 =$ price of McDonald's common stock). Among the issues raised by such a strategy, however, is whether the investor could in fact maintain the depressed Chipotle share price over the offer period. For example, were the price of Chipotle class A stock to rise, the exchange ratio would fall and the trader would become net-short Chipotle stock and in general incur increasing losses as the price of Chipotle class A stock continues to rise. McDonald's believes that it is unlikely that an investor could maintain a substantially depressed stock price over the offer period because purchases by "natural" buyers of Chipotle class A common stock would disrupt the strategy of keeping the price artificially depressed (or at least make it more risky). Additionally, the ability of this strategy to succeed relies on the assumption of sufficient stock loan availability in Chipotle shares. The facts surrounding McDonald's exchange offer – notably the size of the exchange offer relative to the aggregate value of Chipotle class A common stock currently traded, along with the limited availability of Chipotle class A common stock for purposes of stock loan – substantially weaken this assumption.

⁷ This is of particular note in light of McDonald's large retail shareholder base. McDonald's believes that more than 188,000 of its approximately 253,000 shareholders of record as of August 31, 2006 were individuals holding odd-lot positions.

trading data over a specified period (typically 10 trading days).⁸ In *Lazard Freres & Co.*, the first of these no-action letters, the staff nonetheless required that the exchange ratio be set no later than the second full business day preceding the offer expiration. The staff has extended the relief granted in *Lazard* to other circumstances involving formula-based pricing, but in each case has continued to require that the final consideration be set no later than two trading days prior to the expiration of the offer. For example, the staff permitted AB Volvo to set the redemption price for Volvo common stock using a formula based on volume-weighted average trading prices of that stock on the Stockholm Stock Exchange on three specified days during a three-week period ending two U.S. trading days before the expiry of the U.S. offer.⁹ Similarly, the staff permitted TXU Corporation to offer to purchase certain equity-linked securities for a price fixed at least two days prior to offer expiration and indexed to the daily volume weighted average trading price of TXU's stock for the 10-day period then ended.¹⁰

While "day 18" formula-based exchange ratios provide benefits relative to traditional fixed-ratio offers, the values of both what is sought and what is offered still fluctuate without limit during the last two days of the offer period. During that period, sophisticated investors may take steps, as they would in a traditional fixed-ratio offer, to lock in the value embedded in the exchange ratio, whereas less sophisticated retail investors may lack the know-how or means to do the same. The ability of sophisticated investors, such as market professionals, to extract value during that period has over the years increased in line with the sophistication of trading infrastructure that allows for rapid, program trade execution.

We understand that providing for a two-day window between pricing and offer expiration reflects an effort to balance potentially conflicting considerations: on one hand, the need for adequate dissemination of information about the absolute consideration being offered to investors and, on the other hand, the desire to minimize the artificially imposed exposure to market risk resulting from the imposition of an arbitrary time delay between pricing and offer expiration. In the last 10 years, however, trading markets and investor behavior and expectations have changed dramatically due to the substantially increased penetration of the Internet and online brokerage services among all classes of investors. We note in particular the following:

⁸ *Lazard Freres & Co.* (avail. Aug. 11, 1995). See also *BBVA Privanza International (Gibraltar) Limited* (avail. Dec. 23, 2005); *TXU Corporation* (avail. Sept. 13, 2004); *Epicor Software Corp.* (avail. May 13, 2004); *AB Volvo* (avail. May 16, 1997).

⁹ *AB Volvo* (avail. May 16, 1997).

¹⁰ *TXU Corporation* (avail. Sept. 13, 2004). See also, e.g., *Epicor Software Corp.* (avail. May 13, 2004) (permitting Epicor to determine the magnitude of an offer price adjustment by reference to the average closing price per share of Epicor common stock during the 10 trading-day period ending two trading days before expiration of the offer); *BBVA Privanza International (Gibraltar) Limited* (avail. Dec. 23, 2005) (permitting BBVA Gibraltar to price a tender offer for preference shares based on a stated fixed spread over yield on a specified benchmark U.S. Treasury security on the second business day immediately preceding the expiration of the tender offer period).

