
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File Number 1-5231

McDONALD'S CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

One McDonald's Plaza
Oak Brook, Illinois

(Address of Principal Executive Offices)

36-2361282

(I.R.S. Employer
Identification No.)

60523

(Zip Code)

(630) 623-3000

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

1,002,548,921

(Number of shares of common stock
outstanding as of March 31, 2013)

McDONALD'S CORPORATION

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEET

| In millions, except per share data | (unaudited) March 31, 2013 | December 31, 2012 |
|---|----------------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and equivalents | \$ 1,869.3 | \$ 2,336.1 |
| Accounts and notes receivable | 1,230.0 | 1,375.3 |
| Inventories, at cost, not in excess of market | 105.2 | 121.7 |
| Prepaid expenses and other current assets | 986.7 | 1,089.0 |
| Total current assets | 4,191.2 | 4,922.1 |
| Other assets | | |
| Investments in and advances to affiliates | 1,290.4 | 1,380.5 |
| Goodwill | 2,789.5 | 2,804.0 |
| Miscellaneous | 1,562.6 | 1,602.7 |
| Total other assets | 5,642.5 | 5,787.2 |
| Property and equipment | | |
| Property and equipment, at cost | 38,095.8 | 38,491.1 |
| Accumulated depreciation and amortization | (13,805.7) | (13,813.9) |
| Net property and equipment | 24,290.1 | 24,677.2 |
| Total assets | \$ 34,123.8 | \$ 35,386.5 |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Accounts payable | \$ 831.6 | \$ 1,141.9 |
| Income taxes | 523.9 | 298.7 |
| Other taxes | 372.6 | 370.7 |
| Accrued interest | 140.2 | 217.0 |
| Accrued payroll and other liabilities | 1,148.8 | 1,374.8 |
| Total current liabilities | 3,017.1 | 3,403.1 |
| Long-term debt | 12,797.9 | 13,632.5 |
| Other long-term liabilities | 1,442.2 | 1,526.2 |
| Deferred income taxes | 1,638.4 | 1,531.1 |
| Shareholders' equity | | |
| Preferred stock, no par value; authorized—165.0 million shares; issued—none | — | — |
| Common stock, \$.01 par value; authorized—3.5 billion shares; issued 1,660.6 million shares | 16.6 | 16.6 |
| Additional paid-in capital | 5,852.7 | 5,778.9 |
| Retained earnings | 39,776.4 | 39,278.0 |
| Accumulated other comprehensive income | 393.8 | 796.4 |
| Common stock in treasury, at cost; 658.1 and 657.9 million shares | (30,811.3) | (30,576.3) |
| Total shareholders' equity | 15,228.2 | 15,293.6 |
| Total liabilities and shareholders' equity | \$ 34,123.8 | \$ 35,386.5 |

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF NET INCOME (UNAUDITED)

| In millions, except per share data | Quarters Ended March 31, | |
|--|-----------------------------|-------------------|
| | 2013 | 2012 |
| Revenues | | |
| Sales by Company-operated restaurants | \$ 4,445.4 | \$ 4,432.2 |
| Revenues from franchised restaurants | 2,159.9 | 2,114.4 |
| Total revenues | 6,605.3 | 6,546.6 |
| Operating costs and expenses | | |
| Company-operated restaurant expenses | 3,726.0 | 3,654.4 |
| Franchised restaurants—occupancy expenses | 395.2 | 374.7 |
| Selling, general & administrative expenses | 596.5 | 592.5 |
| Other operating (income) expense, net | (61.9) | (39.6) |
| Total operating costs and expenses | 4,655.8 | 4,582.0 |
| Operating income | 1,949.5 | 1,964.6 |
| Interest expense | 128.1 | 128.9 |
| Nonoperating (income) expense, net | 4.6 | (11.8) |
| Income before provision for income taxes | 1,816.8 | 1,847.5 |
| Provision for income taxes | 546.6 | 580.8 |
| Net income | \$ 1,270.2 | \$ 1,266.7 |
| Earnings per common share-basic | \$ 1.27 | \$ 1.24 |
| Earnings per common share-diluted | \$ 1.26 | \$ 1.23 |
| Dividends declared per common share | \$ 0.77 | \$ 0.70 |
| Weighted average shares outstanding-basic | 1,002.7 | 1,018.2 |
| Weighted average shares outstanding-diluted | 1,010.8 | 1,030.0 |

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

| In millions | Quarters Ended | |
|--|-----------------------|------------------|
| | March 31, | |
| | 2013 | 2012 |
| Net income | \$1,270.2 | \$1,266.7 |
| Other comprehensive income (loss), net of tax | | |
| Foreign currency translation adjustments: | | |
| Gain (loss) recognized in accumulated other comprehensive income (AOCI), including net investment hedges | (386.4) | 352.5 |
| Foreign currency translation adjustments-net of tax benefit (expense) of \$(59.6) and \$(9.3) | (386.4) | 352.5 |
| Cash flow hedges: | | |
| Gain (loss) recognized in AOCI | (8.2) | (6.5) |
| Reclassification of (gain) loss to net income | (9.3) | 3.0 |
| Cash flow hedges-net of tax benefit (expense) of \$2.7 and \$1.9 | (17.5) | (3.5) |
| Defined benefit pension plans: | | |
| Gain (loss) recognized in AOCI | 1.2 | (0.6) |
| Reclassification of (gain) loss to net income | 0.1 | 1.1 |
| Defined benefit pension plans-net of tax benefit (expense) of \$(0.3) and \$0.8 | 1.3 | 0.5 |
| Total other comprehensive income (loss), net of tax | (402.6) | 349.5 |
| Comprehensive income | 867.6 | 1,616.2 |

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

| In millions | Quarters Ended March 31, | |
|--|-----------------------------|-------------------|
| | 2013 | 2012 |
| Operating activities | | |
| Net income | \$ 1,270.2 | \$ 1,266.7 |
| Adjustments to reconcile to cash provided by operations | | |
| Charges and credits: | | |
| Depreciation and amortization | 391.1 | 364.7 |
| Deferred income taxes | 22.8 | 22.6 |
| Share-based compensation | 22.8 | 26.5 |
| Other | 67.0 | (48.9) |
| Changes in working capital items | (87.0) | 1.9 |
| Cash provided by operations | 1,686.9 | 1,633.5 |
| Investing activities | | |
| Capital expenditures | (634.2) | (588.4) |
| Sales and purchases of restaurant businesses and property sales | 45.5 | 9.7 |
| Other | 64.2 | (18.7) |
| Cash used for investing activities | (524.5) | (597.4) |
| Financing activities | | |
| Short-term borrowings and long-term financing issuances and repayments | (622.4) | 267.2 |
| Treasury stock purchases | (339.4) | (812.6) |
| Common stock dividends | (772.2) | (712.3) |
| Proceeds from stock option exercises | 112.9 | 84.4 |
| Excess tax benefit on share-based compensation | 52.4 | 46.7 |
| Other | (0.2) | (4.8) |
| Cash used for financing activities | (1,568.9) | (1,131.4) |
| Effect of exchange rates on cash and cash equivalents | (60.3) | 48.7 |
| Cash and equivalents decrease | (466.8) | (46.6) |
| Cash and equivalents at beginning of period | 2,336.1 | 2,335.7 |
| Cash and equivalents at end of period | \$ 1,869.3 | \$ 2,289.1 |

See Notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Basis of Presentation

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements contained in the Company's December 31, 2012 Annual Report on Form 10-K. In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation have been included. The results for the quarter ended March 31, 2013 do not necessarily indicate the results that may be expected for the full year.

Restaurant Information

The following table presents restaurant information by ownership type:

| Restaurants at March 31, | 2013 | 2012 |
|--------------------------|--------|--------|
| Conventional franchised | 19,893 | 19,487 |
| Developmental licensed | 4,420 | 3,965 |
| Foreign affiliated | 3,657 | 3,622 |
| Total Franchised | 27,970 | 27,074 |
| Company-operated | 6,595 | 6,443 |
| Systemwide restaurants | 34,565 | 33,517 |

The results of operations of restaurant businesses purchased and sold in transactions with franchisees were not material either individually or in the aggregate to the condensed consolidated financial statements for the periods prior to purchase and sale.

Per Common Share Information

Diluted earnings per common share is calculated using net income divided by diluted weighted-average shares. Diluted weighted-average shares include weighted-average shares outstanding plus the dilutive effect of share-based compensation, calculated using the treasury stock method, of 8.1 million shares and 11.8 million shares for the first quarter 2013 and 2012, respectively. Stock options that would have been antidilutive and therefore were not included in the calculation of diluted weighted-average shares totaled 8.1 million shares and 4.7 million shares for the first quarter 2013 and 2012, respectively.

Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs. The Company did not have any significant changes to the valuation techniques used to measure fair value as described in the Company's December 31, 2012 Annual Report on Form 10-K.

- Certain Financial Assets and Liabilities Measured at Fair Value***

The following table presents financial assets and liabilities measured at fair value on a recurring basis:

| In millions | Level 1 | Level 2 | Carrying Value |
|--|----------------|-----------------|-----------------|
| <i>March 31, 2013</i> | | | |
| Investments | 166.7 | | 166.7 |
| Derivative assets | 150.6 | \$111.1 | 261.7 |
| Total assets at fair value | \$317.3 | \$111.1 | \$ 428.4 |
| Derivative liabilities | | \$(56.6) | \$(56.6) |
| Total liabilities at fair value | | \$(56.6) | \$(56.6) |

- Certain Financial Assets and Liabilities not Measured at Fair Value***

At March 31, 2013, the fair value of the Company's debt obligations was estimated at \$14.6 billion, compared to a carrying amount of \$12.8 billion. The fair value was based upon quoted market prices, Level 2, within the valuation hierarchy. The carrying amounts of cash and equivalents and notes receivable approximate fair value.

Financial Instruments and Hedging Activities

The Company is exposed to global market risks, including the effect of changes in foreign currency exchange rates, interest rates, equity prices, and commodity prices. The Company uses foreign currency denominated debt and derivative instruments to mitigate the impact of these changes. The Company does not hold or issue derivatives for trading purposes.

The following table presents the fair values of derivative instruments included on the Consolidated balance sheet:

| In millions | Derivative Assets | | Derivative Liabilities | |
|---|-------------------|-------------------|------------------------|-------------------|
| | March 31, 2013 | December 31, 2012 | March 31, 2013 | December 31, 2012 |
| Total derivatives designated as hedging instruments | \$106.5 | \$ 85.1 | \$ (55.3) | \$ (35.8) |
| Total derivatives not designated as hedging instruments | 155.2 | 133.3 | (1.3) | (6.8) |
| Total derivatives | \$261.7 | \$218.4 | \$ (56.6) | \$ (42.6) |

The following table presents the pretax amounts affecting income and other comprehensive income ("OCI") for the quarters ended March 31, 2013 and 2012, respectively:

| In millions | Gain (Loss) Recognized in Accumulated OCI | | Gain (Loss) Reclassified into Income from Accumulated OCI | | Gain (Loss) Recognized in Income on Derivative ⁽¹⁾ | |
|--------------------------|---|----------|---|----------|---|----------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Cash Flow Hedges | \$ (6.7) | \$ (9.8) | \$13.5 | \$ (4.4) | \$ (3.3) | \$ (2.5) |
| Net Investment Hedges | \$ 423.8 | \$ (1.5) | \$ — | \$ — | | |
| Undesignated derivatives | | | | | \$19.8 | \$ (3.8) |

(1) Includes amounts excluded from effectiveness testing, ineffectiveness, and undesignated gains (losses).

• Fair Value Hedges

The Company enters into fair value hedges which convert a portion of its fixed-rate debt into floating-rate debt by use of interest rate swaps. At March 31, 2013, \$1.8 billion of the Company's outstanding fixed-rate debt was effectively converted. For the quarter ended March 31, 2013, the Company recognized a \$6.5 million loss on fair value interest rate swaps, which was exactly offset by a corresponding gain in the fair value of the hedged debt instruments.

• Cash Flow Hedges

The Company enters into cash flow hedges to reduce the exposure to variability in certain expected future cash flows.

To protect against the reduction in value of forecasted foreign currency cash flows (such as royalties denominated in foreign currencies), the Company uses foreign currency forwards and foreign currency options to hedge a portion of anticipated exposures. The hedges cover the next 19 months for certain exposures and are denominated in various currencies. As of March 31, 2013, the Company had derivatives outstanding with an equivalent notional amount of \$670.7 million that hedged a portion of forecasted foreign currency denominated royalties.

The Company uses cross-currency swaps to hedge the risk of cash flows associated with certain foreign currency denominated debt, including forecasted interest payments, and has elected cash flow hedge accounting. The hedges cover periods up to 56 months and have an equivalent notional amount of \$327.6 million.

The Company manages its exposure to energy-related transactions in certain markets by entering into commodity forwards and has elected cash flow hedge accounting. The hedges cover periods up to 22 years and have an equivalent gross notional amount of \$901.5 million, comprised of offsetting purchases and sales of energy.

Based on market conditions at March 31, 2013, the \$17.8 million in cumulative cash flow hedging gains, after tax, is not expected to have a significant effect on earnings over the next 12 months.

- **Net Investment Hedges**

The Company primarily uses foreign currency denominated debt (third party and intercompany) to hedge its investments in certain foreign subsidiaries and affiliates. Realized and unrealized translation adjustments from these hedges are included in shareholders' equity in the foreign currency translation component of OCI and offset translation adjustments on the underlying net assets of foreign subsidiaries and affiliates, which also are recorded in OCI. As of March 31, 2013, \$7.7 billion of intercompany foreign currency denominated debt, \$3.7 billion of the Company's third party foreign currency denominated debt and \$818.2 million of derivatives were designated to hedge investments in certain foreign subsidiaries and affiliates.

- **Credit Risk**

The Company is exposed to credit-related losses in the event of non-performance by its derivative counterparties. The Company did not have significant exposure to any individual counterparty at March 31, 2013 and has master agreements that contain netting arrangements. For financial reporting purposes, the Company presents gross derivative balances in the financial statements and supplementary data, including for counterparties subject to netting arrangements.

Segment Information

The Company franchises and operates McDonald's restaurants in the global restaurant industry. The following table presents the Company's revenues and operating income by geographic segment. The APMEA segment represents operations in Asia/Pacific, Middle East and Africa. Other Countries & Corporate represents operations in Canada and Latin America, as well as Corporate activities.

| In millions | Quarters Ended March 31, | |
|-------------------------------|-------------------------------------|------------------|
| | 2013 | 2012 |
| Revenues | | |
| U.S. | \$2,088.5 | \$2,102.3 |
| Europe | 2,586.4 | 2,535.5 |
| APMEA | 1,593.7 | 1,556.6 |
| Other Countries & Corporate | 336.7 | 352.2 |
| Total revenues | \$6,605.3 | \$6,546.6 |
| Operating Income | | |
| U.S. | \$ 844.7 | \$ 871.3 |
| Europe | 708.1 | 699.3 |
| APMEA | 381.9 | 383.9 |
| Other Countries & Corporate | 14.8 | 10.1 |
| Total operating income | \$1,949.5 | \$1,964.6 |

Subsequent Events

The Company evaluated subsequent events through the date the financial statements were issued and filed with the Securities and Exchange Commission. In April 2013, the Company agreed to issue \$500 million of 30-year U.S. Dollar-denominated bonds, which are expected to settle in early May 2013. There were no other subsequent events that required recognition or disclosure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company franchises and operates McDonald's restaurants. Of the 34,565 restaurants in 119 countries at March 31, 2013, 27,970 were licensed to franchisees (including 19,893 franchised to conventional franchisees, 4,420 licensed to developmental licensees and 3,657 licensed to foreign affiliates ("affiliates") – primarily Japan) and 6,595 were operated by the Company. Under our conventional franchise arrangement, franchisees provide a portion of the capital required by initially investing in the equipment, signs, seating and décor of their restaurant businesses, and by reinvesting in the business over time. The Company owns the land and building or secures long-term leases for both Company-operated and conventional franchised restaurant sites. This maintains long-term occupancy rights, helps control related costs and assists in alignment with franchisees. In certain circumstances, the Company participates in reinvestment for conventional franchised restaurants. Under our developmental license arrangement, licensees provide capital for the entire business, including the real estate interest, and the Company has no capital invested. In addition, the Company has an equity investment in a limited number of affiliates that invest in real estate and operate and/or franchise restaurants within a market.

We view ourselves primarily as a franchisor and believe franchising is important to delivering great, locally-relevant customer experiences and driving profitability. However, directly operating restaurants is paramount to being a credible franchisor and is essential to providing Company personnel with restaurant operations experience. In our Company-operated restaurants, and in collaboration with franchisees, we further develop and refine operating standards, marketing concepts and product and pricing strategies, so that only those that we believe are most beneficial are introduced in the restaurants. We continually review, and as appropriate adjust, our mix of Company-operated and franchised restaurants to help optimize overall performance.

The Company's revenues consist of sales by Company-operated restaurants and fees from restaurants operated by franchisees. Revenues from conventional franchised restaurants include rent and royalties based on a percent of sales along with minimum rent payments and initial fees. Revenues from restaurants licensed to affiliates and developmental licensees include a royalty based on a percent of sales and generally include initial fees. Fees vary by type of site, amount of Company investment, if any, and local business conditions. These fees, along with occupancy and operating rights, are stipulated in franchise/license agreements that generally have 20-year terms.

The business is managed as distinct geographic segments. Significant reportable segments include the United States ("U.S."), Europe, and Asia/Pacific, Middle East and Africa ("APMEA"). In addition, throughout this report we present "Other Countries & Corporate," which includes operations in Canada and Latin America, as well as Corporate activities. For the quarter ended March 31, 2013, the U.S., Europe and APMEA segments accounted for 32%, 39% and 24% of total revenues, respectively.

Strategic Direction and Financial Performance

The strength of the alignment between the Company, its franchisees and suppliers (collectively referred to as the "System") has been key to McDonald's success. This business model enables McDonald's to consistently deliver locally-relevant restaurant experiences to customers and be an integral part of the communities we serve. In addition, it facilitates our ability to identify, implement and scale innovative ideas that meet customers' changing needs and preferences.

McDonald's customer-focused Plan to Win ("Plan") provides a common framework for our global business while allowing for local adaptation. Through the execution of multiple initiatives surrounding the five pillars of our Plan (People, Products, Place, Price and Promotion), we have enhanced the restaurant experience for customers worldwide and grown comparable sales and customer visits in each of the last nine years. This Plan, combined with financial discipline, has delivered strong results for our shareholders since its inception.

The Company's global growth priorities under the Plan include: optimizing our menu with compelling food and beverage offerings, modernizing the customer experience by upgrading nearly every aspect of our restaurants from service to designs, and broadening our accessibility through continued convenience, new store expansion and value initiatives. We believe these priorities are relevant, actionable and, combined with our competitive advantages, will drive long-term sustainable profitable growth. We remain committed to pursuing strategies and investments that strengthen our business momentum over the long term.

In the quarter, global economic headwinds pressured performance, with global comparable sales and guest counts decreasing 1.0% and 1.9%, respectively. The Company also faced strong prior year comparable sales performance that included an additional day in 2012 due to leap year. Comparable sales are driven by changes in guest counts and average check, which are affected by changes in pricing and product mix. Generally, the goal is to achieve a balanced contribution from both guest counts and average check.

Comparable sales growth is needed to realize margin leverage. Although top-line comparisons with 2012 will begin to ease, we expect the challenging global economic environment to persist and the Informal Eating Out ("IEO") segment in many markets to remain flat or decline. These circumstances, combined with cost pressures, are expected to impact margins throughout 2013. Despite the challenges inherent in the external environment, we continue our efforts to build market share by leveraging our scale and strength to pursue opportunities within our global growth priorities.

In the U.S., first quarter 2013 comparable sales decreased 1.2% due in part to the challenging eating-out environment. A balanced offering of premium, core, limited-time offers and compelling value options, including the addition of the new Grilled Onion Cheddar burger and the Hot n' Spicy McChicken to the Dollar Menu, contributed positively to the quarter's results. Looking ahead, the U.S. is focused on menu and convenience initiatives to drive performance. Additionally, ongoing restaurant reimagining and customer service initiatives continue to be a priority in enhancing the customer experience.

In Europe, first quarter 2013 comparable sales decreased 1.1%, as positive results in the U.K. and Russia were more than offset by weaker performance in Germany, France and many other markets due to continuing economic uncertainty. Moving forward, Europe's business plans emphasize value across all day parts, offer compelling premium products and expand the brand's presence through extended operating hours and new restaurant growth. In addition, Europe continues to focus on enhancing the customer experience through ongoing restaurant reimagining and technology initiatives.

In APMEA, first quarter 2013 comparable sales decreased 3.3% primarily due to ongoing weakness in Japan and negative results in China. APMEA remains focused on driving performance by offering unique value platforms, accelerating growth at breakfast, modernizing the customer experience through ongoing restaurant reimagining, and broadening accessibility through service and convenience initiatives and new restaurant development.

First Quarter Operating Results Included:

- Global comparable sales decreased 1.0%.
- Consolidated revenues increased 1% (1% in constant currencies).
- Consolidated operating income decreased 1% (flat in constant currencies).
- Diluted earnings per share was \$1.26, up 2% (3% in constant currencies). Foreign currency translation had a negative impact of \$0.01 on diluted earnings per share.
- The Company paid total dividends of \$0.77 per share or \$772.2 million and repurchased 3.7 million shares for \$354.3 million.

Outlook

While the Company does not provide specific guidance on earnings per share, the following information is provided to assist in forecasting the Company's future results.

- Changes in Systemwide sales are driven by comparable sales and net restaurant unit expansion. The Company expects net restaurant additions to add approximately 2.5 percentage points to 2013 Systemwide sales growth (in constant currencies), most of which will be due to the 1,135 net traditional restaurants added in 2012.
- The Company does not generally provide specific guidance on changes in comparable sales. However, as a perspective, assuming no change in cost structure, a 1 percentage point increase in comparable sales for either the U.S. or Europe would increase annual diluted earnings per share by about 4 cents.
- With about 75% of McDonald's grocery bill comprised of 10 different commodities, a basket of goods approach is the most comprehensive way to look at the Company's commodity costs. For the full year 2013, the total basket of goods cost is expected to increase 1.5-2.5% in the U.S. and 2.5-3.5% in Europe.
- The Company expects full-year 2013 selling, general and administrative expenses to increase approximately 2-3% in constant currencies, with fluctuations expected between the quarters.
- Based on current interest and foreign currency exchange rates, the Company expects interest expense for the full year 2013 to increase approximately 3-4% compared with 2012.
- A significant part of the Company's operating income is generated outside the U.S., and about 35% of its total debt is denominated in foreign currencies. Accordingly, earnings are affected by changes in foreign currency exchange rates, particularly the Euro, British Pound, Australian Dollar and Canadian Dollar. Collectively, these currencies represent approximately 65% of the Company's operating income outside the U.S. If all four of these currencies moved by 10% in the same direction, the Company's annual diluted earnings per share would change by about 25 cents.
- The Company expects the effective income tax rate for the full-year 2013 to be 31% to 33%. Some volatility may be experienced between the quarters resulting in a quarterly tax rate that is outside the annual range.

- The Company expects capital expenditures for 2013 to be approximately \$3.2 billion. Over half of this amount will be used to open new restaurants. The Company expects to open between 1,500 - 1,600 restaurants including about 500 restaurants in affiliated and developmental licensee markets, such as Japan and Latin America, where the Company does not fund any capital expenditures. The Company expects net additions of between 1,200 - 1,300 traditional restaurants. The remaining capital will be used to reinvest in existing locations, in part through reimaging. More than 1,600 restaurants worldwide are expected to be reimaged, including locations in affiliated and developmental licensee markets that require no capital investment from the Company.

The Following Definitions Apply to these Terms as Used Throughout this Form 10-Q:

- Information in constant currency is calculated by translating current year results at prior year average exchange rates. Management reviews and analyzes business results excluding the effect of foreign currency translation and bases incentive compensation plans on these results because they believe this better represents the Company's underlying business trends.
- Systemwide sales include sales at all restaurants, whether operated by the Company or by franchisees. While franchised sales are not recorded as revenues by the Company, management believes the information is important in understanding the Company's financial performance because these sales are the basis on which the Company calculates and records franchised revenues and are indicative of the financial health of the franchisee base.
- Comparable sales represent sales at all restaurants and comparable guest counts represent the number of transactions at all restaurants, whether operated by the Company or by franchisees, in operation at least thirteen months including those temporarily closed. Some of the reasons restaurants may be temporarily closed include reimaging or remodeling, rebuilding, road construction and natural disasters. Comparable sales exclude the impact of currency translation. Comparable sales are driven by changes in guest counts and average check, which is affected by changes in pricing and product mix. Management reviews the increase or decrease in comparable sales and comparable guest counts compared with the same period in the prior year to assess business trends. The number of weekdays and weekend days, referred to as the calendar shift/trading day adjustment, can impact comparable sales and guest counts. In addition, the timing of holidays can also impact comparable sales and guest counts.

CONSOLIDATED OPERATING RESULTS

| Dollars in millions, except per share data | Quarter Ended March 31, 2013 | |
|---|---------------------------------|-------------------------|
| | Amount | Increase/ (Decrease) |
| Revenues | | |
| Sales by Company-operated restaurants | \$ 4,445.4 | 0% |
| Revenues from franchised restaurants | 2,159.9 | 2 |
| Total revenues | 6,605.3 | 1 |
| Operating costs and expenses | | |
| Company-operated restaurant expenses | 3,726.0 | 2 |
| Franchised restaurants—occupancy expenses | 395.2 | 6 |
| Selling, general & administrative expenses | 596.5 | 1 |
| Other operating (income) expense, net | (61.9) | (56) |
| Total operating costs and expenses | 4,655.8 | 2 |
| Operating income | 1,949.5 | (1) |
| Interest expense | 128.1 | (1) |
| Nonoperating (income) expense, net | 4.6 | n/m |
| Income before provision for income taxes | 1,816.8 | (2) |
| Provision for income taxes | 546.6 | (6) |
| Net income | \$ 1,270.2 | 0% |
| Earnings per common share-basic | \$ 1.27 | 2% |
| Earnings per common share-diluted | \$ 1.26 | 2% |

n/m Not meaningful

Impact of Foreign Currency Translation

While changes in foreign currency exchange rates affect reported results, McDonald's mitigates exposures, where practical, by financing in local currencies, hedging certain foreign-denominated cash flows, and purchasing goods and services in local currencies. Management reviews and analyzes business results excluding the effect of foreign currency translation and bases incentive compensation plans on these results because they believe this better represents the Company's underlying business trends. Results excluding the effect of foreign currency translation (also referred to as constant currency) are calculated by translating current year results at prior year average exchange rates.

IMPACT OF FOREIGN CURRENCY TRANSLATION

Dollars in millions, except per share data

| Quarters Ended March 31, | | | Currency Translation (Cost) |
|--|-----------|-----------|-----------------------------------|
| | 2013 | 2012 | 2013 |
| Revenues | \$6,605.3 | \$6,546.6 | \$ (6.0) |
| Company-operated margins | 719.4 | 777.8 | (0.8) |
| Franchised margins | 1,764.7 | 1,739.7 | (12.0) |
| Selling, general & administrative expenses | 596.5 | 592.5 | (0.7) |
| Operating income | 1,949.5 | 1,964.6 | (15.8) |
| Net income | 1,270.2 | 1,266.7 | (11.3) |
| Earnings per share-diluted | \$ 1.26 | \$ 1.23 | \$(0.01) |

Foreign currency translation had a minimal impact on consolidated operating results for the quarter.

Net Income and Diluted Earnings per Common Share

For the quarter, net income was flat (increased 1% in constant currencies) at \$1,270.2 million and diluted earnings per share increased 2% (3% in constant currencies) to \$1.26. Foreign currency translation had a negative impact of \$0.01 per share on diluted earnings per share. Diluted earnings per share growth in constant currencies benefited from a 2% decrease in diluted weighted average shares outstanding.

During the quarter, the Company paid a quarterly dividend of \$0.77 per share or \$772.2 million and repurchased 3.7 million shares of its stock for \$354.3 million.

Revenues

Revenues consist of sales by Company-operated restaurants and fees from restaurants operated by franchisees. Revenues from conventional franchised restaurants include rent and royalties based on a percent of sales along with minimum rent payments and initial fees. Revenues from franchised restaurants that are licensed to affiliates and developmental licensees include a royalty based on a percent of sales and generally include initial fees.

REVENUES

Dollars in millions

| Quarters Ended March 31, | 2013 | 2012 | Inc/ (Dec) | Inc/ (Dec) Excluding Currency Translation |
|-------------------------------|-----------|-----------|---------------|--|
| <i>Company-operated sales</i> | | | | |
| U.S. | \$1,071.7 | \$1,089.6 | (2)% | (2)% |
| Europe | 1,862.4 | 1,834.6 | 2 | 2 |
| APMEA | 1,331.6 | 1,306.5 | 2 | 1 |
| Other Countries & Corporate | 179.7 | 201.5 | (11) | (10) |
| Total | \$4,445.4 | \$4,432.2 | 0 % | 0 % |
| <i>Franchised revenues</i> | | | | |
| U.S. | \$1,016.8 | \$1,012.7 | 0 % | 0 % |
| Europe | 724.0 | 700.9 | 3 | 3 |
| APMEA | 262.1 | 250.1 | 5 | 8 |
| Other Countries & Corporate | 157.0 | 150.7 | 4 | 8 |
| Total | \$2,159.9 | \$2,114.4 | 2 % | 3 % |
| <i>Total revenues</i> | | | | |
| U.S. | \$2,088.5 | \$2,102.3 | (1)% | (1)% |
| Europe | 2,586.4 | 2,535.5 | 2 | 2 |
| APMEA | 1,593.7 | 1,556.6 | 2 | 2 |
| Other Countries & Corporate | 336.7 | 352.2 | (4) | (2) |
| Total | \$6,605.3 | \$6,546.6 | 1 % | 1 % |

Consolidated revenues increased 1% (1% in constant currencies) for the quarter. The revenue growth was driven by expansion, partly offset by negative comparable sales, which were impacted by one additional day in 2012 due to leap year.

- In the U.S., the decrease in revenues for the quarter was due to negative comparable sales reflecting the challenging eating-out environment. The U.S. remained focused on a balanced approach to value and menu variety, while enhancing the customer experience through ongoing restaurant reimagining.
- In Europe, the constant currency increase in revenues for the quarter was driven by expansion, primarily in Russia (which is entirely Company-operated). Revenue growth was negatively impacted by a decrease in comparable sales, as positive results in the U.K. and Russia were more than offset by weaker performance in Germany, France and many other markets due to ongoing economic uncertainty.
- In APMEA, the constant currency increase in revenues for the quarter was driven by expansion, partly offset by the impact of negative comparable sales including China, which reflected the consumer sensitivity around the supply chain issue in the chicken industry.

The following table presents the percent change in comparable sales for the quarters ended March 31, 2013 and 2012:

COMPARABLE SALES

| Quarters Ended March 31,* | Increase/ (Decrease) | |
|-----------------------------|----------------------|------|
| | 2013 | 2012 |
| U.S. | (1.2)% | 8.9% |
| Europe | (1.1) | 5.0 |
| APMEA | (3.3) | 5.5 |
| Other Countries & Corporate | 5.6 | 11.6 |
| Total | (1.0)% | 7.3% |

* On a consolidated basis, comparable guest counts decreased 1.9% and increased 4.8% for the quarters 2013 and 2012, respectively.

The following table presents the percent change in Systemwide sales for the quarter ended March 31, 2013:

SYSTEMWIDE SALES

| Quarter Ended March 31, 2013 | Inc/ (Dec) | Increase Excluding Currency Translation |
|------------------------------|---------------|--|
| | | |
| U.S. | 0% | 0% |
| Europe | 2 | 2 |
| APMEA | (3) | 1 |
| Other Countries & Corporate | 3 | 9 |
| Total | 0% | 2% |

Franchised sales are not recorded as revenues by the Company, but are the basis on which the Company calculates and records franchised revenues and are indicative of the health of the franchisee base. The following table presents Franchised sales and the related increases/(decreases):

FRANCHISED SALES

Dollars in millions

| Quarters Ended March 31, | 2013 | 2012 | Inc/ (Dec) | Increase Excluding Currency Translation |
|-----------------------------|------------|------------|---------------|--|
| | | | | |
| U.S. | \$ 7,376.6 | \$ 7,377.5 | 0% | 0% |
| Europe | 4,064.6 | 3,985.8 | 2 | 1 |
| APMEA | 3,236.6 | 3,425.7 | (6) | 2 |
| Other Countries & Corporate | 1,978.0 | 1,889.1 | 5 | 11 |
| Total* | \$16,655.8 | \$16,678.1 | 0% | 2% |

* Sales from developmental licensed restaurants or foreign affiliated markets where the Company earns a royalty based on a percent of sales were \$3,726.4 million and \$3,891.9 million in 2013 and 2012, respectively. The remaining balance of franchised sales is derived from conventional franchised restaurants where the Company earns rent and royalties based primarily on a percent of sales.

Restaurant Margins

FRANCHISED AND COMPANY-OPERATED RESTAURANT MARGINS

Dollars in millions

| Quarters Ended March 31, | Percent | | Amount | | Inc/ (Dec) | Inc/ (Dec) Excluding Currency Translation |
|-----------------------------|---------|-------|-----------|-----------|---------------|--|
| | 2013 | 2012 | 2013 | 2012 | | |
| <i>Franchised</i> | | | | | | |
| U.S. | 82.9% | 83.4% | \$ 843.2 | \$ 844.4 | 0 % | 0 % |
| Europe | 77.1 | 77.9 | 557.9 | 545.7 | 2 | 2 |
| APMEA | 87.7 | 88.6 | 229.9 | 221.6 | 4 | 8 |
| Other Countries & Corporate | 85.2 | 85.0 | 133.7 | 128.0 | 4 | 9 |
| Total | 81.7% | 82.3% | \$1,764.7 | \$1,739.7 | 1 % | 2 % |
| <i>Company-operated</i> | | | | | | |
| U.S. | 17.4% | 18.8% | \$ 186.8 | \$ 204.7 | (9)% | (9)% |
| Europe | 16.7 | 17.5 | 311.7 | 321.7 | (3) | (3) |
| APMEA | 14.6 | 16.9 | 194.1 | 220.4 | (12) | (12) |
| Other Countries & Corporate | 14.9 | 15.4 | 26.8 | 31.0 | (14) | (13) |
| Total | 16.2% | 17.5% | \$ 719.4 | \$ 777.8 | (8)% | (7)% |

Franchised margin dollars increased \$25.0 million or 1% (2% in constant currencies) for the quarter.

- In the U.S., the franchised margin percent decreased for the quarter due to higher depreciation related to reimaging and negative comparable sales performance.
- In Europe, while the franchised margin dollars increased for the quarter, the margin percent decreased due to higher rent expense and negative comparable sales performance.
- In APMEA, while the franchised margin dollars increased for the quarter, the margin percent decreased primarily due to negative comparable sales performance in Japan and the impact of the weaker Yen, which reduced Japan's favorable contribution to the segment's margin percent.

Company-operated margin dollars decreased \$58.4 million or 8% (7% in constant currencies) for the quarter, reflecting negative comparable sales performance, which impacted our ability to overcome cost pressures.

- In the U.S., the Company-operated margin percent for the quarter decreased primarily due to higher labor and other operating costs.
- In Europe, the Company-operated margin percent for the quarter decreased due to higher crew labor, commodity costs and depreciation related to reimaging.
- In APMEA, the Company-operated margin percent for the quarter decreased due to the acceleration of new restaurant openings, mainly in China, and higher crew labor, occupancy and other operating costs throughout the segment. Similar to other markets, new restaurants in China initially open with lower margins that grow significantly over time.

The following table presents Company-operated restaurant margin components as a percent of sales:

CONSOLIDATED COMPANY-OPERATED RESTAURANT EXPENSES AND MARGINS AS A PERCENT OF SALES

| Quarters Ended March 31, | 2013 | 2012 |
|--------------------------------------|--------------|-------------|
| Food & paper | 33.8% | 34.3% |
| Payroll & employee benefits | 26.3 | 25.6 |
| Occupancy & other operating expenses | 23.7 | 22.6 |
| Total expenses | 83.8% | 82.5% |
| Company-operated margins | 16.2% | 17.5% |

Selling, General & Administrative Expenses

Selling, general and administrative expenses increased 1% (1% in constant currencies) for the quarter. Selling, general and administrative expenses as a percent of revenues were 9.0% and 9.1% for the quarters 2013 and 2012, respectively, and 2.8% as a percent of Systemwide sales for the quarters 2013 and 2012.

Other Operating (Income) Expense, Net

OTHER OPERATING (INCOME) EXPENSE, NET

Dollars in millions

| Quarters Ended March 31, | 2013 | 2012 |
|--|------------------|-------------|
| Gains on sales of restaurant businesses | \$ (52.7) | \$ (15.7) |
| Equity in earnings of unconsolidated affiliates | (18.7) | (40.4) |
| Asset dispositions and other (income) expense, net | 9.5 | 16.5 |
| Total | \$ (61.9) | \$ (39.6) |

Gains on sales of restaurant businesses increased for the quarter primarily in Australia and China, and to a lesser extent, Europe. The sale of restaurants in China were to a developmental licensee. The decrease in equity in earnings of unconsolidated affiliates for the quarter reflected lower operating results, primarily in Japan.

Operating Income

OPERATING INCOME

Dollars in millions

| Quarters Ended March 31, | 2013 | 2012 | Inc/ (Dec) | Inc/ (Dec) Excluding Currency Translation |
|---------------------------------|------------------|-------------|-------------------|--|
| U.S. | \$ 844.7 | \$ 871.3 | (3)% | (3)% |
| Europe | 708.1 | 699.3 | 1 | 1 |
| APMEA | 381.9 | 383.9 | (1) | 2 |
| Other Countries & Corporate | 14.8 | 10.1 | 45 | n/m |
| Total | \$1,949.5 | \$1,964.6 | (1)% | 0 % |

In the U.S., operating results decreased for the quarter primarily due to lower Company-operated margin dollars.

In Europe, constant currency operating results for the quarter were driven by increases in franchised margin dollars and gains on sales of restaurants, partly offset by lower Company-operated margin dollars.

In APMEA, constant currency operating results for the quarter were driven by increases in gains on sales of restaurants and franchised margin dollars, partly offset by a decrease in Company-operated margin dollars and lower operating results in Japan.

- **Combined Operating Margin**

Combined operating margin is defined as operating income as a percent of total revenues. Combined operating margin was 29.5% and 30.0% for the quarters 2013 and 2012, respectively.

Interest Expense

Interest expense decreased 1% for the quarter primarily due to lower average interest rates, partly offset by higher average debt balances.

Nonoperating (Income) Expense, Net

NONOPERATING (INCOME) EXPENSE, NET

Dollars in millions

| Quarters Ended March 31, | 2013 | 2012 |
|---------------------------------------|----------------|----------|
| Interest Income | \$(4.0) | \$(11.5) |
| Foreign currency and hedging activity | 0.5 | 0.5 |
| Other (income) expense, net | 8.1 | (0.8) |
| Total | \$ 4.6 | \$(11.8) |

Income Taxes

The effective income tax rate was 30.1% and 31.4% for the quarters 2013 and 2012. The effective income tax rate for the quarter 2013 included a tax benefit of nearly \$50 million, reflecting the retroactive impact of certain tax benefits as a result of the American Taxpayer Relief Act of 2012.

Cash Flows and Financial Position

The Company generates significant cash from operations and has substantial credit capacity to fund operating and discretionary spending such as capital expenditures, debt repayments, dividends and share repurchases.

Cash provided by operations totaled \$1.7 billion and exceeded capital expenditures by \$1.1 billion for the first quarter 2013. Cash provided by operations increased \$53.4 million compared with the first quarter 2012.

Cash used for investing activities totaled \$524.5 million for the first quarter 2013, a decrease of \$72.9 million compared with the first quarter 2012, primarily due to the maturity of certain short-term time deposits and fewer purchases of restaurant businesses, partly offset by higher capital expenditures.

Cash used for financing activities totaled \$1.6 billion for the first quarter 2013, an increase of \$437.5 million compared with the first quarter 2012, primarily due to debt repayments in 2013, partly offset by lower treasury stock purchases.

Debt obligations at March 31, 2013 totaled \$12.8 billion compared with \$13.6 billion at December 31, 2012. The decrease was primarily due to net debt repayments of \$622.4 million with the remaining decrease due to the effect of changes in foreign currency exchange rates. In April 2013, the Company agreed to issue \$500 million of 30-year U.S. Dollar-denominated bonds, which are expected to settle in early May 2013.

Risk Factors and Cautionary Statement Regarding Forward-Looking Statements

The information in this report includes forward-looking statements about our plans and future performance, including those under Outlook. These statements use such words as “may,” “will,” “expect,” “believe” and “plan.” They reflect our expectations and speak only as of the date of this report. We do not undertake to update them. Our expectations (or the underlying assumptions) may change or not be realized, and you should not rely unduly on forward-looking statements.

Our business and execution of our strategic plan, the Plan to Win, are subject to risks. The most important of these is whether we can remain relevant and a brand customers trust. Meeting customer expectations is complicated by the risks inherent in our global operating environment. Our business model is built around growing comparable sales to realize margin leverage, and we expect unfavorable global economic conditions to continue to pressure performance, with continued flat or contracting IEO segments in many markets, broad-based consumer caution, heightened price sensitivity and competitive activity. These circumstances, combined with increasing labor and occupancy costs and volatility in commodity prices, are expected to continue to pressure margins throughout 2013.

We have the added challenge of the cultural and regulatory differences that exist within and among the more than 100 countries where we operate. Initiatives we undertake may not have universal appeal among different segments of our customer base and can drive unanticipated changes in guest counts and customer perceptions. Our operations, plans and results are also affected by regulatory, tax and other initiatives around the world, notably the focus on nutritional content and the production, processing and preparation of food “from field to front counter,” as well as industry marketing practices.

These risks can have an impact both in the near- and long-term and are reflected in the following considerations and factors that we believe are most likely to affect our performance.

Our ability to remain a relevant and trusted brand and to increase sales and profits depends largely on how well we execute the Plan to Win and our global priorities.

The Plan to Win addresses the key drivers of our business and results - people, products, place, price and promotion - and we are focused on our three global priorities that represent the greatest opportunities under our Plan to Win: optimizing our menu, modernizing the customer experience and broadening accessibility to our brand. The quality of our execution depends mainly on the following:

- Our ability to anticipate and respond effectively to trends or other factors that affect the IEO segment and our competitive position in the diverse markets we serve, such as spending patterns, demographic changes, trends in food preparation, consumer preferences and publicity about us, all of which can drive popular perceptions of our business or affect the willingness of other companies to enter into site, supply or other arrangements or alliances with us;
- Our continued innovation in all aspects of the McDonald's experience, including particularly our menu offerings, and our ability to adapt our plans to deliver a locally-relevant experience in a highly competitive, value-driven operating environment;
- The risks associated with our franchise business model, including whether our franchisees and developmental licensees will have the experience and financial resources to be effective operators and remain aligned with us on operating, promotional and capital-intensive initiatives and the potential impact on us if they experience food safety or other operational problems or project a brand image inconsistent with our values, particularly if our contractual and other rights and remedies are limited by law or otherwise, costly to exercise or subject to litigation;
- The success of our tiered approach to menu offerings, as well as the impact of our competitors' actions, including in response to our menu changes, and our ability to continue robust menu development and manage the complexity of our restaurant operations;
- Our ability to differentiate the McDonald's experience in a way that balances consumer value with margin levels, particularly in markets where pricing or cost pressures are significant;
- The impact of pricing, marketing and promotional plans on sales and margins and our ability to adjust these plans to respond quickly to changing economic and heightened competitive conditions;
- Our ability to drive restaurant improvements that achieve optimal capacity, particularly during peak mealtime hours, and motivate our restaurant personnel and our franchisees to achieve consistency and high service levels so as to improve consumer perceptions of our ability to meet expectations for quality food served in clean and friendly environments;
- Whether we can complete our restaurant reimaging and rebuilding plans as projected, and whether we are able to identify and develop restaurant sites consistent with our plans for net growth of Systemwide restaurants, as well as sales and profitability targets;

- The costs and risks associated with our increasing reliance on information systems (e.g., point-of-sale and other in-store systems or platforms) that support our restaurants and that we make available to franchisees along with related services, including the risk that we will not realize fully the benefits of the significant investments we are making to enhance the customer experience; the potential for system failures, programming errors, security breaches involving our systems or those of third-party system operators, and the heightened vulnerability to these problems in the case of systems we implement on a decentralized basis; legal and tax risks associated with providing information-related services to franchisees, including those relating to data protection and management; and litigation risk involving intellectual property rights or our rights and obligations to others under related contractual arrangements;
- The success of our initiatives to support menu choice, physical activity and nutritional awareness and to address these and other matters of social responsibility in a way that communicates our values effectively and inspires trust and confidence;
- Our ability to respond effectively to adverse perceptions about the quick-service category of the IEO segment or about our food (including its nutritional content and preparation), promotions and premiums, such as Happy Meal toys (collectively, our "products"), how we source the commodities we use, and our ability to manage the potential impact on McDonald's of food-borne illnesses or product safety issues;
- The impact of campaigns by labor organizations and activists or the use of social media and other mobile communications and applications to promote adverse perceptions of our brand, our management or our suppliers, or to promote or threaten boycotts or other actions involving us or our suppliers;
- The impact of events such as boycotts or protests, labor strikes and supply chain interruptions (including due to lack of supply or price increases) that can adversely affect us or the vendors, franchisees and others that are also part of the McDonald's System and whose performance has a material impact on our results;
- Our ability to recruit and retain qualified personnel to manage our operations and growth; and
- Our ability to leverage promotional or operating successes in individual markets into other markets in a timely and cost-effective way.