- Investor trading behavior is now driven largely by free, widely available online quotation sources, readily available online brokerage account execution services (including for small “discount” customers) and free, online “real-time” financial news.
- Demand by retail investors for automatic, rapid trade execution has become not only more acute as reflected by the clear success of online trading systems, but is now the basic expectation of investors who are accustomed to real-time quotation and execution.

In today’s trading environment, new information is reflected in market prices almost instantaneously as professionals trading in significant volume are able to both access and act on information immediately. This ability did not exist to the same extent at the time of *Lazard*, when the Internet was at its inception and electronic markets were only beginning to emerge.

For the same reasons, we believe that the 10-day averaging period is not as favorable to retail investors as that incorporated in McDonald’s pricing mechanism. While no particular logic attaches to a 10-day time frame, as compared to any other, the underlying policy favoring a longer pricing period is – in principle – that it protects investors against potential manipulation and other unusual price movements that could distort the value of consideration offered to investors.

A lengthy averaging period increases the likelihood that market-wide fluctuations may influence the calculation and that the prices of the underlying securities at the end of the averaging period differ significantly from the value ascribed to them by the pricing mechanism – a result that could particularly affect less sophisticated investors who decide whether to participate in an exchange offer based on the final values of the stocks involved. McDonald’s pricing mechanism uses more current pricing through a shorter averaging period, while still providing protection against the manipulation that could arise using “point in time” pricing, and should thus benefit investors as a whole.

McDonald’s pricing mechanism enables investors to consider whether to accept or reject an exchange or tender offer based on a fixed dollar value of Chipotle class B stock receivable per dollar of McDonald’s common stock tendered (subject to the limit on the exchange ratio described above). While tendering holders will not know prior to expiration of the offer the precise number or dollar value of Chipotle class B common stock they will receive per share of McDonald’s common stock tendered (unless the limit is triggered), as they would in a formula-based offer using “day 18” pricing, they will know the relative value relationship of the two stocks intended to be provided in the exchange. McDonald’s pricing mechanism also offers significant advantages to investors in that it:

- minimizes the potential for pricing disparities between the announced ratio and the final ratio in offers using fixed and formula-based exchange ratios;
- is simple to understand, since it focuses on the relative value relationship between two stocks (the central consideration for investors);

- relies on more current information about the value of the stocks in question, since it uses a shorter averaging period, while at the same time incorporating protections against manipulation;
- incorporates communication methods to allow investors to access relevant and up-to-date pricing-related information; and
- incorporates procedures to permit investors to make last-minute tenders and withdrawals during a period that is consistent with, and in some cases better than, the comparable timeframes addressed by the staff and, if the limit on the exchange ratio is in effect, gives investors two additional trading days during which they may evaluate the exchange offer and tender or withdraw their shares.

Practical experience also suggests that smaller investors have participated effectively in offers using market-based pricing and that they would readily understand the simpler and more intuitive pricing mechanism used in McDonald's exchange offer. While they arose in an employee compensation context, the issuer tender offers conducted by Comcast and Microsoft, among others,¹¹ demonstrate that tens of thousands of individual investors – some with no remaining connection to the issuer – were able to evaluate market-based offers where the exchange ratio was not fixed at the start of the offer. It is noteworthy that neither employees nor former employees can be distinguished from other security holders in either their need for adequate and timely pricing information or their ability to analyze and act on market-based pricing.

Recent initiatives confirm the Commission's recognition of the significant degree to which technological advances facilitate rapid dissemination of information and widespread access of investors to information via electronic means.¹² We believe that McDonald's pricing mechanism is entirely consistent with the initiatives of the Commission and its staff to adapt the Commission's rules to facilitate – and encourage – capital transactions in the U.S. public market in which the protections of the federal securities laws apply.

McDonald's pricing mechanism is also consistent with the relief granted in *Lazard* and its progeny in all other material respects: (i) the value relationship between the securities involved is fixed and remains constant during the exchange offer (subject to the limit on the

¹¹ See, e.g., *Comcast Corp.* (avail. Oct. 7, 2004) (permitting transfers of options, more than 85% of which were "out-of-the-money," to a broker as part of an employee compensation mechanism, where the exact compensation to be paid to employees in respect of those options was determined after expiration of the transfer period); *Microsoft Corp.* (avail. Oct. 15, 2003) (similar option transfer program where all of the eligible options were "out-of-the-money").