Our results and financial condition are affected by global and local market conditions, and the prolonged challenging economic environment can be expected to continue to pressure our results.

Our results of operations are substantially affected by economic conditions, both globally and in local markets, and conditions can also vary substantially by market. The current global environment has been characterized by persistently weak economies, high unemployment rates, inflationary pressures and volatility in financial markets. Many major economies, both advanced and developing, are also facing significant economic issues. These include, in the U.S., concerns about the federal deficit and the potential adverse effects of the spending cuts that became effective in early 2013. The Eurozone debt crisis continues to depress consumer and business confidence and spending in many markets. Important markets in Asia, which have been key drivers of global growth, have been experiencing declining growth rates. Uncertainty about the long-term investment environment could further depress capital investment and economic activity.

These conditions are adversely affecting sales and/or guest counts in many of our markets, including most of our major markets. To mitigate their impact, we have intensified our focus on value as a driver of guest counts through menu, pricing and promotional actions. These actions have adversely affected our margin percent, and margins will remain under pressure. The key factors that can affect our operations, plans and results in this environment are the following:

- Whether our strategies will be effective in enabling the continued market share gains that we have included in our plans, while at the same time enabling us to achieve our targeted operating income growth despite the current adverse economic conditions, resurgent competitors and an increasingly complex, costly and competitive advertising environment;
- The effectiveness of our supply chain management to assure reliable and sufficient product supply on favorable terms;
- The impact on consumer disposable income levels and spending habits of governmental actions to manage national economic matters, whether through austerity or stimulus measures and initiatives intended to control wages, unemployment, credit availability, inflation, taxation and other economic drivers;
- The impact on restaurant sales and margins of ongoing commodity price volatility, and the effectiveness of pricing, hedging and other actions taken to address this environment;
- The impact on our margins of labor costs and the long-term trend toward higher wages and social expenses in both mature and developing markets;
- The impact of foreign exchange and interest rates on our financial condition and results;
- The challenges and uncertainties associated with operating in developing markets, which may entail a relatively higher risk of political instability, economic volatility, crime, corruption and social and ethnic unrest, all of which are exacerbated in many cases by a lack of an independent and experienced judiciary and uncertainties in how local law is applied and enforced, including in areas most relevant to commercial transactions and foreign investment;

- The nature and timing of decisions about underperforming markets or assets, including decisions that result in impairment charges that reduce our earnings;
- The increasing focus on workplace practices and conditions, which may drive changes in practices or in the general commercial and regulatory environment that affect perceptions of our business or our cost of doing business, and our exposure to reputational and other harm as a result of practices of our franchisees;
- The impact of changes in our debt levels on our credit ratings, interest expense, availability of acceptable counterparties, ability to obtain funding on favorable terms or our operating or financial flexibility, especially if lenders impose new operating or financial covenants; and
- The impact of an exit from the Eurozone by any of the EU Member States, which could entail disruption to our business as the exiting Member State establishes a new currency and we, along with our suppliers, franchisees and others, address the challenges associated with redenomination.

Increasing legal and regulatory complexity will continue to affect our operations and results in material ways.

Our legal and regulatory environment worldwide exposes us to complex compliance, litigation and similar risks that affect our operations and results in material ways. In many of our markets, including the United States and Europe, we are subject to increasing regulation, which has increased our cost of doing business. In developing markets, we face the risks associated with new and untested laws and judicial systems. Among the more important regulatory and litigation risks we face and must manage are the following:

- The cost, compliance and other risks associated with the often conflicting and highly prescriptive regulations we face, especially in the United States where inconsistent standards imposed by local, state and federal authorities can adversely affect popular perceptions of our business and increase our exposure to litigation or governmental investigations or proceedings;
- The impact of new, potential or changing regulations that can affect our business plans, such as those relating to product packaging, marketing and the nutritional content and safety of our food and other products, as well as the risks and costs of our labeling and other disclosure practices, particularly given varying legal requirements and practices for testing and disclosure within our industry, ordinary variations in food preparation among our own restaurants, and the need to rely on the accuracy and completeness of information from third-party suppliers;
- The impact of nutritional, health and other scientific inquiries and conclusions, which constantly evolve and often have contradictory implications, but nonetheless drive popular opinion, litigation and regulation, including taxation, in ways that could be material to our business;
- The impact of litigation trends, particularly in our major markets, including class actions, labor, employment and personal injury claims, franchisee litigation, landlord/tenant disputes and intellectual property claims (including often aggressive or opportunistic attempts to enforce patents used in information technology systems); the relative level of our defense costs, which vary from period to period depending on the number, nature and procedural status of pending proceedings; the cost and other effects of settlements or judgments, which may require us to make disclosures or take other actions that may affect perceptions of our brand and products; and the scope and terms of insurance or indemnification protections that we may have;
- Adverse results of pending or future litigation, including litigation challenging the composition and preparation of our products, or the appropriateness or accuracy of our marketing or other communication practices;
- The risks and costs to us, our franchisees and our supply chain of the effects of climate change, as well as of increased focus by U.S. and overseas governmental and non-governmental organizations on environmental sustainability matters (e.g., climate change, land use, energy and water resources, packaging and waste, and animal health and welfare) and the increased pressure to make commitments or set targets and take actions to meet them, which could expose the Company to market, operational and execution costs or risks, particularly when actions are undertaken Systemwide;
- The increasing costs and other effects of compliance with U.S. and overseas regulations affecting our workforce and labor practices, including regulations relating to wage and hour practices, workplace conditions, healthcare, immigration, retirement and other employee benefits and unlawful workplace discrimination;
- Disruptions in our operations or price volatility in a market that can result from governmental actions, such as price, foreign exchange or import-export controls, increased tariffs or government-mandated closure of our or our vendors' operations, and the cost and disruption of responding to governmental investigations or proceedings, whether or not they have merit;
- The legal and compliance risks and costs associated with privacy, consumer data protection and similar laws, particularly as they apply to children, the potential costs (including the loss of consumer confidence) arising from alleged security breaches of our information systems, and the risk of criminal penalties or civil liability to consumers, employees or franchisees whose data is alleged to have been collected or used inappropriately;
- The impact on our operations of tax and other regulations affecting capital flows, financial markets or financial institutions, which can limit our ability to manage and deploy our liquidity or increase our funding costs; and

- The impact of changes in financial reporting requirements, accounting principles or practices, including with respect to our critical accounting estimates, changes in tax accounting or tax laws (or related authoritative interpretations), particularly if corporate tax reform becomes a key component of budgetary initiatives in the United States and elsewhere, and the impact of settlements of pending or any future adjustments proposed by the IRS or other taxing authorities in connection with our tax audits, all of which will depend on their timing, nature and scope.

Trading volatility and price of our common stock may be affected by many factors.

Many factors affect the volatility and price of our common stock in addition to our operating results and prospects. The most important of these, some of which are outside our control, are the following:

- The continuing unfavorable global economic and volatile market conditions;
- Governmental action or inaction in light of key indicators of economic activity or events that can significantly influence financial markets, particularly in the United States which is the principal trading market for our common stock, and media reports and commentary about economic or other matters, even when the matter in question does not directly relate to our business;
- Changes in financial or tax reporting and accounting principles or practices that materially affect our reported financial condition and results and investor perceptions of our performance;
- Trading activity in our common stock or trading activity in derivative instruments with respect to our common stock or debt securities, which can be affected by market commentary (including commentary that may be unreliable or incomplete); unauthorized disclosures about our performance or plans, expectations about our business, our creditworthiness or investor confidence generally; actions by shareholders and others seeking to influence our business strategies; portfolio transactions in our stock by significant shareholders; or trading activity that results from the ordinary course rebalancing of stock indices in which McDonald's may be included, such as the S&P 500 Index and the Dow Jones Industrial Average;
- The impact of our stock repurchase program or dividend rate; and
- The impact on our results of other corporate actions, such as those we may take from time to time as part of our continuous review of our corporate structure in light of business, legal and tax considerations.

Our results and prospects can be adversely affected by events such as severe weather conditions, natural disasters, hostilities and social unrest, among others.

Severe weather conditions, natural disasters, hostilities and social unrest, terrorist activities, health epidemics or pandemics (or expectations about them) can adversely affect consumer spending and confidence levels or other factors that affect our results and prospects, such as commodity costs. Our receipt of proceeds under any insurance we maintain with respect to certain of these risks may be delayed or the proceeds may be insufficient to offset our losses fully.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes to the disclosure made in our Annual Report on Form 10-K for the year ended December 31, 2012 regarding this matter.

Item 4. Controls and Procedures

An evaluation was conducted under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2013. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of such date to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Such officers also confirm that there was no change in the Company's internal control over financial reporting during the quarter ended March 31, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There were no material changes to the disclosure made in our Annual Report on Form 10-K for the year ended December 31, 2012 regarding these matters.

Item 1A. Risk Factors

This report contains certain forward-looking statements which reflect management's expectations regarding future events and operating performance and speak only as of the date hereof. These forward-looking statements involve a number of risks and uncertainties. These and other risks are noted in the Risk Factors and Cautionary Statement Regarding Forward-Looking Statements following Management's Discussion and Analysis.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities*

The following table presents information related to repurchases of common stock the Company made during the three months ended March 31, 2013:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾ | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾ |
|-----------------------|-------------------------------------|------------------------------------|---|---|
| January 1 - 31, 2013 | 1,119,640 | \$ 92.21 | 1,119,640 | \$ 9,148,788,407 |
| February 1 - 28, 2013 | 1,523,428 | 94.79 | 1,523,428 | 9,004,378,495 |
| March 1 - 31, 2013 | 1,088,649 | 97.94 | 1,088,649 | 8,897,756,727 |
| Total | 3,731,717 | \$ 94.94 | 3,731,717 | |

* Subject to applicable law, the Company may repurchase shares directly in the open market, in privately negotiated transactions, or pursuant to derivative instruments and plans complying with Rule 10b5-1, among other types of transactions and arrangements.

(1) On July 19, 2012, the Company's Board of Directors approved a share repurchase program, effective August 1, 2012, that authorizes the purchase of up to \$10 billion of the Company's outstanding common stock with no specified expiration date.

Item 6. Exhibits

| Exhibit Number | Description |
|----------------|--|
| (3) | <ul style="list-style-type: none"> (a) Restated Certificate of Incorporation, effective as of June 14, 2012, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2012. (b) By-Laws, as amended and restated with effect as of July 19, 2012, incorporated herein by reference from Form 8-K, filed July 20, 2012. |
| (4) | <p>Instruments defining the rights of security holders, including Indentures:*</p> <ul style="list-style-type: none"> (a) Senior Debt Securities Indenture, incorporated herein by reference from Exhibit (4)(a) of Form S-3 Registration Statement (File No. 333-14141), filed October 15, 1996. (b) Subordinated Debt Securities Indenture, incorporated herein by reference from Exhibit (4)(b) of Form S-3 Registration Statement (File No. 333-14141), filed October 15, 1996. |
| (10) | <p>Material Contracts</p> <ul style="list-style-type: none"> (a) Directors' Deferred Compensation Plan, effective as of January 1, 2008, incorporated herein by reference from Form 8-K, filed December 4, 2007.** (b) McDonald's Excess Benefit and Deferred Bonus Plan, effective January 1, 2011, as amended and restated March 22, 2010, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2010.** (c) McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective as of September 1, 2001, incorporated herein by reference from Form 10-K, for the year ended December 31, 2001.** <ul style="list-style-type: none"> (i) First Amendment to the McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective as of January 1, 2002, incorporated herein by reference from Form 10-K, for the year ended December 31, 2002.** (ii) Second Amendment to the McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective January 1, 2005, incorporated herein by reference from Form 10-K, for the year ended December 31, 2004.** (d) 1975 Stock Ownership Option Plan, as amended and restated July 30, 2001, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2001.** <ul style="list-style-type: none"> (i) First Amendment to McDonald's Corporation 1975 Stock Ownership Option Plan, as amended and restated, effective as of February 14, 2007, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2007.** (e) 1992 Stock Ownership Incentive Plan, as amended and restated January 1, 2001, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2001.** <ul style="list-style-type: none"> (i) First Amendment to McDonald's Corporation 1992 Stock Ownership Incentive Plan, as amended and restated, effective as of February 14, 2007, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2007.** (f) McDonald's Corporation Executive Retention Replacement Plan, effective as of December 31, 2007 (as amended and restated on December 31, 2008), incorporated herein by reference from Form 10-K, for the year ended December 31, 2008.** (g) McDonald's Corporation Amended and Restated 2001 Omnibus Stock Ownership Plan, effective July 1, 2008, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2009.** <ul style="list-style-type: none"> (i) First amendment to the McDonald's Corporation Amended and Restated 2001 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-K, for the year ended December 31, 2008.** (ii) Second Amendment to the McDonald's Corporation Amended and Restated 2001 Omnibus Stock Ownership Plan as amended, effective February 9, 2011, incorporated herein by reference from Form 10-K, for the year ended December 31, 2010.** (h) McDonald's Corporation 2012 Omnibus Stock Ownership Plan, effective June 1, 2012, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2012.** (i) McDonald's Corporation 2009 Cash Incentive Plan, effective as of May 27, 2009, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2009.** (j) McDonald's Corporation Target Incentive Plan, effective January 1, 2013, filed herewith.** (k) McDonald's Corporation Cash Performance Unit Plan, effective February 13, 2013, filed herewith.** |

| Exhibit Number | Description |
|----------------|---|
| (l) | Form of Executive Stock Option Grant Agreement in connection with the Amended and Restated 2001 Omnibus Stock Ownership Plan, as amended, incorporated herein by reference from Form 10-K, for the year ended December 31, 2011.** |
| (m) | Form of Executive Performance-Based Restricted Stock Unit Award Agreement in connection with the Amended and Restated 2001 Omnibus Stock Ownership Plan, as amended, incorporated herein by reference from Form 10-K, for the year ended December 31, 2011.** |
| (n) | Form of Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, filed herewith.** |
| (o) | Form of Executive Performance-Based Restricted Stock Unit Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, filed herewith.** |
| (p) | Form of Special CPUP Performance-Based Restricted Stock Unit Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, filed herewith.** |
| (q) | McDonald's Corporation Severance Plan, effective January 1, 2008, incorporated by reference from Form 8-K, filed December 4, 2007.** |
| | (i) First Amendment of McDonald's Corporation Severance Plan, effective as of October 1, 2008, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2008.** |
| | (ii) Second Amendment of McDonald's Corporation Severance Plan, effective as of December 5, 2011, incorporated herein by reference from Form 10-K, for the year ended December 31, 2011.** |
| (r) | Form of McDonald's Corporation Tier I Change of Control Employment Agreement, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2008.** |
| (s) | Amended Assignment Agreement between Timothy Fenton and the Company, dated January 2008, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2008.** |
| | (i) 2009 Amendment to the Amended Assignment Agreement between Timothy Fenton and the Company, effective as of January 1, 2009, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2009.** |
| (t) | Description of Restricted Stock Units granted to Andrew J. McKenna, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2012.** |
| (u) | Terms of the Restricted Stock Units granted pursuant to the Company's Amended and Restated 2001 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-K, for the year ended December 31, 2010.** |
| (v) | Executive Supplement describing the special terms of equity compensation awards granted to certain executive officers, pursuant to the Company's Amended and Restated 2001 Omnibus Stock Ownership Plan, as amended, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2011.** |
| (12) | Computation of Ratios. |

| Exhibit Number | Description |
|----------------|--|
| (31.1) | Rule 13a-14(a) Certification of Chief Executive Officer. |
| (31.2) | Rule 13a-14(a) Certification of Chief Financial Officer. |
| (32.1) | Certification pursuant to 18 U.S.C. Section 1350 by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| (32.2) | Certification pursuant to 18 U.S.C. Section 1350 by the Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| (101.INS) | XBRL Instance Document. |
| (101.SCH) | XBRL Taxonomy Extension Schema Document. |
| (101.CAL) | XBRL Taxonomy Extension Calculation Linkbase Document. |
| (101.DEF) | XBRL Taxonomy Extension Definition Linkbase Document. |
| (101.LAB) | XBRL Taxonomy Extension Label Linkbase Document. |
| (101.PRE) | XBRL Taxonomy Extension Presentation Linkbase Document. |

* Other instruments defining the rights of holders of long-term debt of the registrant, and all of its subsidiaries for which consolidated financial statements are required to be filed and which are not required to be registered with the Commission, are not included herein as the securities authorized under these instruments, individually, do not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. An agreement to furnish a copy of any such instruments to the Commission upon request has been filed with the Commission.

** Denotes compensatory plan.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

McDONALD'S CORPORATION
(Registrant)

May 1, 2013

/s/ Peter J. Bensen

Peter J. Bensen

Corporate Executive Vice President and
Chief Financial Officer

Exhibit 12. Computation of Ratios**Ratio of Earnings to Fixed Charges***Dollars in millions*

| | Three Months Ended March 31, | | | Years Ended December 31, | | | |
|--|---|------------------|------------------|---------------------------------|------------------|------------------|------------------|
| | 2013 | 2012 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Earnings available for fixed charges | | | | | | | |
| - Income from continuing operations before provision for Income taxes and cumulative effect of accounting changes | \$1,816.8 | \$1,847.5 | \$8,079.0 | \$8,012.2 | \$7,000.3 | \$6,487.0 | \$6,158.0 |
| - Noncontrolling interest expense in operating results of majority-owned subsidiaries less equity in undistributed operating results of less than 50%-owned affiliates | 1.9 | 3.1 | 11.1 | 13.3 | 10.4 | 7.5 | 10.7 |
| - Income tax provision (benefit) of 50%-owned affiliates included in income from continuing operations before provision for income taxes | 8.1 | 21.1 | 64.0 | 65.5 | 28.7 | 47.7 | 30.0 |
| - Portion of rent charges (after reduction for rental income from subleased properties) considered to be representative of interest factors* | 93.3 | 88.2 | 358.1 | 339.4 | 315.4 | 302.8 | 321.3 |
| - Interest expense, amortization of debt discount and issuance costs, and depreciation of capitalized interest* | 134.8 | 136.1 | 550.1 | 520.5 | 479.1 | 504.5 | 556.8 |
| | <u>\$2,054.9</u> | <u>\$2,096.0</u> | <u>\$9,062.3</u> | <u>\$8,950.9</u> | <u>\$7,833.9</u> | <u>\$7,349.5</u> | <u>\$7,076.8</u> |
| Fixed charges | | | | | | | |
| - Portion of rent charges (after reduction for rental income from subleased properties) considered to be representative of interest factors* | \$ 93.3 | \$ 88.2 | \$ 358.1 | \$ 339.4 | \$ 315.4 | \$ 302.8 | \$ 321.3 |
| - Interest expense, amortization of debt discount and issuance costs* | 130.6 | 133.2 | 532.8 | 503.0 | 461.5 | 486.9 | 539.7 |
| - Capitalized interest* | 3.5 | 3.4 | 16.1 | 14.0 | 12.0 | 11.9 | 12.5 |
| | <u>\$ 227.4</u> | <u>\$ 224.8</u> | <u>\$ 907.0</u> | <u>\$ 856.4</u> | <u>\$ 788.9</u> | <u>\$ 801.6</u> | <u>\$ 873.5</u> |
| Ratio of earnings to fixed charges | <u>9.04</u> | <u>9.32</u> | <u>9.99</u> | <u>10.45</u> | <u>9.93</u> | <u>9.17</u> | <u>8.10</u> |

* Includes amounts of the Company and its majority-owned subsidiaries, and one-half of the amounts of 50%-owned affiliates. The Company records interest expense on unrecognized tax benefits in the provision for income taxes. This interest is not included in the computation of fixed charges.

Rule 13a-14(a) Certification of Chief Executive Officer

I, Donald Thompson, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of McDonald's Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2013

/s/ Donald Thompson

Donald Thompson

President and Chief Executive Officer

Rule 13a-14(a) Certification of Chief Financial Officer

I, Peter J. Bensen, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of McDonald's Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2013

/s/ Peter J. Bensen

Peter J. Bensen

*Corporate Executive Vice President and
Chief Financial Officer*

**Certification pursuant to 18 U.S.C. Section 1350 by the Chief Executive Officer, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of McDonald's Corporation (the "Company"), does hereby certify, to such officer's knowledge, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 of the Company fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2013

/s/ Donald Thompson

Donald Thompson

President and Chief Executive Officer

**Certification pursuant to 18 U.S.C. Section 1350 by the Chief Financial Officer, as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of McDonald's Corporation (the "Company"), does hereby certify, to such officer's knowledge, that the Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 of the Company fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2013

/s/ Peter J. Bensen

Peter J. Bensen

*Corporate Executive Vice President and
Chief Financial Officer*

McDonald's Corporation Target Incentive Plan

I. Introduction

McDonald's Corporation, a Delaware corporation (the "Company") has established this McDonald's Corporation Target Incentive Plan (the "Plan") effective as of January 1, 2013. The purpose of the Plan is to advance the interests of the Company and its shareholders and to promote a consistent strategy and focus among employees of the Company and its Subsidiaries (as defined below) by providing such employees with the opportunity to earn annual cash incentive compensation that is linked to the Company's business objectives.