¹² See, e.g., SEC Rel. Nos. 33-8732; 34-54302; IC-27444 (Aug. 11, 2006) (Executive Compensation and Related Person Disclosure) (permitting expanded use of Internet to make certain governance-related disclosures); SEC Rel. Nos. 33-8591; 34-52056; IC-26993; FR-75 (July 19, 2005) (Securities Offering Reform); SEC Rel. Nos. 34-52926; IC-27182 (Dec. 8, 2005) (Internet Availability of Proxy Materials (Proposing Release)); SEC Rel. No. 24-4875 (Nov. 4, 2003) (approving changes to listing standards to incorporate Internet-based disclosure requirements).

exchange ratio described above), such that holders will be able to determine the value receivable on tender of their shares; (ii) the final exchange ratio is based on readily observable average trading prices for securities listed on a national securities exchange over a specified period; (iii) McDonald's will issue a press release announcing the final exchange ratio promptly following the close of trading on the expiration date and will file an amendment to its Schedule TO setting forth the final exchange ratio and including the press release as an exhibit, thus allowing investors time for last-minute tenders and withdrawals; and (iv) holders of McDonald's common stock will be provided with a toll-free number for McDonald's information agent and a freely-accessible website with trading information relevant to pricing, including indicative exchange ratios, enabling holders to predict whether the final exchange ratio will make participation in the offer economic for them.

Other Precedents. The staff also has an established interpretation of its tender offer pricing rules to permit modified Dutch auction tender offers, although these offers do not provide security holders with the final offer price until offer expiration, subject to certain conditions. We believe that McDonald's pricing mechanism is consistent with the staff's position on Dutch auction tender offers and, indeed, provides certain advantages to investors. Like modified Dutch auction offers, McDonald's offer will (i) provide for pro rata acceptance throughout the offer with all securities participating equally in prorationing; (ii) withdrawal rights will exist throughout the offer period; (iii) there will be prompt announcement of the final exchange ratio; and (iv) the offeror will exchange all accepted securities at the highest consideration paid to any security holder under the offer.¹³ Unlike McDonald's pricing mechanism, however, Dutch auction pricing provides significantly less visibility to investors about the value that they will receive, since it merely establishes a range of prices at the outset without providing any visibility during the offer as to likely outcomes. Indeed, we believe that this disadvantage of Dutch auction pricing in part led to the need for the relief granted in the case of "day 18" pricing constructs.¹⁴

As noted above, McDonald's has not incorporated a minimum exchange ratio because it believes that it would result in a windfall to investors. Indeed, incorporating a minimum exchange ratio in the pricing mechanism that McDonald's has used does not correlate to the low end of the range specified in a Dutch auction, where the final exchange ratio is determined independently of the values of the stocks in question based on investor indications of interest in a process that is not transparent to the market generally.

III. Conclusion

McDonald's pricing mechanism fixes at the outset of an exchange offer the relative relationship between the two stocks in question, and this fixed value relationship remains constant during the offer period, subject to the limit on the exchange ratio (which is also fixed from commencement). The structure of McDonald's exchange offer also ensures adequate

¹³ SEC Rel. No. 33-6653 (1979).

¹⁴ See *Lazard Freres & Co.* (avail. Aug. 11, 1995)

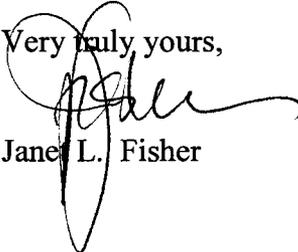
September 27, 2006

dissemination of pricing-related information using resources that are free of charge and consistent with the means that retail investors now commonly use when engaging in ordinary trading activity for their own accounts.

Based on the foregoing, we respectfully request that the staff confirm that it will not recommend that the Commission take enforcement action under Exchange Act Rules 13e-4(d)(1), 13e-4(e)(3), 13e-4(f)(1)(ii) and 14e-1(b) if McDonald's completes the exchange as described herein.

* * *

We would be pleased to answer the staff's questions about this request or to provide any other information the staff may require in considering this request.

Very truly yours,

Jane L. Fisher

cc: Ms. Mary C. Healy, McDonald's Corporation
Gloria Santona, Esq., McDonald's Corporation
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