II. Definitions

"162(m) Participant" means a Participant in the Plan with respect to whom the Committee determines that the limitation on deductibility imposed by Section 162(m) of the Code could apply.

"162(m) Plan" means the McDonald's Corporation 2009 Cash Incentive Plan or any successor plan of the Company that applies to incentive cash compensation paid to 162(m) Participants.

"Award" means a Participant's opportunity to earn cash compensation under the Plan, subject to the achievement by the Company and/or the Participant of one or more Performance Goals and such other terms and conditions as the Committee may impose.

"Cause" means termination due to the Participant's violation of Company policy or otherwise due to the Participant's fault of misconduct, as determined by the Committee in its sole discretion.

"Change of Control" has the meaning assigned in the Change of Control Agreements.

"Change of Control Agreement" means a McDonald's Corporation Tier I or Tier II Change of Control Employment Agreement, as applicable, to which a Participant is party.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means the Compensation Committee of the Board of Directors of the Company, as such committee is constituted from time to time.

"Company" has the meaning assigned in the Introduction.

"Company Service" means the Participant's aggregate number of years of employment with the Company and any Subsidiary, including employment with any Subsidiary during the period before it became a Subsidiary.

"Eligible Employee" means a full-time or part-time employee of the Company or a Subsidiary at the level of Senior Vice President (or equivalent) or above who has been designated by the Committee as eligible to participate in the Plan.

"Employment" means active employment with the Company or a Subsidiary.

"Final Award" means the final cash payment with respect to an Award as determined by the Committee following the end of the Performance Year for such Award.

"Participant" means an Eligible Employee selected by the Committee as the recipient of an Award under the Plan.

"Performance Goals" means the performance measures established by the Committee with respect to an Award pursuant to Section 3.3 hereof.

"Performance Year" means the calendar year with respect to which Performance Goals applicable to Awards are measured.

"Plan" has the meaning assigned in the Introduction.

"Plan Administrator" has the meaning assigned in Section 3.2.

“Retirement” means a Participant's termination of employment when the Participant satisfies the following four conditions: (i) combined age and years of Company service equal to or greater than 68, (ii) Participant provides 6 months advance written notice of his or her intention to terminate employment to the Corporate Vice President - Global Total Compensation, (iii) Participant executes and delivers (and does not revoke) a release agreement in a form satisfactory to the Company, (iv) Participant executes and delivers a non-competition agreement covering a period of 18 months in a form satisfactory to the Company as permitted by applicable law. However, if a Participant is employed by a subsidiary in a European Market, (i) above is not required and the notice required by (ii) is 12 months.

“Subsidiary” means any entity in which the Company directly or through intervening subsidiaries owns 25% or more of the total combined voting power or value of all classes of stock, or, in the case of an unincorporated entity, a 25% or more interest in the capital and profits.

III. Administration of the Plan

3.1 The Committee shall have full and final authority, in its discretion, but subject to the express provisions of the Plan, to establish the terms and conditions of Awards, to determine the extent to which cash payments are actually earned pursuant to Awards and the amounts to be paid, and to interpret this Plan and to make all determinations necessary or advisable for the administration of this Plan.

3.2 The Committee may delegate any or all of its administrative duties and responsibilities under this Plan to any individual or group of individuals it deems appropriate (the “Plan Administrator”). In the absence of such appointment the Plan Administrator shall be the Corporate Executive Vice President - Chief Human Resources of the Company. The Plan Administrator shall perform the administrative responsibilities delegated to the Plan Administrator from time to time by the Committee and may subdelegate the performance of such responsibilities, to the extent the Plan Administrator deems appropriate and to the extent not inconsistent with the terms of the Plan, but shall remain responsible for overseeing the performance of any such subdelegated responsibilities. To the extent that the Committee has so delegated administrative responsibilities, references in this Plan to the Committee in connection with such delegated responsibilities shall be interpreted to include the Plan Administrator or, to the extent applicable, the Plan Administrator's delegee.

3.3 The Committee shall establish one or more Performance Goals for a Performance Year in writing not later than March 30 of the Performance Year (provided, that Performance Goals must be established before the achievement of the Performance Goals becomes substantially certain to be met). The Committee may establish Performance Goals that measure the performance of the Company as a whole, of any Subsidiary, division or other business unit of the Company, and/or of the Participant. The Committee may establish one or more subjective Performance Goals provided that such Performance Goals comply with the requirements of Treasury Regulation §409A-1 (e)(2). In establishing Performance Goals based on financial measures and in measuring the attainment of such Performance Goals, the Committee may in its discretion exclude the effect of restructuring charges, discontinued operations, extraordinary items, cumulative effects of accounting charges and other unusual or nonrecurring items, and asset impairment and the effect of foreign currency fluctuations.

3.4 The determination of the Committee on all matters relating to the Plan and all Awards shall be made in the sole discretion of the Committee, and shall be conclusive and final. Neither the Plan Administrator nor any member of the Committee shall be liable for any action or determination made in good faith with respect to this Plan or any Award.

IV. Basic Terms of Awards

4.1 For each Performance Year, the Committee shall determine the Participants who shall receive Awards relating to such Performance Year, and shall establish and communicate to such Participants the Performance Goals and other terms and conditions of the Awards for such Performance Year.

4.2 As soon as reasonably practicable following the end of a Performance Year, the Committee shall determine to what extent the Performance Goals applicable to each Award have been attained, and in each case shall determine the Final Award. In the event that a Participant has transferred from one position to another during the Performance Year, the Committee may make appropriate adjustments to the Final Award, including adjustments to the combination of Performance Goals applied in determining the Final Award.

4.3 Final Awards shall be paid to all Participants who are U.S. taxpayers no later than March 15 of the calendar year following the Performance Year, subject to the Participant's continued employment with the Company or a Subsidiary as of the date on which the Final Award is paid.

V. Certain Terminations; Pro-Rated Awards; Forfeiture and Repayment in Certain Circumstances

5.1 In the event that a Participant's Employment terminates prior to December 31 of a Performance Year due to the Participant's Retirement, the Committee may provide for payment to the Participant of a pro rated Final Award, determined pursuant to Section 4.2 hereof and pro rated based on the number of days in the Performance Year elapsed prior to the Participant's Retirement, provided, that the entitlement of any Participant who participates in the McDonald's Corporation Executive Retention Replacement Plan to receive a Final Award in connection with the termination of such Participant's Employment will be governed by the terms of such plan.

5.2 In the event that a Participant's Employment commences later than January 1 of a Performance Year, the Committee may provide for payment to the Participant of a pro rated Final Award for such Performance Year, determined pursuant to Section 4.2 hereof and pro rated based on the number of days in the Performance Year starting on the date on which the Participant's Employment commenced.

5.3 In the event that a Participant's Employment continues through the end of a Performance Year but terminates prior to the date on which Final Awards for such Performance Year are paid, the Committee may provide for payment of a Final Award to such Participant, determined pursuant to Section 4.2 hereof, provided, that no Participant whose Employment terminates for Cause shall be eligible to receive a Final Award.

5.4 In the event that a Participant is on one or more leaves of absence for an aggregate period of more than 90 days during a Performance Year, the Committee may provide for payment to the Participant of a pro rated Final Award for such Performance Year, determined pursuant to Section 4.2 hereof and pro rated based on the ratio of (i) the number of days in excess of 90 during which the Participant was on one or more leaves of absence to (ii) the total number of days in the Performance Year.

5.5 In no event shall any Final Award paid to a Participant who is a U.S. taxpayer pursuant to this Article V be paid later than March 15 of the year following the Performance Year.

5.6 Awards under the Plan are intended to align the Participant's long-term interests with the long-term interests of the Company. If a Participant engages in willful fraud that causes harm to the Company or any of its Subsidiaries or that is intended to manipulate the Performance Goals (any such act, "Detrimental Conduct"), either during employment with the Company or after such employment terminates for any reason, the Participant shall be deemed to have acted contrary to the long-term interests of the Company. Accordingly, the following rules shall apply under this Plan in respect of Detrimental Conduct:

(a) In the event that the Company determines, in its sole and absolute discretion, that a Participant engaged in Detrimental Conduct, the Company may, in its sole and absolute discretion, (i) terminate such Participant's participation in the Plan and/or (ii) send a notice of recapture (a "Recapture Notice") to such Participant in respect of any Final Award or Final Awards previously paid to such Participant, in which event the Participant shall within ten days after receiving such Recapture Notice from the Company deliver to the Company an amount in cash equal to the gross cash payment or payments to which such Recapture Notice relates.

(b) The Company has sole and absolute discretion to take action or not to take action pursuant to this Section 5.6 upon discovery of Detrimental Conduct, and its determination not to take action in any particular instance shall not in any way limit its authority to terminate the participation of a Participant in the Plan and/or send a Recapture Notice in any other instance.

(c) Upon receipt of payment of a Final Award under the Plan, the applicable Participant shall, if requested by the Company, certify on a form acceptable to the Company, that he or she is not, and has not previously been, engaged in Detrimental Conduct.

(d) Notwithstanding anything in the Plan to the contrary, the Company will be entitled to the extent permitted or required by applicable law or Company policy as in effect from time to time to recoup compensation of whatever kind paid by the Company at any time to a Participant under this Plan.

(e) Notwithstanding any provision of this Section 5.6, if any provision of this Section 5.6 is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law; provided, that this Section 5.6 shall not apply in any manner to individuals subject to the laws of France.

(f) Any action taken by the Company pursuant to this Section 5.6 is without prejudice to any other action the Company, or any of its Subsidiaries, may choose to take upon determination that a Participant has engaged in Detrimental Conduct.

(g) This Section 5.6 will cease to apply after a Change of Control.

VI. Miscellaneous

6.1 With respect to any Participant who is a 162(m) Participant, the Plan shall be interpreted and administered in a manner that is consistent with the provisions of the 162(m) Plan, and in the event of any inconsistency between this Plan and the 162(m) Plan the relevant provisions of the 162(m) Plan shall prevail.

6.2 The Plan is not intended to constitute a “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code. Awards under the Plan are intended to be “short-term deferrals” and to be “performance-based compensation” within the meaning of the regulations promulgated under Section 409A of the Code. The Plan shall be interpreted and administered in a manner that is consistent with this Section 6.2.

6.3 In the event of a Change of Control, any Awards under the Plan held by a Participant who is eligible for benefits under a Change of Control Agreement shall be governed by the applicable provisions of such Change of Control Agreement.

6.4 Awards granted under the Plan shall not be assignable or transferable other than by will or by the laws of descent and distribution.

6.5 The Company may withhold or cause to be withheld from Final Awards such amounts as are necessary to satisfy all U.S. federal, state and local and non-U.S. withholding tax requirements related thereto.

6.6 The Plan is intended to constitute an “unfunded” plan and Participants shall have no claim against the Company or its assets other than as unsecured general creditors. The Company shall not be required to fund, or otherwise segregate assets to be used for payment of, benefits under the Plan.

6.7 Neither the establishment of this Plan, nor the granting of any Award, shall be construed to (a) give any Participant the right to continued Employment or to any benefits not specifically provided under the Plan or (b) in any manner modify the right of the Company or any of its Subsidiaries to modify, amend or terminate any of their respective employee benefit plans.

6.8 The Committee's determinations under this Plan need not be uniform, and may be made by the Committee selectively among individuals who receive, or are eligible to receive, Awards, whether or not such individuals are similarly situated. Without limiting the generality of the foregoing, the Committee shall be entitled, among other things, to make non-uniform and selective determinations as to (a) the identity of the Participants, (b) the terms and provisions of Awards and (c) the treatment of Awards if a Participant's Employment terminates.

6.9 The Company may amend, modify or terminate this Plan and Awards hereunder at any time in its discretion, provided, that neither the Plan nor any Award may be amended in a manner that (a) would cause the Plan or any Award hereunder to be subject to and not to comply with the provisions of Section 409A of the Code or the regulations promulgated thereunder or (b) with respect to any 162(m) Participant, would cause an Award to cease to qualify for the “Section 162(m) Exemption” (as such term is defined in the 162(m) Plan).

6.10 The law of the State of Illinois, except its law with respect to choice of law, shall be controlling in all matters relating to this Plan.

McDonald's Corporation Cash Performance Unit Program

Section 1: General

1.1 The Plan. McDonald's Corporation, a Delaware corporation (the "Company") has established this McDonald's Corporation Cash Performance Unit Plan (the "Plan" or "CPUP") effective as of February 13, 2013. The purpose of the Plan is to advance the interests of the Company and its shareholders and to provide Participants (as defined below) with the opportunity to earn cash long-term incentive compensation that is linked to the Company's long-term business interests. This Plan is adopted under the authority of the McDonald's Corporation 2009 Cash Incentive Plan with respect to any Participant who the Compensation Committee of the Board of Directors (the "Committee") determines that the limitation on deductibility imposed by Section 162(m) of the Internal Revenue Code could apply. This Plan shall in all respects be interpreted and applied consistently with Section 5.1 below.

1.2 Participants. Employees at the level of Senior Vice President (or the equivalent level for compensation purposes) and above ("Participants") are eligible for awards under this Plan.

Section 2: Plan Design

2.1 Performance Period. The Plan shall have three-year performance periods commencing on January 1, 2013 and each January 1 thereafter while this Plan is in effect (each a "Performance Period").

2.2 Establishment of Target CPUP Awards. Each Participant shall be eligible to earn an award under the Plan (an "Award"). The Committee or its delegate shall establish a target amount, expressed as a specific dollar value, for each Participant's Award for each Performance Period.

2.3 Performance Goals. The final amount of Awards shall be determined following the end of the Performance Period based on the Company's performance during the Performance Period as measured by one or more performance measures ("Performance Goals") established by the Committee and as determined by the Committee after the end of the Performance Period. The Performance Goals established by the Committee may be (but need not be) different each Performance Period and different Performance Goals may be applicable to different Participants. At the time the Committee establishes Performance Goals for a Performance Period, the Committee shall specify whether Company performance must achieve threshold performance with respect to the Performance Goal for there to be any CPUP payout.

2.4 Performance Targets. The Committee shall determine for each Performance Period (i) the applicable Performance Goals and the threshold, target and maximum performance levels of Performance Goals in respect of the Performance Period for Awards under the Plan and (ii) the bases on which the Committee may make adjustments to one or more of the Performance Goals.

2.5 Calculation of CPUP Awards. Following the end of the Performance Period, the Committee shall determine final Awards under the Plan for eligible Participants. Final Awards shall be determined based on the Company's actual performance during the Performance Period and as specified in the following sentence, except as otherwise expressly provided in Sections 4.1 through 4.5 hereof. The Award shall be adjusted up or down from the target Award based upon the Company's actual performance during the Performance Period against the Performance Goals previously established by the Committee. In no event shall a final Award exceed 230% of the target Award.

2.6 Payment of Awards. Awards shall be paid in cash to eligible Participants, as determined by the Committee in accordance with the provisions of this Plan, no later than March 15 of the calendar year following the calendar year in which such Performance Period ended. Except as expressly provided to the contrary in Sections 4.1 through 4.4 hereof, no Participant shall have the unconditional right to an Award hereunder until the Performance Period has concluded and the exact amount of the Award (if any) has been determined by the Committee.

Section 3: Employment / Change in Status

3.1 Employment. In order to be eligible to receive any Award under the Plan, a Participant must be employed by the Company (or a subsidiary) during the entire Performance Period, except as expressly provided to the contrary in Section 3.2 and/or Sections 4.1 through 4.4 hereof.

3.2 Mid-Cycle Entry. Any Participant who is promoted or hired into a position eligible for Awards under the Plan (an "Eligible Position") during the first twelve months of a Performance Period is eligible for a pro-rated Award based on the number of months (partial months treated as full months) in the Eligible Position and as set forth in Section 2.5 hereof.

3.3 Mid-Cycle Exit. Any former Participant who has moved out of, and is no longer employed in an Eligible Position after the first twelve months of a Performance Period will receive a pro-rated payment based on the number of months (partial months treated as full months) during the Performance Period that the former Participant worked in the Eligible Position and as set forth in Section 2.5 hereof. Any former Participant who has moved out of, and is no longer employed in an Eligible Position during the first twelve months of a Performance Period will forfeit the Award.

3.4 Change in Eligible Position. With respect to any Participant who moves from one Eligible Position to another Eligible Position with a different Award target, if the change is during the first twelve months of a Performance Period, the Participant's final Award shall be determined on a pro-rata basis based on the number of months (any partial month shall be treated as a full month at the new target) during the Performance Period that the Participant worked in each Eligible Position and as set forth in Section 2.5 hereof. Any change after the first twelve months of a Performance Period will not impact the Award for that Performance Period.

3.5 Leave of Absence. With respect to any Participant who is on Company-approved leave of absence from an Eligible Position in excess of two hundred seventy (270) days, whether consecutive or nonconsecutive, during a Performance Period, the Participant's final Award as determined pursuant to Section 2.5 hereof shall be prorated based on the ratio of (i) the total number of days in the Performance Period less the number of days in excess of 270 during which the Participant was on one or more approved leaves of absence during the Performance Period to (ii) the total number of days in the Performance Period.

Section 4: Termination Provisions

4.1 Retirement. If after the first twelve months of a Performance Period a Participant's employment is terminated by reason of the Participant's Retirement (as defined below), then such Participant shall be eligible to receive a pro-rata portion of the Award that would have been payable to such Participant if he or she had remained employed throughout the Performance Period, based on the number of months (partial months treated as full months) worked in an Eligible Position during the Performance Period. Such Award shall be paid at the time and in the manner set forth in Section 2.6 hereof. If a Participant's employment is terminated by reason of a Retirement during the first twelve months of a Performance Period, the Participant's Award will be forfeited.

4.2 Covered Termination. If after the first twelve months of a Performance Period a Participant's employment is terminated by the Company in a Covered Termination (as defined below), then such Participant shall be eligible to receive a pro-rata portion of the Award that would have been payable to such Participant if he or she had remained employed throughout the Performance Period, based on the number of months (partial months treated as full months) worked in an Eligible Position during the Performance Period. Such Award shall be paid at the same time and in the manner set forth in Section 2.6 hereof. If a Participant's employment is terminated by reason of a Covered Termination during the first twelve months of a Performance Period, the Participant's Award will be forfeited.

4.3 Death or Disability. If during the Performance Period a Participant's employment is terminated by reason of the Participant's death or Disability (as defined in McDonald's Corporation 2012 Omnibus Stock Ownership Plan), then such Participant shall be eligible to receive a pro-rata portion of the Award that would have been payable to such Participant if he or she had remained employed throughout the Performance Period, based on the number of months (partial months treated as full months) worked in an Eligible Position during the Performance Period. Such Award shall be paid at the time and in the manner set forth in Section 2.6 hereof.

4.4 Change of Control. In the event of a Change of Control (as defined in McDonald's Corporation 2012 Omnibus Stock Ownership Plan) during a Performance Period, each Participant whose employment has not terminated prior to the consummation of such Change of Control shall be entitled to receive a payment in full satisfaction of his or her opportunity under the CPUP for such Performance Period in an amount equal to: (i) the amount that would be payable to such Participant under the CPUP, if the applicable performance goals were achieved at the level achieved during the portion of the Performance Period that precedes the Change of Control multiplied by (ii) a fraction, the numerator of which is the number of months (partial months treated as full months) in the portion of the Performance Period that precedes the Change of Control and the denominator of which is the total number of months in the Performance Period; provided, that the Participant shall forfeit his or her right to receive such payment if he or she experiences a termination of employment for Cause before the payment is made. This payment shall be paid at the time and in the manner set forth in Section 2.6 hereof; provided, however, that if the Change of Control qualifies as a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of U.S. Treasury Department Regulation Section 1.409A-3(i)(5), payment will be made within thirty (30) days after the occurrence of the Change of Control.

4.5 Cause. A Participant will forfeit the Award upon termination of employment for Cause (as defined in McDonald's Corporation 2012 Omnibus Stock Ownership Plan).

4.6 All Other Terminations. Participants will forfeit the Award upon termination of employment for any reason other than those reasons set forth above in Sections 4.1 through 4.4, except to the extent otherwise provided pursuant to the terms of the ERRP.

4.7 Twelve Months in Eligible Position. For the avoidance of doubt, if a Participant was in an Eligible Position for less than twelve months at the time of termination for any reason other than death or Disability, such Participant shall forfeit the Award.

4.8 Definitions.

“*Covered Termination*” means a Participant's termination of employment by the Company or a subsidiary without Cause and (A) when the Participant satisfies the following three conditions: (i) combined age and years of Company service equal to or greater than 48, (ii) Participant executes and delivers (and does not revoke) a release agreement in a form satisfactory to the Company, and (iii) Participant executes and delivers a non-competition agreement covering a period of 18 months in a form satisfactory to the Company as permitted by applicable law or (B) when the Participant terminates employment to become a franchisee. However, if a Participant is employed by a subsidiary in a European Market, (i) above is not required.

“*European Market*” means the following markets: Austria, Belarus, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Morocco, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia/Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, U.K., Ukraine.

“*Retirement*” means a Participant's termination of employment when the Participant satisfies the following four conditions: (i) combined age and years of Company service equal to or greater than 68, (ii) Participant provides 6 months advance written notice of his or her intention to terminate employment to the Corporate Vice President - Global Total Compensation, (iii) Participant executes and delivers (and does not revoke) a release agreement in a form satisfactory to the Company, (iv) Participant executes and delivers a non-competition agreement covering a period of 18 months in a form satisfactory to the Company as permitted by applicable law. However, if a Participant is employed by a subsidiary in a European Market, (i) above is not required and the notice required by (ii) is 12 months.

Section 5: Miscellaneous

5.1 Administration of the Plan. The Committee administers the Plan. The Committee shall have full and final authority, in its discretion, but subject to the express provisions of the 2009 Cash Incentive Plan in the case of Participants with respect to whom such provisions apply, to: establish the terms and conditions of Awards; determine the extent to which cash payments are actually earned pursuant to Awards and the amounts to be paid; interpret the Plan and to make all determinations necessary or advisable for the administration of the Plan; and amend, modify suspend or terminate the Plan, in whole or in part, in any manner and for any reason, and without the consent of any Participant, or other person, provided that no such amendment, modification or termination shall adversely affect the payment of any Award for a Performance Period ending prior to the action amending, modifying or terminating the Plan or the payment of any Award payable pursuant to Section 4.4 hereof or the right of a Participant pursuant to any agreement with the Company or any subsidiary. This administrative discretion specifically includes the right to modify Awards if necessary to be consistent with and avoid the imposition of tax penalties based upon Section 409A of the Internal Revenue Code. The determination of the Committee on all matters relating to this Plan and all Awards shall be made in its sole discretion, and shall be conclusive and final. No member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award.

5.2 Deferral. Awards may be deferred only in accordance with, and subject to the terms of, the McDonald's Excess Benefit and Deferred Bonus Plan in effect at the time the deferral election is made.

5.3 Withholding Taxes. The Company may withhold or cause to be withheld from any or all cash payments made under the Plan such amounts as are necessary to satisfy all federal, state, local and foreign withholding tax requirements related thereto.

5.4 Funding. Benefits payable under the Plan to any person shall be paid by the Company (or a subsidiary). The Company shall not be required to fund, or otherwise segregate assets to be used for payment of, benefits under the Plan. Participants shall have no claim against the Company or its assets with respect to Awards under the Plan other than as unsecured general creditors.

5.5 Forfeiture and Repayment Under Certain Circumstances. Awards under the Plan are intended to align the Participant's long-term interests with the long-term interests of the Company. If a Participant (i) violates a confidentiality, non-solicitation, non-competition, or similar restrictive covenant between the Company (or one of its subsidiaries) and such Participant or (ii) engages in willful fraud that causes harm to the Company (or one of its subsidiaries) or that is intended to manipulate the performance results under Section 2 of this Plan (either of (i) or (ii), "Detrimental Conduct") either during employment with the Company or after such employment terminates for any reason, the Participant is acting contrary to the long-term interests of the Company. Accordingly, the following rules shall apply under this Plan in respect of Detrimental Conduct:

- (a) In the event that the Company determines, in its sole and absolute discretion, that a Participant engaged in Detrimental Conduct prior to the second anniversary of the conclusion of the Performance Period, the Company may, if no payments hereunder have previously been made to such Participant, in its sole and absolute discretion, terminate such Participant's participation in the Plan. Additionally, if payments hereunder have previously been made to such Participant, the Company may, in its sole and absolute discretion, send a notice of recapture (a "Recapture Notice") to such Participant. Within ten days after receiving a Recapture Notice from the Company, the Participant shall deliver to the Company an amount in cash equal to the gross cash payment previously made to such Participant hereunder.
- (b) The Company has sole and absolute discretion not to take action pursuant to this Section 5.5 upon discovery of Detrimental Conduct, and its determination not to take action in any particular instance shall not in any way limit its authority to terminate participation of a Participant and/or send a Recapture Notice in any other instance.
- (c) Upon receipt of a payment hereunder, the applicable Participant shall, if requested by the Company, certify on a form acceptable to the Company, that he or she is not, and has not previously been, engaged in Detrimental Conduct.
- (d) Notwithstanding any provision of this Section 5.5, if any provision of this Section 5.5 is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law; provided, Section 5.5 shall not apply in any manner to individuals subject to the laws of France.
- (e) Any action taken by the Company pursuant to this Section 5.5 is without prejudice to any other action the Company, or any of its subsidiaries, may choose to take upon determination that a Participant has engaged in Detrimental Conduct.
- (f) This Section 5.5 will cease to apply after a Change of Control.

Notwithstanding anything in the Plan to the contrary, the Company will be entitled, to the extent permitted or required by applicable law, Company policy and/or the requirements of an exchange on which the Company's shares are listed for trading, in each case, as in effect from time to time, to recoup compensation of whatever kind paid by the Company at any time to a Participant under this Plan and each Participant, by accepting an Award pursuant to this Plan, agrees to comply with any Company request or demand for such recoupment.

5.6 Eligible Compensation. Any Awards and payments of cash will constitute special incentive payments to the Participant and will not be taken into account in computing the amount of salary or compensation of the Participant for the purposes of determining any pension, retirement, death or other benefits under: (a) any qualified, non-qualified or supplemental pension, retirement or profit-sharing plan of the Company or any of its subsidiaries, or (b) any bonus, life insurance or other employee benefit plan of the Company or any of its subsidiaries.

5.7 Relationship to Other Plans. With respect to any Participant who participates in the Company's Executive Retention Replacement Plan ("ERRP") or has a Change of Control Employment Agreement ("CIC Agreement") with the Company, notwithstanding anything to the contrary in this Plan the terms of the ERRP or CIC Agreement, as applicable, shall prevail to the extent of any inconsistency.

5.8 Section 162(m) of the Internal Revenue Code. With respect to any Participant with respect to whom the Committee determines that the limitation on deductibility imposed by Section 162(m) of the Internal Revenue Code could apply, the Plan shall be interpreted and administered in a manner that is consistent with the provisions of the McDonald's Corporation 2009 Cash Incentive Plan (or any successor plan), and in the event of any inconsistency between this Plan and the McDonald's Corporation 2009 Cash Incentive Plan the relevant provisions of the latter plan shall prevail.

5.9 Awards Not Assignable. Awards granted under the Plan shall not be assignable or transferable other than by will or by the laws of descent and distribution.

5.10 No Additional Rights. Neither the establishment of this Plan, nor the granting of any Award, shall be construed to (a) give any Participant the right to continued employment with the Company or to any benefits not specifically provided under the Plan or (b) in any manner modify the right of the Company or any of its subsidiaries to modify, amend or terminate any of their respective employee benefit plans.

5.11 Choice of Law. The law of the State of Illinois, except its law with respect to choice of law, shall be controlling in all matters relating to this Plan.

5.12 Headings. Section and clause headings are for ease of reference only and should not be taken as affecting the interpretation of the provisions of this Plan.

McDONALD'S CORPORATION
2012 OMNIBUS STOCK OWNERSHIP PLAN

STOCK OPTION AWARD AGREEMENT

EXECUTIVE OFFICERS

McDONALD'S CORPORATION (the "Company" or "McDonald's"), hereby grants to the individual named in the chart below (the "Optionee"), the number of options to purchase shares of the Company's Stock (the "Options") for the Option Price per share (the "Option Price"), both as set forth in the chart below. These Options shall vest and terminate according to the vesting schedule and termination provisions described below in this Stock Option Award Agreement, including any Appendices (together, the "Agreement"). The Options shall be subject to the terms and conditions set forth in this Agreement and in the McDonald's Corporation 2012 Omnibus Stock Ownership Plan, as amended (the "Plan").

Capitalized terms not otherwise defined in this Agreement shall have the meaning provided in the Plan. The Plan is incorporated into, and made a part of, this Agreement.

| | |
|------------------------------|--|
| Optionee: | |
| Number of Options: | |
| Type of Option Grant: | Non-Qualified Stock Option |
| Option Price: | \$94.00 |
| Grant Date | February 13, 2013 |
| Expiration Date: | 10th Anniversary of the Grant Date |
| Vesting Schedule: | 25% on first anniversary of Grant Date 25% on second anniversary of Grant Date 25% on third anniversary of Grant Date 25% on fourth anniversary of Grant Date |

1. Executive Retention Replacement Plan. If the Optionee participates in the Company's Executive Retention Replacement Plan (the "ERRP"), the treatment of the Options upon the Optionee's termination of employment (within the meaning of the ERRP) is governed by the terms of the ERRP, which terms will supersede any provisions of this Agreement and the Plan to the extent they are inconsistent with the ERRP.

2. Termination of Employment. For purposes of this Section 2, the date of Termination of Employment will be the last date that the Optionee is classified as an employee in the payroll system of the Company or applicable Subsidiary, provided that in the case of a Grantee who is subject to U.S. federal income tax (a "U.S. Taxpayer"), the date of Termination of Employment will be the date that the Grantee experiences a "separation from service," in accordance with the requirements of Code Section 409A. The Committee shall have the exclusive discretion to determine when the Optionee is no longer employed for purposes of the Options, this Agreement and the Plan.

(a) Termination Within One Year of the Grant Date. If the Optionee has a Termination of Employment for any reason other than death or Disability prior to the 12-month anniversary of the Grant Date, all Options will be immediately forfeited, regardless of any other provisions of this Agreement or the Plan.

(b) Termination for Cause. If the Optionee has a Termination of Employment for Cause, all vested and unvested Options shall terminate immediately; provided, however, that if the Optionee has a Termination of Employment for Cause due solely to a Policy Violation (which means a termination resulting from the commission of any act or acts which violate the Standards of Business Conduct of the Company or a Subsidiary or any successor thereto (including underlying policies or policies specifically referenced therein), as the same is effect and applicable to the Optionee at of the time of the Optionee's violation), as determined by the Committee in its sole and absolute discretion, the provisions of subsection 2(c) below shall apply.

(c) Termination Due to Policy Violation. If the Optionee has a Termination of Employment for Cause due solely to a Policy Violation, any Options vested on the date of the Optionee's Termination of Employment may be exercised not later than the 90th day following the Optionee's Termination of Employment (but not beyond the Expiration Date). Any unvested Options shall be forfeited as of the date of the Optionee's Termination of Employment.

(d) Termination on Account of Death or Disability. If the Optionee has a Termination of Employment on account of death or Disability (including during the first 12 months following the Grant Date), any unvested Options, whether or not vested on the date of the Optionee's Termination of Employment, may be exercised at any time within three years after such Termination of Employment (but not beyond the Expiration Date); and in the case of death, the Options may be exercised by (i) the Optionee's personal representative or by the person to whom the Options are transferred by will or the applicable laws of descent and distribution or (ii) the Optionee's beneficiary designated in accordance with Section 8 of the Plan.

For purposes of subsections (e) and (f) that follow, the term "Company Service" means the Optionee's aggregate number of years of employment with the Company and any Subsidiary, including employment with any Subsidiary during the period before it became a Subsidiary.

(e) Termination on Account of Retirement

i. Termination with At Least 68 Years of Combined Age and Service. If the Optionee voluntarily terminates employment and (i) the Optionee's combined age and years of Company Service is equal to or greater than 68, (ii) the Optionee provides six months advance written notice of his or her intention to terminate employment to the Corporate Vice President - Global Total Compensation, (iii) the Optionee executes and delivers (and does not revoke) a release agreement satisfactory to the Company and (iv) the Optionee executes and delivers a non-competition agreement covering a period of 18 months in a form satisfactory to the Company as permitted by applicable law (as the Committee may require), any unvested Options that would have vested within three years of the Optionee's Termination of Employment, will become exercisable in accordance with the Vesting Schedule set forth above in this Agreement, and any exercisable Options may be exercised at any time within three years after the Optionee's Termination of Employment or before the Expiration Date, if sooner. If the Optionee executes and delivers a non-competition agreement, and then violates the provisions of that agreement (in the Committee's discretion), all unexercised Options will immediately terminate and will not be exercisable.

ii. Termination of Employment After Attaining Age 60 with 20 or More Years of Service. If the Optionee terminates employment (other than for Cause) after attaining age 60 with 20 years or more of Company Service and the Optionee executes and delivers (and does not revoke) a release agreement satisfactory to the Company, any unvested Options that would have vested within three years of the date of the Optionee's Termination of Employment will become exercisable in accordance with the Vesting Schedule set forth above in this Agreement, and any exercisable Options may be exercised at any time within three years after the Optionee's Termination of Employment.

iii. Termination of Employment After Attaining Age 60 with Less than 20 Years of Service. If the Optionee terminates employment (other than for Cause) after attaining age 60 but before completing 20 years of Company Service and the Optionee executes and delivers (and does not revoke) a release agreement satisfactory to the Company, any Options exercisable on the date of the Optionee's Termination of Employment may be exercised at any time within one year after such Termination of Employment (but not beyond the Expiration Date). All unvested Options will be forfeited as of the date of Termination of Employment.

(f) Termination on Account of Special Circumstances. If the Optionee has a Termination of Employment due to Special Circumstances (which means, a Termination of Employment due to the Optionee becoming an owner-operator of a McDonald's restaurant in connection with his or her Termination of Employment or a Termination of Employment by the Company or a Subsidiary without Cause, in each case, where the Optionee's combined age and years of Company Service meets the threshold set forth in the chart below and the Optionee satisfies the additional conditions set forth in subsections (i) and (ii) below, as applicable), the Options, to the extent unvested as of the date of the Optionee's Termination of Employment, will, for the applicable period after the Optionee's Termination of Employment specified in the chart below, become vested in accordance with the Vesting Schedule set forth above in this Agreement and any vested Options may be exercised at any time within the applicable period specified in the chart below after such Termination of Employment (but not beyond the Expiration Date). As of the expiry of the applicable period specified in the chart below after the Optionee's Termination of Employment, any Options that remain unvested will be forfeited.

| <u>Age and Years of Company Service</u> | <u>Additional Vesting and Time to Exercise</u> |
|---|--|
| 68 plus years | 3 Years |
| 58 to 67 years | 2 Years |
| 48 to 57 years | 1 Year |

i. Termination of Employment Without Cause. In the case of the Optionee's Termination of Employment by the Company or a Subsidiary without Cause, to qualify for the treatment provided in this subsection (f), the Optionee must execute and deliver (i) a release agreement satisfactory to the Company (which the Optionee does not revoke) and (ii) a non-competition agreement covering a period of 18 months in a form satisfactory to the Company as permitted by applicable law (as the Committee or its delegatee may require). If the Optionee executes and delivers a non-competition agreement, and then violates the provisions of that agreement (in the Committee's discretion), all unexercised Options will immediately terminate and will not be exercisable.

ii. Termination due to Change in Status to Owner-Operator. If the Optionee becomes an owner-operator of a McDonald's restaurant in connection with his or her Termination of Employment, to qualify for the above treatment, the Optionee must execute and deliver (and not revoke) a release agreement satisfactory to the Company.

(g) Termination Due to Disaffiliation. If the Optionee has a Termination of Employment because of a Disaffiliation (Disaffiliation of a Subsidiary means the Subsidiary's ceasing to be a Subsidiary for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Subsidiary)) and the Optionee executes and delivers (and does not revoke) a release agreement satisfactory to the Company, any Options vested on the date of the Disaffiliation may be exercised at any time within one year following the Disaffiliation (but not beyond the Expiration Date). All unvested Options shall be forfeited as of the date of the Disaffiliation. If, however, the Options are assumed by another entity, this rule will not apply and the Options will continue in effect, subject to any changes as may be made to reflect the assumption of the Options.

(h) Any Other Reason. If the Optionee has a Termination of Employment for a reason other than those specified in Sections 2(a)-(g) above, any Options vested on the date of the Optionee's Termination of Employment may be exercised not later than the 90th day following the Optionee's Termination of Employment (but not beyond the Expiration Date). All unvested Options shall be forfeited as of the date of Termination of Employment.

(i) Selection of Rule. If the Optionee's Termination of Employment is covered by more than one of the foregoing rules, the applicable rule that is the most favorable to the Optionee shall apply, except that (i) in the case of a Termination of Employment for Cause, the Committee shall have the sole and absolute discretion to determine whether the Optionee is eligible for the treatment described in Section 2(c) above; and (ii) in the case of a Termination Due to Disaffiliation, Section 1(g) shall apply.

3. Responsibility for Taxes. Regardless of any action the Company or the Optionee's employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Optionee acknowledges that liability for all Tax-Related Items is and remains the Optionee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Optionee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including the grant, vesting or exercise of the Options, the subsequent sale of shares of Stock acquired as a result of such exercise and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Options to reduce or eliminate the Optionee's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Optionee has become subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

The Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Optionee's wages or other cash compensation paid to the Optionee by the Company and/or the Employer; or (ii) withholding from proceeds of the sale of shares of Stock acquired at exercise of the Options, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization). The Optionee shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Optionee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver shares of Stock or the proceeds of the sale of shares of Stock if the Optionee fails to comply with his or her obligations in connection with the Tax-Related Items.

4. Repayment/Forfeiture. Any benefits the Optionee may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, (ii) similar rules under the laws of any other jurisdiction and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to the Optionee.

5. **No Employment or Service Contract.** Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue in the employ of the Company or any Subsidiary for any period of specific duration or interfere with or restrict in any way the right of the Company or any Subsidiary, which is hereby expressly reserved, to remove, terminate or discharge the Optionee at any time for any reason whatsoever, with or without Cause and with or without advance notice.

6. **Governing Law.** The Options are governed by, and subject to, United States federal and Illinois state law (without regard to the conflict of law provisions) and the requirements of the New York Stock Exchange as well as the terms and conditions set forth in the Plan and this Agreement.

7. **Electronic Delivery and Acceptance.** The Company may, in its sole and absolute discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means and/or require the Optionee to accept this Option or any future option grant by electronic means. The Optionee hereby consents to receive such documents by electronic delivery and agrees that acceptance of this Option and any future option grant may be through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

8. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

9. **Waiver.** The waiver by the Company with respect to compliance of any provision of this Agreement by the Optionee shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of such party of any provision of this Agreement.

10. **Headings.** The headings in this Agreement have been inserted for convenience of reference only, and are to be disregarded in any construction of the provisions of this Agreement.

11. **Appendices.** The Appendices constitute part of this Agreement. Notwithstanding the provisions in this Agreement, the Options shall be subject to any special terms and conditions set forth in the Appendices to this Agreement.

By accepting the Options, the Optionee agrees to the terms of this Agreement and the Plan.

BY: _____

PRINT NAME: _____

DATE: _____

APPENDIX A

Power of Attorney

This Appendix A to the Agreement is a Power of Attorney that the Optionee authorizes by participating in the Plan. Certain capitalized terms used but not defined in this Appendix A have the meanings set forth in the Agreement (including the Appendix) or the Plan.

I hereby irrevocably constitute and appoint the Corporate Secretary and each Assistant Corporate Secretary of McDonald's Corporation as my true and lawful attorney-in-fact ("Attorney") with full power and authority and full power of substitution and resubstitution, to take in my name and on my behalf any and all actions necessary or desirable to meet any withholding obligation for Tax-Related Items as contemplated by the Agreement, including any and all of the following actions:

- (i) To sell in my name and on my behalf such number of shares of the common stock of McDonald's I acquire at vesting to the extent that McDonald's, in its sole discretion, determines that such sale is necessary and/or advisable in connection with tax withholding requirements under local law and/or regulations as a result of the vesting and exercise of any Options and to pay in my name and on my behalf my proportionate share of any lawful dealer's commission or discount and related expenses of such sale;
- (ii) To direct in my name and on my behalf the payment to McDonald's of the proceeds of such sale (net of any brokerage commissions) to the extent that McDonald's, in its sole discretion, determines is necessary and/or advisable in order to satisfy and discharge any such withholding obligation, with any excess to be returned to me by depositing the same in my Merrill Lynch account; and
- (iii) To execute such agreements and other documents and to take such other and further actions as may be necessary or desirable, as determined by the Attorney, to effectuate the foregoing.

This Power of Attorney is an agency coupled with an interest and all authority conferred hereby shall be irrevocable and shall not be terminated by me or by operation of law, whether by my death or incapacity or by the occurrence of any other event or events. If, after the execution hereof and prior to the vesting and exercise of the Options, I should die or become incapacitated, actions taken by the Attorney hereunder and under the Agreement shall be as valid as if such death or incapacity had not occurred, regardless of whether the Attorney or McDonald's has received notice of such death or incapacity.

To induce any transfer agent or other third party to act, I hereby agree that any transfer agent or other third party receiving a duly executed copy or facsimile of this Power of Attorney may act upon it. I for myself and for my heirs, executors, legal representatives and assigns hereby agree to indemnify and hold harmless any such transfer agent or other third party from and against any and all claims that may arise against such transfer agent or other third party by reason of such transfer agent or third party having relied on this Power of Attorney.

This Power of Attorney shall automatically terminate (without affecting any lawful action taken hereunder, which shall survive such termination) immediately upon the satisfaction and discharge of all withholding obligations for Tax-Related Items in connection with any Options to me under the Plan.

The Attorney shall be entitled to act and rely upon any representation, warranty, agreement, statement, request, notice or instruction respecting this Power of Attorney given by me, not only as to the authorization, validity and effectiveness thereof, but also as to the truth and accuracy of information therein contained. I agree that the Attorney assumes no responsibility or liability to any person, including me, other than to direct the transactions expressly contemplated hereby. I also agree that the Attorney makes no representation about, and has no responsibility for, any aspect of the Plan or the Options, and the Attorney shall not be liable for any error of judgment, for any act done or omitted or for any mistake of fact or law except for the Attorney's own willful misconduct, gross negligence or bad faith.

This Power of Attorney shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to any otherwise applicable conflicts of law or choice of law principles.

McDONALD'S CORPORATION
2012 OMNIBUS STOCK OWNERSHIP PLAN

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

EXECUTIVE OFFICERS

McDONALD'S CORPORATION (the "Company" or "McDonald's"), hereby grants to the individual named in the chart below (the "Grantee"), the number of restricted stock units ("RSUs") with respect to shares of the Company's Stock set forth in the chart below. Each RSU represents the equivalent in value of one share of Stock. The RSUs shall vest upon satisfaction of performance and service conditions and/or in accordance with the termination provisions described below in this Performance-Based Restricted Stock Unit Award Agreement, including any Appendices (the "Agreement"). The RSUs shall be subject to the terms and conditions set forth in this Agreement and in the McDonald's Corporation 2012 Omnibus Stock Ownership Plan, as amended (the "Plan").

To the extent the Grantee is a "covered employee" (within the meaning of Section 162(m)(3) of the Code), the RSUs are intended to be a Qualified Performance-Based Award, and the provisions of Section 23 of the Plan shall apply to the RSUs, notwithstanding any conflicting provision of this Agreement.

The schedule of performance goals ("Performance Goals") shall be established by the Committee not later than 90 days after the commencement of the Performance Period, provided that the outcome of the Performance Goals is substantially uncertain at the time the Committee establishes them. The schedule of Performance Goals shall be attached to this Agreement as Appendix A.

Capitalized terms not otherwise defined in this Agreement shall have the meaning provided in the Plan. The Plan is incorporated into, and made a part of, this Agreement.

Important Notice: To avoid cancellation of the RSUs, the Grantee must accept the RSUs on the terms and conditions on which they are offered, as set forth in this Agreement and in the Plan, by signing and returning this Agreement to the Executive Vice President of Human Resources, or his designee, no later than 60 days following the Grant Date specified in the chart below. If the Grantee fails to accept the RSUs in writing within this 60 day period, the RSUs will be cancelled.

| | |
|---|--|
| The Grantee: | |
| Target Number of RSUs ("<u>Target Award</u>") | |
| Grant Date: | February 13, 2013 |
| Performance Period: | January 1, 2013 - December 31, 2015 |
| Vesting Schedule: (other than on termination or change in control) | 0% - 100% of the Target Award shall vest on the third anniversary of the Grant Date, as determined by achievement of the Performance Goals set forth in Appendix A. |
| Vesting Period | February 13, 2013 - February 13, 2016 |

1. **Vesting of RSUs.** As set forth in the chart above, if and to the extent the Performance Goals are achieved, the RSUs will vest on the third anniversary of the Grant Date (the "Vesting Date"), as long as the Grantee remains continuously employed by the Company or a Subsidiary until the Vesting Date, unless otherwise provided in Sections 4 or 7 below. The number of RSUs that shall vest will range from 0% to 100% of the Target Award, as determined by the extent to which the Performance Goals set forth in Appendix A to this Agreement are achieved. The Grantee will have no rights to the shares of Stock until the RSUs have vested. Prior to settlement, the RSUs represent an unfunded and unsecured obligation of the Company.

2. **Settlement of RSUs.** On the Vesting Date, or no later than 90 days thereafter, the Company will issue and deliver to the Grantee (at the Company's sole discretion) either the number of shares of Stock equal to the number of vested RSUs or the cash equivalent value based on the New York Stock Exchange closing price of a share of Stock on the Vesting Date (or if the Vesting Date is a date on which the Stock is not traded, based on the closing price on the last date immediately preceding the Vesting Date on which the Stock was traded), subject to satisfaction of applicable tax and/or other obligations as described in Section 6 below and certification (in writing) by the Committee that the Performance Goals set forth in Appendix A have been attained. Notwithstanding the foregoing, (i) if the RSUs vest upon the Grantee's Termination of Employment on account of death or Disability (within the meaning of Code Section 409A), the RSUs will be settled within 90 days of the Grantee's Termination of Employment, and (ii) if the RSUs vest upon a Change in Control pursuant to Section 7(a) below, the RSUs will be settled as provided in Section 7(a) below, unless otherwise provided in Section 9 below. For purposes of the settlement timing provisions of this Section 2 and Sections 7 and 9 below, if the 60th or 90th day, as applicable, following the settlement event is not a business day, the vested RSUs will be settled on or prior to the business day immediately preceding the 60th or 90th day, as applicable.

3. **Executive Retention Replacement Plan.** If the Grantee participates in the Company's Executive Retention Replacement Plan (the "ERRP"), the treatment of the RSUs upon the Grantee's termination of employment (within the meaning of the ERRP) is governed by the terms of the ERRP, which terms will supersede any provisions of this Agreement and the Plan to the extent they are inconsistent with the ERRP.

4. **Termination of Employment.** For purposes of this Section 4, the date of Termination of Employment will be the last date that the Grantee is classified as an employee in the payroll system of the Company or applicable Subsidiary, provided that in the case of a Grantee who is subject to U.S. federal income tax (a "U.S. Taxpayer"), the date of Termination of Employment will be the date that the Grantee experiences a "separation from service," in accordance with the requirements of Code Section 409A. The Company shall have the exclusive discretion to determine when the Grantee is no longer employed for purposes of the RSUs, this Agreement and the Plan. Subject to Section 7:

(a) **Termination Within One Year of the Grant Date.** If the Grantee has a Termination of Employment for any reason other than death or Disability prior to the 12-month anniversary of the Grant Date, the RSUs will be immediately forfeited, regardless of any other provisions of this Agreement or the Plan.

(b) **Termination for Cause or Policy Violation.** If the Grantee has a Termination of Employment for Cause, including on account of a Policy Violation (which means a termination resulting from the commission of any act or acts which violate the Standards of Business Conduct of the Company or a Subsidiary or any successor thereto (including underlying policies or policies specifically referenced therein), as the same is effect and applicable to the Grantee at of the time of the Grantee's violation), as determined by the Committee or its delegee in its sole and absolute discretion, the RSUs will be immediately forfeited, regardless of any other provisions of this Agreement.

(c) **Termination on Account of Death or Disability.** If the Grantee has a Termination of Employment on account of death or Disability (including during the first 12 months following the Grant Date), the Performance Goals requirement will be waived and 100% of the Target Award will immediately vest and will be settled in accordance with Section 2 above, unless otherwise provided in Section 9(b) below.

For purposes of subsections (d) and (e) that follow, the term "Company Service" means the Grantee's aggregate number of years of employment with the Company and any Subsidiary, including employment with any Subsidiary during the period before it became a Subsidiary.

(d) **Termination on Account of Retirement.**

(i) **Termination with At Least 68 Years of Combined Age and Service.** If the Grantee voluntarily terminates employment and (i) the Grantee's combined age and years of Company Service is equal to or greater than 68, (ii) the Grantee provides 6 months advance written notice of his or her intention to terminate employment to the Corporate Vice President - Global Total Compensation, (iii) the Grantee executes and delivers (and does not revoke) a release agreement satisfactory to the Company and (iv) the Grantee executes and delivers a non-competition agreement covering a period of 18 months in a form satisfactory to the Company as permitted by applicable law (as the Committee or its delegee may require), a pro-rata portion of the RSUs, as determined in accordance with Section 5 below, shall be eligible for vesting to the extent the Performance Goals are achieved. Settlement of any of such vested RSUs will occur in accordance with Section 2 above, unless otherwise provided in Section 9(a) or (b) below. If the Grantee executes and delivers a non-competition agreement, and then violates the provisions of that agreement, the Company may seek to administratively or judicially enforce the covenants under the non-competition agreement and any failure to enforce that right does not waive that right.

(ii) Termination of Employment After Attaining Age 60 with 20 or More Years of Service. If the Grantee terminates employment (other than for Cause) after attaining age 60 with 20 years or more of Company Service and the Grantee executes and delivers (and does not revoke) a release agreement satisfactory to the Company, a pro-rata portion of the RSUs, as determined in accordance with Section 5 below, shall be eligible for vesting to the extent the Performance Goals are achieved. Settlement of any of such vested RSUs will occur in accordance with Section 2 above, unless otherwise provided in Section 9(a) or (b) below.

(e) Termination on Account of Special Circumstances or Disaffiliation. If the Grantee has a Termination of Employment due to Special Circumstances (which means, a Termination of Employment due to the Grantee becoming an owner-operator of a McDonald's restaurant in connection with his or her Termination of Employment or a Termination of Employment by the Company or a Subsidiary without Cause) or a Disaffiliation (Disaffiliation of a Subsidiary means the Subsidiary's ceasing to be a Subsidiary for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Subsidiary)) and (i) the Grantee's combined age and years of Company Service is equal to or greater than 48, (ii) the Grantee executes and delivers (and does not revoke) a release agreement satisfactory to the Company and (iii) the Grantee executes and delivers a non-competition agreement covering a period of 18 months in a form satisfactory to the Company as permitted by applicable law (as the Committee or its delegate may require), a pro-rata portion of the RSUs, as determined in accordance with Section 5 below, shall be eligible for vesting to the extent the Performance Goals are achieved. Settlement of any of such vested RSUs will occur in accordance with Section 2 above, unless otherwise provided in Section 9(a) or (b) below.

(f) Any Other Reason. If the Grantee has a Termination of Employment for a reason other than those specified in Sections 4 (a)-(e) above, all unvested RSUs shall be immediately forfeited.

5. Pro-Rata Vesting Formula. The number of RSUs that shall vest on a pro-rata basis upon the Grantee's Termination of Employment in accordance with Section 4 above is the number of RSUs determined to have been earned based on achievement of the Performance Goals ("Number of Earned RSUs") multiplied by the number of months (counting partial months as whole months) from the Grant Date through the date of the Grantee's Termination of Employment, divided by the total number of months between the Grant Date and the Vesting Date, as is illustrated below:

$$\text{Number of Earned RSUs} \times \text{Number of Months Worked in Vesting Period}$$

$$\text{Total Number of Months in Vesting Period (36 months)}$$

Any fractional share amount determined upon application of the above formula will be rounded up to the next whole share.

6. Responsibility for Taxes.

(a) Grantee's Liability for Tax-Related Items. Regardless of any action the Company or the Grantee's employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant, vesting or settlement of the RSUs, the subsequent sale of any shares of Stock acquired as a result of such settlement and/or the receipt of any dividends after settlement; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Grantee has become subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Tax-Related Items Withholding Procedures. The Grantee authorizes the use of the withholding procedures set forth below in this subsection (b) to satisfy all Tax-Related Items obligations of the Company and/or the Employer that may arise upon the vesting of the RSUs or any other taxable or tax withholding event. In the event that any amount of such Tax-Related Items cannot be satisfied by the means set forth in this subsection (b), the Grantee shall be required to pay such amount to the Company or the Employer. The Company shall not be required to issue or deliver the shares of Stock or the cash equivalent (if applicable) if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items. Further, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates.

(i) Stock Settlement. If the RSUs are settled in shares of Stock and the Grantee is not subject to the short-swing profit rules of Section 16(b) of the 1934 Act, the Grantee authorizes the Company to satisfy the obligations with regard to all Tax-Related Items by withholding in shares of Stock to be issued upon settlement of the RSUs. Alternatively, or in addition, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to Tax-Related Items by one or a combination of the following: (A) withholding from proceeds of the sale of shares of Stock acquired upon settlement of the RSUs, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization); or (B) withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer. If the RSUs are settled in shares of Stock and the Grantee is subject to the short-swing profit rules of Section 16(b) of the 1934 Act, the Company will withhold in shares of Stock upon the relevant tax withholding event, unless the use of such withholding method is prevented by applicable law or has materially adverse accounting or tax consequences, in which case, the Tax-Related Items withholding obligation may be satisfied by one or a combination of methods (A) and (B) above.

If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock, for tax purposes, the Grantee is deemed to have been issued the full number of shares of Stock subject to the vested RSUs, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the applicable Tax-Related Items.

(ii) Cash Settlement. If the RSUs are settled in cash, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligation for Tax-Related Items by withholding from the cash amount paid to the Grantee in settlement of the RSUs, or from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer.

7. Change in Control.

(a) Treatment of RSUs Upon a Change in Control. In the event of a Change in Control, notwithstanding any other provision of this Agreement, the Performance Goals requirement will be waived and 100% of the Target Award will immediately vest and be settled at such time or within 60 days after the Change in Control if (i) after such Change in Control, the Stock ceases to be publicly-traded and (ii) the Grantee does not receive Replacement Awards. Notwithstanding the foregoing, if the Change in Control does not qualify as a change in control for purposes of Code Section 409A, any RSUs held by a U.S. Taxpayer will be settled within 90 days following the earliest of (A) the Vesting Date or (B) the Grantee's death or "disability" within the meaning of Code Section 409A.

(b) Termination After Change in Control. If the immediate vesting described in the preceding paragraph does not apply, but the Company or a Subsidiary terminates the Grantee's employment for any reason other than Cause within two years following the Change in Control, the Performance Goals requirement will be waived and 100% of the Target Award will immediately vest and be settled within 90 days of Termination of Employment in accordance with Section 2 above, unless otherwise provided in Section 9(b) below. Notwithstanding the foregoing, if the Change in Control does not qualify as a change in control for purposes of Code Section 409A, any RSUs held by a U.S. Taxpayer will be settled within 90 days following the earliest of (A) the Vesting Date or (B) the Grantee's death or "disability" within the meaning of Code Section 409A.

8. Settlement Upon Death of the Grantee. In any case under this Agreement in which the RSUs are to be settled following the Grantee's death, the shares of Stock or cash due in settlement of the RSUs shall be issued to (i) the Grantee's personal representative or the person to whom the RSUs are transferred by will or the applicable laws of descent and distribution, (ii) the Grantee's beneficiary designated in accordance with Section 8 of the Plan, or (iii) the then-acting trustee of the trust described in Section 8(b) of the Plan.

9. Code Section 409A.

(a) Settlement Conditioned upon Termination Requirements. Notwithstanding any provision in this Agreement to the contrary (but except as provided in Section 9(b) hereof), in the event that (i) the vesting and settlement of RSUs in connection with a Termination of Employment is conditioned on the Grantee's execution and delivery of a release or a non-competition agreement and (ii) the settlement period commences in one calendar year and ends in the next calendar year (where the portion of the settlement period in the next calendar year contains at least one business day), the RSUs held by a U.S. Taxpayer will be settled in the second calendar year.

(b) **Specified Employee Termination of Employment.** Notwithstanding any provision in this Agreement to the contrary, if the Grantee is a U.S. Taxpayer and a specified employee under the Company's Specified Key Employee Policy (Grantees meeting both criteria are referred to herein as "**Specified Employees**") on the date of the Grantee's Termination of Employment, any settlement of the RSUs that the Grantee is entitled to receive under this Agreement upon Termination of Employment will be made as follows:

(i) **Settlement Due to Termination Pursuant to Section 4.** If the Grantee's Termination of Employment is covered by (1) Section 4(c) and the Grantee's Disability does not constitute a "disability" for purposes of Code Section 409A, or (2) Sections 4(d) or 4(e), the RSUs will be settled within 90 days following the earliest of (A) the Vesting Date, (B) the date that is six months after the Grantee's Termination of Employment and (C) the Grantee's death. For avoidance of doubt, if the Grantee's Termination of Employment is covered by Section 4(c) and the Grantee's Disability does constitute a "disability" for purposes of Code Section 409A, then the Grantee's vested RSUs will be settled within 90 days of the Grantee's Termination of Employment.

(ii) **Settlement Due to Termination After Change in Control.** If the Grantee's Termination of Employment is covered by Section 7(b), the RSUs will be settled within 90 days following the earliest of (A) the Vesting Date, (B) the date that is six months after the Grantee's Termination of Employment and (C) the Grantee's death or "disability" within the meaning of Code Section 409A.

(c) **No Company Liability.** All RSUs granted hereunder are intended to be compliant with Code Section 409A, and shall be interpreted, construed and operated to reflect this intent. Notwithstanding the foregoing, this Agreement and the Plan may be amended at any time, without the consent of any party, to the extent that is necessary or desirable to satisfy any of the requirements under Code Section 409A, but the Company shall not be under any obligation to make any such amendment. Nothing in this Agreement or the Plan shall provide a basis for any person to take action against the Company or any Subsidiary based on matters covered by Code Section 409A, including the tax treatment of any amount paid or RSUs granted under this Agreement, and neither the Company nor any of its Subsidiaries shall under any circumstances have any liability to the Grantee or his or her estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Agreement, including taxes, penalties or interest imposed under Code Section 409A.

10. **Repayment/Forfeiture.** Any benefits the Grantee may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, (ii) similar rules under the laws of any other jurisdiction and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to the Grantee.

11. **No Employment or Service Contract.** Nothing in this Agreement or in the Plan shall confer upon the Grantee any right to continue in the employ of the Company or any Subsidiary for any period of specific duration or interfere with or restrict in any way the right of the Company or any Subsidiary, which is hereby expressly reserved, to remove, terminate or discharge the Grantee at any time for any reason whatsoever, with or without Cause and with or without advance notice.

12. **Governing Law.** The RSUs are governed by, and subject to, United States federal and Illinois state law (without regard to the conflict of law provisions) and the requirements of the New York Stock Exchange as well as the terms and conditions set forth in the Plan and this Agreement.

13. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means and/or require the Grantee to accept any future restricted stock unit grant by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if required by the Company, agrees to accept any future grant of restricted stock units through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

15. **Waiver.** The waiver by the Company with respect to compliance of any provision of this Agreement by the Grantee shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of such party of a provision of this Agreement.

16. **Headings.** The headings in this Agreement have been inserted for convenience of reference only, and are to be ignored in any construction of the provisions of this Agreement.

17. Appendices. The Appendices constitute part of this Agreement. Notwithstanding the provisions in this Agreement, the RSUs shall be subject to any special terms and conditions set forth in the Appendices to this Agreement.

By accepting the RSUs, the Grantee agrees to the terms of this Agreement and the Plan.

BY: _____

PRINT NAME: _____

DATE : _____

APPENDIX A

February 13, 2013 RSUs Grant - Performance Targets

Performance-Based RSU Payout Schedule

Base Period EPS: **\$5.36** (Full Year 2012 Adjusted)

CAGR $\geq 6\%$ 5% 4% 3% 2% 1% 0%

Base EPS 5.36 5.36 5.36 5.36 5.36 5.36 5.36

Point to Point (Constant Currency Basis)

| | | | | | | | |
|-------------|-------|-------|-------|-------|-------|-------|-------|
| Year 1 EPS | 5.68 | 5.63 | 5.57 | 5.52 | 5.47 | 5.41 | 5.36 |
| Year 2 EPS | 6.02 | 5.91 | 5.80 | 5.69 | 5.58 | 5.47 | 5.36 |
| Year 3 EPS | 6.38 | 6.20 | 6.03 | 5.86 | 5.69 | 5.52 | 5.36 |
| CUMULATIVE* | 18.08 | 17.74 | 17.40 | 17.07 | 16.74 | 16.40 | 16.08 |

Payout % 100% 85% 70% 55% 40% 25% 0%

As Reported EPS 5.36

Adjusted Base EPS 5.36

* The Company's Cumulative EPS for the performance period shall mean the Company's diluted net income per share, as reported in the Company's financial statements for the period ended December 31, 2015, but determined without regard to the effect of foreign currency translation, extraordinary items, restatements, accounting changes, charges for discontinued operations, asset impairment charges, and other non-recurring items as determined by the Compensation Committee of the Board of Directors ("Committee") in accordance with the guidelines approved from time to time by the Committee with respect to exclusions applied in compensation programs.

Notes

¹ Base Period EPS shall mean the Company's diluted net income per share for the period ended December 31, 2012 as reconciled above.

² CAGR means compound annual growth rate.

³ Payout percentage will be interpolated for results that are positive and less than 6% CAGR.

⁴ In calculating payouts, any fractional share shall be rounded up to the next whole share.

APPENDIX B

Power of Attorney

This Appendix B to the Agreement is a Power of Attorney Grantee authorizes by participating in the Plan. Certain capitalized terms used but not defined in this Appendix B have the meanings set forth in the Agreement (including the Appendices) or the Plan.

I hereby irrevocably constitute and appoint the Corporate Secretary and each Assistant Corporate Secretary of McDonald's Corporation as my true and lawful attorney-in-fact ("Attorney") with full power and authority and full power of substitution and resubstitution, to take in my name and on my behalf any and all actions necessary or desirable to meet any withholding obligation for Tax-Related Items as contemplated by the Agreement, including any and all of the following actions:

- (i) To sell in my name and on my behalf such number of shares of the common stock of McDonald's I acquire at vesting to the extent that McDonald's, in its sole discretion, determines that such sale is necessary and/or advisable in connection with tax withholding requirements under local law and/or regulations as a result of the vesting of any RSUs and to pay in my name and on my behalf my proportionate share of any lawful dealer's commission or discount and related expenses of such sale;
- (ii) To direct in my name and on my behalf the payment to McDonald's of the proceeds of such sale (net of any brokerage commissions) to the extent that McDonald's, in its sole discretion, determines is necessary and/or advisable in order to satisfy and discharge any such withholding obligation, with any excess to be returned to me by depositing the same in my Merrill Lynch account; and
- (iii) To execute such agreements and other documents and to take such other and further actions as may be necessary or desirable, as determined by the Attorney, to effectuate the foregoing.

This Power of Attorney is an agency coupled with an interest and all authority conferred hereby shall be irrevocable and shall not be terminated by me or by operation of law, whether by my death or incapacity or by the occurrence of any other event or events. If, after the execution hereof and prior to the vesting of the RSUs, I should die or become incapacitated, actions taken by the Attorney hereunder and under the Agreement shall be as valid as if such death or incapacity had not occurred, regardless of whether the Attorney or McDonald's has received notice of such death or incapacity.

To induce any transfer agent or other third party to act, I hereby agree that any transfer agent or other third party receiving a duly executed copy or facsimile of this Power of Attorney may act upon it. I for myself and for my heirs, executors, legal representatives and assigns hereby agree to indemnify and hold harmless any such transfer agent or other third party from and against any and all claims that may arise against such transfer agent or other third party by reason of such transfer agent or third party having relied on this Power of Attorney.

This Power of Attorney shall automatically terminate (without affecting any lawful action taken hereunder, which shall survive such termination) immediately upon the satisfaction and discharge of all withholding obligations for Tax-Related Items in connection with any RSUs to me under the Plan.

The Attorney shall be entitled to act and rely upon any representation, warranty, agreement, statement, request, notice or instruction respecting this Power of Attorney given by me, not only as to the authorization, validity and effectiveness thereof, but also as to the truth and accuracy of information therein contained. I agree that the Attorney assumes no responsibility or liability to any person, including me, other than to direct the transactions expressly contemplated hereby. I also agree that the Attorney makes no representation about, and has no responsibility for, any aspect of the Plan or the RSUs, and the Attorney shall not be liable for any error of judgment, for any act done or omitted or for any mistake of fact or law except for the Attorney's own willful misconduct, gross negligence or bad faith.

This Power of Attorney shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to any otherwise applicable conflicts of law or choice of law principles.

**McDONALD'S CORPORATION
2012 OMNIBUS STOCK OWNERSHIP PLAN**

SPECIAL CPUP PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

CPUP PARTICIPANTS

McDONALD'S CORPORATION (the "Company" or "McDonald's"), hereby grants to the individual named in the chart below (the "Grantee"), the number of restricted stock units ("RSUs") with respect to shares of the Company's Stock set forth in the chart below. Each RSU represents the equivalent in value of one share of Stock. The RSUs shall vest upon satisfaction of performance and service conditions and/or in accordance with the termination provisions described below in this Performance-Based Restricted Stock Unit Award Agreement, including any Appendices (the "Agreement"). The RSUs shall be subject to the terms and conditions set forth in this Agreement and in the McDonald's Corporation 2012 Omnibus Stock Ownership Plan, as amended (the "Plan").

To the extent the Grantee is a "covered employee" (within the meaning of Section 162(m)(3) of the Code), the RSUs are intended to be a Qualified Performance-Based Award, and the provisions of Section 23 of the Plan shall apply to the RSUs, notwithstanding any conflicting provision of this Agreement.

The schedule of performance goals ("Performance Goals") shall be established by the Committee not later than 90 days after the commencement of the Performance Period, provided that the outcome of the Performance Goals is substantially uncertain at the time the Committee establishes them. The schedule of Performance Goals shall be attached to this Agreement as Appendix A.

Capitalized terms not otherwise defined in this Agreement shall have the meaning provided in the Plan. The Plan is incorporated into, and made a part of, this Agreement.

Important Notice: To avoid cancellation of the RSUs, the Grantee must accept the RSUs on the terms and conditions on which they are offered, as set forth in this Agreement and in the Plan, by signing and returning this Agreement to the Executive Vice President of Human Resources, or his designee, no later than 60 days following the Grant Date specified in the chart below. If the Grantee fails to accept the RSUs in writing within this 60 day period, the RSUs will be cancelled.

| | |
|---|--|
| The Grantee: | |
| Target Number of RSUs ("<u>Target Award</u>"): | |
| Grant Date: | February 13, 2013 |
| Performance Period: | January 1, 2013 - December 31, 2015 |
| Vesting Schedule: (other than on termination or change in control) | 0% - 100% of the Target Award shall be treated as the Number of Earned RSUs (as defined below). 50% of the Number of Earned RSUs shall vest on the third anniversary of the Grant Date; and 50% of the Number of Earned RSUs shall vest on Termination of Employment. |
| Vesting Period: | February 13, 2013 - February 13, 2016 |

1. Vesting of RSUs. The number of shares of Stock underlying the RSUs determined to have been earned based on achievement of the Performance Goals set forth in Appendix A (the "Earned RSUs") will range from 0% to 100% of the Target Award. As set forth in the chart above, 50% of Earned RSUs will be eligible to vest on the third anniversary of the Grant Date and the remaining 50% of the Earned RSUs will be eligible to vest upon the Grantee's Termination of Employment as provided in Sections 4(e)(1) or (2) below (each such date, a "Vesting Date"), in each case, as long as the Grantee remains continuously employed by the Company or a Subsidiary until the applicable Vesting Date, unless otherwise provided in Sections 4 or 7 below. The Grantee will have no rights to the shares of Stock until the RSUs have vested. Prior to settlement, the RSUs represent an unfunded and unsecured obligation of the Company.

2. **Settlement of RSUs.** On the applicable Vesting Date, or no later than 90 days thereafter, the Company will issue and deliver to the Grantee (at the Company's sole discretion) either the number of shares of Stock equal to the number of vested Earned RSUs or the cash equivalent value based on the New York Stock Exchange closing price of a share of Stock on the applicable Vesting Date (or if the applicable Vesting Date is a date on which the Stock is not traded, based on the closing price on the last date immediately preceding to the applicable Vesting Date on which the Stock was traded), subject to satisfaction of applicable tax and/or other obligations as described in Section 6 below and certification (in writing) by the Committee that the Performance Goals set forth in Appendix A have been attained. Notwithstanding the foregoing, (i) if the RSUs vest upon the Grantee's Termination of Employment on account of death or Disability (that constitutes a "disability" for Code Section 409A purposes) or after a Change in Control pursuant to Section 7(b) below with respect to a Termination of Employment occurring on or following February 13, 2016, all Earned RSUs will be settled within 90 days of the Grantee's Termination of Employment, (ii) if the RSUs vest upon a Change in Control, the RSUs will be settled as provided in Section 7(a) below, and (iii) if the RSUs vest upon the Grantee's Termination of Employment prior to February 13, 2016 (as provided in Sections 4(c) (in the case of a Disability that does not constitute a "disability" for Code Section 409A purposes), 4(d)(1) or (2) or 7(b) below), all Earned RSUs will be settled on the third anniversary of the Grant Date or no later than 90 days thereafter, unless otherwise provided in Section 9 below. For purposes of the settlement timing provisions of this Section 2 and Sections 7 and 9 below, if the 60th or 90th day, as applicable, following the settlement event is not a business day, the vested RSUs will be settled on or prior to the business day immediately preceding the 60th or 90th day, as applicable.

3. **Executive Retention Replacement Plan.** If the Grantee participates in the Company's Executive Retention Replacement Plan (the "ERRP"), the treatment of the RSUs upon the Grantee's termination of employment (within the meaning of the ERRP) is governed by the terms of the ERRP, which terms will supersede any provisions of this Agreement and the Plan to the extent they are inconsistent with the ERRP.

4. **Termination of Employment.** For purposes of this Section 4, the date of Termination of Employment will be the last date that the Grantee is classified as an employee in the payroll system of the Company or applicable Subsidiary, provided that in the case of a Grantee who is subject to U.S. federal income tax (a "U.S. Taxpayer"), the date of Termination of Employment will be the date that the Grantee experiences a "separation from service," in accordance with the requirements of Code Section 409A. The Company shall have the exclusive discretion to determine when the Grantee is no longer employed for purposes of the RSUs, this Agreement and the Plan. Subject to Section 7:

(a) **Termination Within One Year of the Grant Date.** If the Grantee has a Termination of Employment for any reason other than death or Disability prior to the 12-month anniversary of the Grant Date, the RSUs will be immediately forfeited, regardless of any other provisions of this Agreement or the Plan.

(b) **Termination for Cause or Policy Violation.** If the Grantee has a Termination of Employment for Cause, including on account of a Policy Violation (which means a termination resulting from the commission of any act or acts which violate the Standards of Business Conduct of the Company or a Subsidiary or any successor thereto (including underlying policies or policies specifically referenced therein), as the same is in effect and applicable to the Grantee at the time of the Grantee's violation), as determined by the Committee or its delegate in its sole and absolute discretion, all unvested RSUs will be immediately forfeited, regardless of any other provisions of this Agreement.

(c) **Termination on Account of Death or Disability.** Notwithstanding any other provision of this Agreement, if the Grantee has a Termination of Employment on account of death or Disability (including during the first 12 months following the Grant Date), (i) the Performance Goals requirement will be waived and 100% of the Target Award will immediately vest if the termination occurs prior to February 13, 2016, and (ii) all of the Earned RSUs shall immediately vest if the termination occurs on or following February 13, 2016. The RSUs that vest in accordance with the foregoing sentence shall be settled in accordance with Section 2 above, unless otherwise provided in Section 9 (b) below.

For purposes of subsections (d) and (e) that follow, the term "Company Service" means the Grantee's aggregate number of years of employment with the Company and any Subsidiary, including employment with any Subsidiary during the period before it became a Subsidiary.

(d) **Termination Prior to February 13, 2016.**

(1) **Termination on Account of Retirement.**

(a) Termination with At Least 68 Years of Combined Age and Service. If the Grantee voluntarily terminates employment prior to February 13, 2016 and (i) the Grantee's combined age and years of Company Service is equal to or greater than 68, (ii) the Grantee provides 6 months advance written notice of his or her intention to terminate employment to the Corporate Vice President - Global Total Compensation, (iii) the Grantee executes and delivers (and does not revoke) a release agreement satisfactory to the Company and (iv) the Grantee executes and delivers a non-competition agreement satisfactory to the Company (as the Committee or its delegatee may require), a pro-rata portion of the Earned RSUs, as determined in accordance with Section 5 below, shall be eligible for vesting. Settlement of any of such vested RSUs will occur in accordance with Section 2 above, unless otherwise provided in Section 9(a) or (b) below. If the Grantee executes and delivers a non-competition agreement, and then violates the provisions of that agreement, the Company may seek to administratively or judicially enforce the covenants under the non-competition agreement and any failure to enforce that right does not waive that right.

(b) Termination of Employment After Attaining Age 60 with 20 or More Years of Service. If the Grantee terminates employment prior to February 13, 2016 (other than for Cause) after attaining age 60 with 20 years or more of Company Service and the Grantee executes and delivers (and does not revoke) a release agreement satisfactory to the Company, a pro-rata portion of the Earned RSUs, as determined in accordance with Section 5 below, shall be eligible for vesting. Settlement of any of such vested RSUs will occur in accordance with Section 2 above, unless otherwise provided in Section 9(a) or (b) below.

(2) Termination on Account of Special Circumstances or Disaffiliation. If the Grantee has a Termination of Employment prior to February 13, 2016 due to Special Circumstances (which means, a Termination of Employment due to the Grantee becoming an owner-operator of a McDonald's restaurant in connection with his Termination of Employment or a Termination of Employment by the Company or a Subsidiary without Cause) or a Disaffiliation (Disaffiliation of a Subsidiary means the Subsidiary's ceasing to be a Subsidiary for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Subsidiary)) and (i) the Grantee's combined age and years of Company Service is equal to or greater than 48 and (ii) the Grantee executes and delivers (and does not revoke) a release agreement satisfactory to the Company, a pro-rata portion of the Earned RSUs, as determined in accordance with Section 5 below, shall be eligible for vesting. Settlement of any of such vested RSUs will occur in accordance with Section 2 above, unless otherwise provided in Section 9(a) or (b) below.

(3) Any Other Reason. If the Grantee has a Termination of Employment prior to February 13, 2016 for a reason other than those specified in Sections 4(c), 4(d)(1) and 4(d)(2) above or Section 7(b) below, all unvested RSUs shall be immediately forfeited.

(e) Termination on or After February 13, 2016.

(1) Termination on Account of Retirement.

(a) Termination with At Least 68 Years of Combined Age and Service. If the Grantee voluntarily terminates employment on or after February 13, 2016 and (i) the Grantee's combined age and years of Company Service is equal to or greater than 68, (ii) the Grantee provides 6 months advance written notice of his or her intention to terminate employment to the Corporate Vice President - Global Total Compensation, (iii) the Grantee executes and delivers (and does not revoke) a release agreement satisfactory to the Company and (iv) the Grantee executes and delivers a non-competition agreement satisfactory to the Company (as the Committee or its delegatee may require), all of the unvested Earned RSUs shall vest. Settlement of any of such vested RSUs will occur in accordance with Section 2 above, unless otherwise provided in Section 9(a) or (b) below. If the Grantee executes and delivers a non-competition agreement, and then violates the provisions of that agreement, the Company may seek to administratively or judicially enforce the covenants under the non-competition agreement and any failure to enforce that right does not waive that right.

(b) Termination of Employment After Attaining Age 60 with 20 or More Years of Service. If the Grantee terminates employment on or after February 13, 2016 (other than for Cause) after attaining age 60 with 20 years or more of Company Service and the Grantee executes and delivers (and does not revoke) a release agreement satisfactory to the Company, all of the unvested Earned RSUs shall vest. Settlement of any of such vested RSUs will occur in accordance with Section 2 above, unless otherwise provided in Section 9(a) or (b) below.

(2) Termination on Account of Special Circumstances or Disaffiliation. If the Grantee has a Termination of Employment on or after February 13, 2016 due to Special Circumstances (which means, a Termination of Employment due to the Grantee becoming an owner-operator of a McDonald's restaurant in connection with his Termination of Employment or a Termination of Employment by the Company or a Subsidiary without Cause) or a Disaffiliation (Disaffiliation of a Subsidiary means the Subsidiary's ceasing to be a Subsidiary for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Subsidiary)) and (i) the Grantee's combined age and years of Company Service is equal to or greater than 48 and (ii) the Grantee executes and delivers (and does not revoke) a release agreement satisfactory to the Company, all of the unvested Earned RSUs shall vest. Settlement of any of such vested RSUs will occur in accordance with Section 2 above, unless otherwise provided in Section 9(a) or (b) below.

(3) Any Other Reason. If the Grantee has a Termination of Employment on or after February 13, 2016 for a reason other than those specified in Sections 4(c), 4(e)(1), or 4(e)(2) above or Section 7(b) below, all unvested RSUs (including, for the avoidance of doubt, unvested Earned RSUs) shall be immediately forfeited.

5. **Pro-Rata Vesting Formula.** The Number of Earned RSUs that shall vest on a pro-rata basis upon the Grantee's Termination of Employment in accordance with Section 4 above is the Earned RSUs multiplied by the number of months (counting partial months as whole months) from the Grant Date through the date of the Grantee's Termination of Employment, divided by thirty-six:

$$\frac{\text{Number of Earned RSUs} \times \text{Number of Months Worked in Vesting Period}}{\text{Total Number of Months in Vesting Period (36 months)}}$$

Total Number of Months in Vesting Period (36 months)

Any fractional share amount determined upon application of the above formula will be rounded up to the next whole share.

6. **Responsibility for Taxes.**

(a) **Grantee's Liability for Tax-Related Items.** Regardless of any action the Company or the Grantee's employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant, vesting or settlement of the RSUs, the subsequent sale of any shares of Stock acquired as a result of such settlement and/or the receipt of any dividends after settlement; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Grantee has become subject to Tax-Related Items in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) **Tax-Related Items Withholding Procedures.** The Grantee authorizes the use of the withholding procedures set forth below in this subsection (b) to satisfy all Tax-Related Items obligations of the Company and/or the Employer that may arise upon the vesting of the RSUs or any other taxable or tax withholding event. In the event that any amount of such Tax-Related Items cannot be satisfied by the means set forth in this subsection (b), the Grantee shall be required to pay such amount to the Company or the Employer. The Company shall not be required to issue or deliver the shares of Stock or the cash equivalent (if applicable) if the Grantee fails to comply with his or her obligations in connection with the Tax-Related Items. Further, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates.

(1) **Stock Settlement.** If the RSUs are settled in shares of Stock and the Grantee is not subject to the short-swing profit rules of Section 16(b) of the 1934 Act, the Grantee authorizes the Company to satisfy the obligations with regard to all Tax-Related Items by withholding in shares of Stock to be issued upon settlement of the RSUs. Alternatively, or in addition, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to Tax-Related Items by one or a combination of the following: (A) withholding from proceeds of the sale of shares of Stock acquired upon settlement of the RSUs, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization); or (B) withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer. If the RSUs are settled in shares of Stock and the Grantee is subject to the short-swing profit rules of Section 16(b) of the 1934 Act, the Company will withhold in shares of Stock upon the relevant tax withholding event, unless the use of such withholding method is prevented by applicable law or has materially adverse accounting or tax consequences, in which case, the Tax-Related Items withholding obligation may be satisfied by one or a combination of methods (A) and (B) above.

If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock, for tax purposes, the Grantee is deemed to have been issued the full number of shares of Stock subject to the vested RSUs, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the applicable Tax-Related Items.

(2) **Cash Settlement.** If the RSUs are settled in cash, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligation for Tax-Related Items by withholding from the cash amount paid to the Grantee in settlement of the RSUs, or from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer.

7. Change in Control.

(a) Treatment of RSUs Upon a Change in Control. Notwithstanding any other provision of this Agreement, in the event of a Change in Control prior to February 13, 2016, the Performance Goals requirement will be waived and 100% of the Target Award will immediately vest, and in the event of Change in Control on or following February 13, 2016, all Earned RSUs shall immediately vest, in each of the foregoing cases, only to the extent that (i) after such Change in Control, the Stock ceases to be publicly-traded and (ii) the Grantee does not receive Replacement Awards. The RSUs that vest in accordance with the foregoing sentence will be settled at such time or within 60 days after the Change in Control. Notwithstanding the foregoing, if the Change in Control does not qualify as a change in control for purposes of Code Section 409A, any RSUs held by a U.S. Taxpayer will be settled within 90 days following the earliest of (A) the third anniversary of the Grant Date; (B) the Grantee's Termination of Employment occurring on or following February 13, 2016 (or the date that is six months after the Grantee's Termination of Employment (occurring on or following February 13, 2016) if the Grantee is a Specified Employee, as defined in Section 9(b) below) or (C) the Grantee's death or "disability" within the meaning of Code Section 409A.

(b) Termination After Change in Control. If the immediate vesting described in the preceding paragraph does not apply, but the Company or a Subsidiary terminates the Grantee's employment for any reason other than Cause within two years following the Change in Control, (i) the Performance Goals requirement will be waived and 100% of the Target Award will immediately vest if the termination occurs prior to February 13, 2016, and (ii) all of the Earned RSUs shall immediately vest if the termination occurs on or following February 13, 2016. The RSUs that vest in accordance with the foregoing sentence shall be settled in accordance with the applicable provisions of Section 2 above, unless otherwise provided in Section 9(b) below.

8. Settlement Upon Death of the Grantee. In any case under this Agreement in which the RSUs are to be settled following the Grantee's death, the shares of Stock or cash due in settlement of the RSUs shall be issued to (i) the Grantee's personal representative or the person to whom the RSUs are transferred by will or the applicable laws of descent and distribution, (ii) the Grantee's beneficiary designated in accordance with Section 8 of the Plan, or (iii) the then-acting trustee of the trust described in Section 8(b) of the Plan.

9. Code Section 409A.

(a) Settlement Conditioned upon Termination Requirements. Notwithstanding any provision in this Agreement to the contrary (but except as provided in Section 9(b) hereof), in the event that (i) the vesting and settlement of RSUs in connection with a Termination of Employment is conditioned on the Grantee's execution and delivery of a release or a non-competition agreement and (ii) the settlement period commences in one calendar year and ends in the next calendar year (where the portion of the settlement period in the next calendar year contains at least one business day), the RSUs held by a U.S. Taxpayer will be settled in the second calendar year.

(b) Specified Employee Termination of Employment. Notwithstanding any provision in this Agreement to the contrary, if the Grantee is a U.S. Taxpayer and a specified employee under the Company's Specified Key Employee Policy (Grantees meeting both criteria are referred to herein as "Specified Employees") on the date of the Grantee's Termination of Employment, any settlement of the RSUs that the Grantee is entitled to receive under this Agreement upon Termination of Employment will be made as follows:

(1) Settlement Due to Termination Pursuant to Section 4. If the Grantee's Termination of Employment is covered by (1) Section 4(c) and the Grantee's Disability does not constitute a "disability" for purposes of Code Section 409A, or (2) Sections 4(d) or 4(e), the RSUs will be settled within 90 days following the earliest of (A) the third anniversary of the Grant Date, (B) the date that is six months after the Grantee's Termination of Employment occurring on or following February 13, 2016 and (C) the Grantee's death. For avoidance of doubt, if the Grantee's Termination of Employment is covered by Section 4(c) and the Grantee's Disability does constitute a "disability" for purposes of Code Section 409A, then the Grantee's vested RSUs will be settled within 90 days of the Grantee's Termination of Employment.

(2) Settlement Due to Termination After Change in Control. If the Grantee's Termination of Employment is covered by Section 7(b), the RSUs will be settled within 90 days following the earliest of (A) the third anniversary of the Grant Date, (B) the date that is six months after the Grantee's Termination of Employment occurring on or following February 13, 2016 and (C) the Grantee's death or "disability" within the meaning of Code Section 409A.

(c) No Company Liability. All RSUs granted hereunder are intended to be compliant with Code Section 409A, and shall be interpreted, construed and operated to reflect this intent. Notwithstanding the foregoing, this Agreement and the Plan may be amended at any time, without the consent of any party, to the extent that is necessary or desirable to satisfy any of the requirements under Code Section 409A, but the Company shall not be under any obligation to make any such amendment. Nothing in this Agreement or the Plan shall provide a basis for any person to take action against the Company or any Subsidiary based on matters covered by Code Section 409A, including the tax treatment of any amount paid or RSUs granted under this Agreement, and neither the Company nor any of its Subsidiaries shall under any circumstances have any liability to the Grantee or his or her estate or any other party for any taxes, penalties or interest due on amounts paid or payable under this Agreement, including taxes, penalties or interest imposed under Code Section 409A.

10. **Repayment/Forfeiture.** Any benefits the Grantee may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder, (ii) similar rules under the laws of any other jurisdiction and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to the Grantee.

11. **No Employment or Service Contract.** Nothing in this Agreement or in the Plan shall confer upon the Grantee any right to continue in the employ of the Company or any Subsidiary for any period of specific duration or interfere with or restrict in any way the right of the Company or any Subsidiary, which is hereby expressly reserved, to remove, terminate or discharge the Grantee at any time for any reason whatsoever, with or without Cause and with or without advance notice.

12. **Governing Law.** The RSUs are governed by, and subject to, United States federal and Illinois state law (without regard to the conflict of law provisions) and the requirements of the New York Stock Exchange as well as the terms and conditions set forth in the Plan and this Agreement.

13. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means and/or require the Grantee to accept any future restricted stock unit grant by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if required by the Company, agrees to accept any future grant of restricted stock units through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. **Severability.** The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

15. **Waiver.** The waiver by the Company with respect to compliance of any provision of this Agreement by the Grantee shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach of such part of a provision of this Agreement.

16. **Headings.** The headings in this Agreement have been inserted for convenience of reference only, and are to be ignored in any construction of the provisions of this Agreement.

17. **Appendices.** The Appendices constitute part of this Agreement. Notwithstanding the provisions in this Agreement, the RSUs shall be subject to any special terms and conditions set forth in the Appendices to this Agreement.

< Signature Page Follows >

By accepting the RSUs, the Grantee agrees to the terms of this Agreement and the Plan.

BY: _____

PRINT NAME: _____

DATE : _____

APPENDIX A

2013-2015 CPUP Matrix

**2013-2015
3-year ROIC¹**

| | | | | | |
|--------------|-------------|-------------|-------------|-------------|--------------|
| 24.0% | 50.0% | 87.5% | 125.0% | 162.5% | 200.0% |
| 21.0% | 37.5% | 75.0% | 112.5% | 150.0% | 187.5% |
| 18.0% | 25.0% | 62.5% | 100.0% | 137.5% | 175.0% |
| 15.0% | 12.5% | 50.0% | 87.5% | 125.0% | 162.5% |
| 12.0% | 0.0% | 37.5% | 75.0% | 112.5% | 150.0% |
| | 2.5% | 4.5% | 6.5% | 8.5% | 10.5% |

Compound Annual Operating Income growth for three years 2013-2015²

Payout percentages will be interpolated for results that fall between performance anchors identified on the matrix

Performance must meet the minimum targets for **both** the operating income and ROIC measures for there to be any payout under the 2013-2015 CPUP. Operating income is weighted 75% and ROIC is weighted 25% in the above matrix.

| Cumulative Total Shareholder Return (TSR) vs. S&P 500 Index ³ | |
|--|--------|
| 80-100%-tile | 15.0% |
| 60-79%-tile | 7.5% |
| 40-59%-tile | 0.0% |
| 20-39%-tile | -7.5% |
| 0-19%-tile | -15.0% |

Note: If the final payout factor is at or above 100%, the target number of RSUs shall be earned (in no event can more than target RSUs be earned). In calculating final RSU payouts, any fractional share shall be rounded up to the next whole share.

¹Return on Incremental Invested Capital (ROIC) will be calculated using a 3-year measure that covers the plan period. ROIC will be measured using the change in operating income (adding back depreciation and amortization) and a quarterly weighted average of cash used for investing activities over the 3-year period.

²Compound annual operating income growth is calculated using 2012 average foreign exchange rates. 2012 operating income of \$8,604.6M serves as the base for the 3-year calculation.

³TSR is calculated based on the change in stock price over the performance period and assuming reinvestment of dividends. Change in stock prices for both the Company's stock and the S&P 500 Index is measured based on the average of the closing prices for each trading day in the three-month period immediately preceding the first date of the performance period compared to the average of the closing prices for each trading day in the three-month period immediately preceding the last day of the performance period. McDonald's and any company that is not part of the S&P 500 at both the beginning and the end of the performance period will be excluded from the S&P 500 Index TSR calculation.

APPENDIX B

This Appendix B to the Agreement includes additional terms and conditions that govern the RSUs if the Grantee resides outside of the U.S.

1. Nature of Grant. In accepting the RSUs, the Grantee acknowledges that:

- 1) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- 2) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- 3) all decisions with respect to future RSU grants, if any, will be at the sole discretion of the Company;
- 4) the Grantee's participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate the Grantee's employment relationship at any time with or without cause;
- 5) the Grantee is voluntarily participating in the Plan;
- 6) the RSUs and any cash or shares of Stock that may be received in settlement of the RSUs (i) are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of the Grantee's employment contract, if any, (ii) are not intended to replace any pension rights or compensation, and (iii) are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Subsidiary;
- 7) the RSU grant will not be interpreted to form an employment contract or relationship with the Company or any Subsidiary;
- 8) the future value of the underlying shares of Stock is unknown, indeterminable and cannot be predicted with certainty;
- 9) neither the Company, the Employer nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between the Employer's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to the Grantee pursuant to the settlement of the RSUs or the sale of any shares of Stock the Grantee may acquire upon such settlement;
- 10) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from the Grantee's Termination of Employment (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any, and in consideration of the grant of the RSUs to which the Grantee is otherwise not entitled, the Grantee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring any such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim; and
- 11) the RSUs and the benefits evidenced by this Agreement do not create any entitlement, not otherwise specifically provided for in the Plan or provided by the Company in its discretion, to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company.

2. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan, or the Grantee's acquisition or sale of the underlying shares of Stock. The Grantee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Grantee's participation in the Plan before taking any action related to the Plan.

3. Data Privacy. *The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Agreement and any other RSU grant materials by and among, as applicable, the Employer, the Company, and its Subsidiaries and affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.*

The Grantee understands that the Company and the Employer may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

The Grantee understands that Data will be transferred to Merrill Lynch or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. The Grantee understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than the Grantee's country. The Grantee understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local partner or human resources representative. The Grantee authorizes the Company, the Employer and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local partner or human resources representative. Further, the Grantee understands that the Grantee is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or later seeks to revoke his or her consent, the Grantee's employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing consent is that the Company would not be able to grant RSUs or other equity awards to the Grantee or administer or maintain such awards. Therefore, the Grantee understands that refusing or withdrawing his or her consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact his or her local partner or human resources representative.

4. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the RSUs and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

5. **Language.** If the Grantee has received the Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

APPENDIX C

Power of Attorney

This Appendix C to the Agreement is a Power of Attorney Grantee authorizes by participating in the Plan. Certain capitalized terms used but not defined in this Appendix C have the meanings set forth in the Agreement (including the Appendices) or the Plan.

I hereby irrevocably constitute and appoint the Corporate Secretary and each Assistant Corporate Secretary of McDonald's Corporation as my true and lawful attorney-in-fact ("Attorney") with full power and authority and full power of substitution and resubstitution, to take in my name and on my behalf any and all actions necessary or desirable to meet any withholding obligation for Tax-Related Items as contemplated by the Agreement, including any and all of the following actions:

- (i) To sell in my name and on my behalf such number of shares of the common stock of McDonald's I acquire at vesting to the extent that McDonald's, in its sole discretion, determines that such sale is necessary and/or advisable in connection with tax withholding requirements under local law and/or regulations as a result of the vesting of any RSUs and to pay in my name and on my behalf my proportionate share of any lawful dealer's commission or discount and related expenses of such sale;
- (ii) To direct in my name and on my behalf the payment to McDonald's of the proceeds of such sale (net of any brokerage commissions) to the extent that McDonald's, in its sole discretion, determines is necessary and/or advisable in order to satisfy and discharge any such withholding obligation, with any excess to be returned to me by depositing the same in my Merrill Lynch account; and
- (iii) To execute such agreements and other documents and to take such other and further actions as may be necessary or desirable, as determined by the Attorney, to effectuate the foregoing.

This Power of Attorney is an agency coupled with an interest and all authority conferred hereby shall be irrevocable and shall not be terminated by me or by operation of law, whether by my death or incapacity or by the occurrence of any other event or events. If, after the execution hereof and prior to the vesting of the RSUs, I should die or become incapacitated, actions taken by the Attorney hereunder and under the Agreement shall be as valid as if such death or incapacity had not occurred, regardless of whether the Attorney or McDonald's has received notice of such death or incapacity.

To induce any transfer agent or other third party to act, I hereby agree that any transfer agent or other third party receiving a duly executed copy or facsimile of this Power of Attorney may act upon it. I for myself and for my heirs, executors, legal representatives and assigns hereby agree to indemnify and hold harmless any such transfer agent or other third party from and against any and all claims that may arise against such transfer agent or other third party by reason of such transfer agent or third party having relied on this Power of Attorney.

This Power of Attorney shall automatically terminate (without affecting any lawful action taken hereunder, which shall survive such termination) immediately upon the satisfaction and discharge of all withholding obligations for Tax-Related Items in connection with any RSUs to me under the Plan.

The Attorney shall be entitled to act and rely upon any representation, warranty, agreement, statement, request, notice or instruction respecting this Power of Attorney given by me, not only as to the authorization, validity and effectiveness thereof, but also as to the truth and accuracy of information therein contained. I agree that the Attorney assumes no responsibility or liability to any person, including me, other than to direct the transactions expressly contemplated hereby. I also agree that the Attorney makes no representation about, and has no responsibility for, any aspect of the Plan or the RSUs, and the Attorney shall not be liable for any error of judgment, for any act done or omitted or for any mistake of fact or law except for the Attorney's own willful misconduct, gross negligence or bad faith.

This Power of Attorney shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to any otherwise applicable conflicts of law or choice of law principles.

APPENDIX D

This Appendix D to the Agreement includes additional terms and conditions that apply to the RSUs if the Grantee resides in one of the countries listed below. If the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working, transfers employment after the Grant Date or is considered a resident of more than one country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Grantee.

Certain capitalized terms used but not defined in this Appendix D have the meanings set forth in the Agreement or the Plan.

Australia

Tax Acknowledgment. The Grantee acknowledges that the taxation of these RSUs is complex and that the Grantee is solely responsible for seeking the advice of a personal tax advisor, including, without limitation, in connection with a Termination of Employment during the Performance Period.

Belarus

Settlement of RSUs. This provision supplements Section 2 of the Agreement:

Notwithstanding any discretion in the Plan or anything to the contrary in Section 2 of the Agreement, the grant of RSUs does not provide any right for the Grantee to receive shares of Stock. RSUs granted to the Grantee in Belarus shall be paid in cash in an amount equal to the value of the shares of Stock on the Vesting Date or other settlement date.

Canada

Settlement of RSUs. This provision supplements Section 2 of the Agreement:

Notwithstanding Section 2 of the Agreement; the RSUs do not provide any right for the Grantee to receive a cash payment and the RSUs will be settled in shares of Stock only.

The following provisions apply to Grantees in Quebec:

Consent to Receive Information in English. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. The following provision supplements Section 3 of Appendix B to the Agreement:

The Grantee hereby authorizes the Company and the Company's representative to discuss with and obtain all relevant information from all personnel (professional or not) involved in the administration and operation of the Plan. The Grantee further authorizes the Company and the Employer to disclose and discuss the Grantee's participation in the Plan with their advisors. The Grantee also authorizes the Company and the Employer to record such information and keep it in Grantee's employee file.

China

Settlement of RSUs. This provision supplements Section 2 of the Agreement if the Grantee is a PRC national:

Notwithstanding any discretion in the Plan or anything to the contrary in Section 2 of the Agreement, if the Grantee is a PRC national, the grant of RSUs does not provide any right for the Grantee to receive shares of Stock. If Grantee is a PRC national, RSUs granted to the Grantee in China shall be paid in cash in an amount equal to the value of the shares of Stock on the Vesting Date or other settlement date.

Exchange Control Requirements. The Grantee understands and agrees that, if the Grantee is subject to exchange control laws in China, the Grantee will be required to immediately repatriate to China any cash he or she receives at vesting of the RSUs. The Grantee further understands that the repatriation of such cash will need to be effected through a special exchange control account established by the Company or an applicable Subsidiary, and the Grantee hereby consents and agrees that the cash may be transferred to such account by the Company (or its designated brokerage firm) on the Grantee's behalf prior to being delivered to him or her. The Grantee also agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the Company's designated brokerage firm) to effectuate such transfer. The Grantee acknowledges and agrees that the cash may be paid to the Grantee in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to the Grantee in U.S. dollars, the Grantee understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to the Grantee in local currency, (a) the Grantee acknowledges that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the proceeds to local currency due to exchange control restrictions, and (b) the Grantee agrees to bear any currency fluctuation risk between the Vesting Date or other settlement date under the Agreement and the time (i) the Tax-Related Items are converted to local currency and remitted to the tax authorities and/or (ii) the proceeds are converted to local currency and distributed to the Grantee. Finally, the Grantee agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

France

Language Consent. By accepting the grant of the RSUs, the Grantee confirms having read and understood the Plan and the Agreement, which were provided in the English language. The Grantee accepts the terms of those documents accordingly.

***Consentement relatif à la langue utilisée.** En acceptant cette attribution gratuite d'actions, le Grantee confirme avoir lu et compris le Plan et ce Contrat, incluant tous leurs termes et conditions, qui ont été transmis en langue anglaise. Le Grantee accepte les dispositions de ces documents en connaissance de cause.*

Hong Kong

Settlement of RSUs. This provision supplements Section 2 of the Agreement:

Notwithstanding Section 2 of the Agreement; the RSUs do not provide any right for the Grantee to receive a cash payment and the RSUs will be settled in shares of Stock only.

Restrictions on Sale and Transferability. In the event the RSUs vest within six months of the Grant Date, the Grantee hereby agrees that any shares of Stock acquired pursuant to the RSUs may not be disposed of prior to the six-month anniversary of the Grant Date.

Securities Warning. *The RSUs and any shares of Stock issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its Subsidiaries. The Agreement, including any Appendix to the Agreement, the Plan, any Plan prospectus and any other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, nor have the documents been reviewed by any regulatory authority in Hong Kong. The RSUs and any related documentation are intended only for the personal use of the Grantee and may not be distributed to any other person. If the Grantee is in any doubt about any of the contents of the Agreement, the Plan or any Plan prospectus, the Grantee should obtain independent professional advice.*

Occupational Retirement Schemes Ordinance Information. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

Italy

Settlement of RSUs. This provision supplements Section 2 of the Agreement:

Notwithstanding Section 2 of the Agreement; the RSUs do not provide any right for the Grantee to receive a cash payment and the RSUs will be settled in shares of Stock only.

Data Privacy. The following provision replaces in its entirety Section 3 of Appendix B to the Agreement:

Pursuant to Section 13 of Legislative decree 196/2003 (the “**Privacy Code**”), the Company informs the Grantee of the following in relation to the collection, use and transfer, in electronic or other form, of the Grantee's personal data by and among, as applicable, the Employer and the Company exclusively for the purpose of implementing, administering, and managing the Grantee's participation in the Plan.

The Grantee understands that the Company and the Employer may hold certain personal information about the Grantee, including, but not limited to, his or her name, home address and telephone number, date of birth, social insurance number or other identification number or code, salary, nationality, job title, e-mail address, designated beneficiary, any shares of Stock or directorships held in the Company, details of all awards or any other entitlement to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor ("Data"). Said Data will be processed by the Company exclusively for the purpose of implementing, administering and managing the Plan. For example, the Grantee understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Grantee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. The Grantee is aware that providing the Company with the Data is necessary for the implementation, administration and management of the Grantee's participation in the Plan and that the Grantee's refusal to provide such Data would make it impossible for the Company to perform its obligations under the Plan and may effect the Grantee's ability to participate in and vest in or realize benefits from the Plan.

According to Art. 3 of the Privacy Code (data minimization principle), the information systems and software are configured by minimizing the use of personal and identification data which are not necessary to meet the purposes for which Data have been collected. The Grantee is aware that his or her Data shall be accessible within the Company only by the persons who need to access it because of their duties and position in relation to the implementation, management and administration of the Grantee's participation in the Plan in their capacity as persons specifically charged with data processing operations by the Representative of the Controller as below specified and by the Data Processor, if appointed. The Controller of personal data processing is McDonald's Development Italy, Inc., Via Battistotti Sassi n/11a, Milan, Italy, and, pursuant to the Privacy Code, its Representative in Italy is Roberto Masi domiciled at Via Battistotti Sassi n/11a, Milan, Italy.

The Grantee understands that Data may be transferred to third parties assisting in the implementation, administration and management of the Plan, including the Grantee's requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any shares of stock acquired pursuant to the Grantee's participation in the Plan. The Data may also be communicated to other companies of the Company, to professionals, independent consultants and business partners of the Company, and to whoever is the legitimate addressee of communications as provided by applicable laws and regulations. The Data will under no circumstances be further disseminated. Furthermore, these recipients, which may receive, possess, use, retain and transfer such Data as data Controller or Processor, as applicable, for the above mentioned purposes, may be located in any country, or elsewhere, also outside of the European Union and the recipient's country may have different data privacy laws and protections than the Grantee's country.

The processing activity, including any communication, of the transfer of Data abroad, out of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require the Grantee's consent thereto as the processing is necessary to the performance of contractual obligations related to the implementation, administration and management of the Plan. The Grantee understands that Data processing relating to the purposes specified above shall take place under automatised or non-automatised conditions that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific but not limited reference to Annex B to the Privacy Code (Technical Specifications Concerning Minimum Security Measures).

The Grantee understands that his or her Data will be held only as long as is required by the law or is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that, pursuant to Art. 7 of D.lgd 196/2003, the Grantee has the right including, but not limited to, at any moment, to access, delete, update, request the rectification of the Grantee's Data and cease, for legitimate reasons, the data processing. Furthermore, the Grantee is aware that his or her Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting the Representative of the Controller as above specified.

By accepting the RSUs, the Grantee acknowledges that he or she has read and understood the foregoing.

Plan Document Acknowledgment. The Grantee acknowledges that the Grantee has read and specifically and expressly approves of the following sections of the Agreement: Section 1: Vesting of RSUs; Section 2: Settlement of RSUs; Section 4: Termination of Employment; Section 5: Pro-Rata Vesting Formula; Section 6: Responsibility for Taxes; Section 7: Change of Control; Section 8: Settlement Upon Death of the Grantee; Section 12: Governing Law; Section 13: Electronic Delivery and Acceptance; Section 14: Severability; Section 1 of Appendix B to the Agreement: Nature of Grant; Section 4 of Appendix B to the Agreement: Imposition of Other Requirements; and the Data Privacy provision of this Appendix D.

Japan

Offshore Assets Reporting. The Grantee will be required to report details of any assets (including any shares of Stock acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. The Grantee should consult with the Grantee's personal tax advisor as to whether the reporting obligation applies to the Grantee and whether the Grantee will be required to include details of any outstanding RSUs or shares of Stock held by the Grantee in the report.

Malaysia

Insider Trading Notification. The Grantee acknowledges that he or she has hereby been informed of the existence of Malaysian insider-trading rules, which may impact the acquisition or disposal of shares of Stock or rights to shares of Stock under the Plan. The Grantee acknowledges that under the Malaysian insider-trading rules, the Grantee is prohibited from acquiring or selling shares or rights to shares (*e.g.*, RSUs) when the Grantee is in possession of information which is not generally available and which the Grantee knows or should know will have a material effect on the price of the Company's Stock once such information is generally available.

Portugal

Language Consent. The following provision supplements Section 5 of Appendix B to the Agreement:

The Grantee hereby expressly declares that he or she has full knowledge of the English language and has read, understood and fully accepted and agreed with the terms and conditions established in the Agreement and the Plan.

***Conhecimento da Língua.** O Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo de Atribuição (Agreement em inglês).*

Russia

U.S. Transaction. Any shares of Stock issued pursuant to the RSUs shall be delivered to the Grantee through a brokerage account in the U.S. The Grantee may hold shares of Stock in the Grantee's brokerage account in the U.S.; however, in no event will shares of Stock issued to the Grantee and/or share certificates or other instruments be delivered to the Grantee in Russia. The Grantee is not permitted to make any public advertising or announcements regarding the RSUs or shares of Stock in Russia, or promote these shares of Stock to other Russian legal entities or individuals, and the Grantee is not permitted to sell or otherwise dispose of shares of Stock directly to other Russian legal entities or individuals. The Grantee is permitted to sell shares of Stock only on the New York Stock Exchange and only through a U.S. broker.

Data Privacy. This provision replaces in its entirety Section 3 of Appendix B to the Agreement:

The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this document by and among, as applicable, the Grantee's Employer and the Company for the exclusive purpose of implementing, administering, and managing the Grantee's participation in the Plan.

The Grantee understands that the Company and the Grantee's Employer may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, e-mail address, designated beneficiary, any shares of Stock or directorships held in the Company, details of all RSUs, or any other entitlement to shares of Stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the Plan (“**Data**”).

The Grantee understands that Data may be transferred and hereby explicitly and unambiguously authorizes that Data will be transferred to Merrill Lynch or such other stock plan service provider as may be selected by the Company, which is assisting the Company with the implementation, administration and management of the Plan. Further, the Grantee hereby explicitly and unambiguously authorizes Data to be transferred to certain other third parties assisting the Company with the implementation, administration and management of the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Grantee may elect to deposit any shares of Stock acquired upon vesting pursuant to a RSU. The Grantee understands that these recipients may be located in the United States or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Global Total Compensation Department. The Grantee authorizes Merrill Lynch and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the Plan.

The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw consents herein, in any case without cost, by contacting the Global Total Compensation Department in writing. The Grantee understands that refusing or withdrawing the Grantee's consent may affect the Grantee's ability to participate in the Plan. However, the Grantee understands that refusing or withdrawing the Grantee's consent will not affect the Grantee's employment status. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Global Total Compensation Department.

Singapore

Settlement of RSUs. This provision supplements Section 2 of the Agreement:

Notwithstanding Section 2 of the Agreement; the RSUs do not provide any right for the Grantee to receive a cash payment and the RSUs will be settled in shares of Stock only.

Insider Trading Notification. The Grantee should be aware of the Singapore insider trading rules, which may impact the acquisition or disposal of shares of Stock or rights to shares of Stock under the Plan. Under the Singapore insider-trading rules, the Grantee is prohibited from acquiring or selling shares of Stock or rights to shares of Stock (*e.g.*, RSUs under the Plan) when he or she is in possession of information which is not generally available and which the Grantee knows or should know will have a material effect on the price of shares of Stock once such information is generally available.

Securities Law Information. The offer is being made in reliance on section 273(1)(f) of the Securities and Futures Act (Chap. 289) (“SFA”). The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with this offer may not be issued, circulated or distributed nor may the RSUs be offered or sold, or be made the subject of an invitation for subscription or purchase, or be allotted or issued, whether directly or indirectly, to persons in Singapore, unless such sale or offer is made pursuant to an exemption under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2006 Ed.).

This document is being sent to the Grantee on the basis that the Grantee is a “qualifying person” as described in Section 273(4) of the SFA, *i.e.*, a bona fide director or equivalent person, former director or equivalent person, consultant, adviser, employee or former employee of a Subsidiary or affiliate in Singapore or a “related corporation” within the meaning of the Companies Act (Chap. 50). Should the Grantee have doubts as to whether he or she is a “qualifying person” as aforementioned, or if the Grantee is not a “qualifying person” as aforementioned, the Grantee must inform the Company immediately.

Any offer or allotment of the RSUs is made to the Grantee as a “qualifying person” as defined under the SFA and is not made to the Grantee with a view to the RSUs being subsequently offered for sale to any other party.

Spain

Acceptance of RSUs. In order to receive the RSUs, the Grantee must sign the Agreement and return it to his or her local human resources administrator no later than **April 15, 2013**. If the Grantee fails to return the signed Agreement, the Grantee will be deemed to have rejected the RSUs and, therefore, the Grantee will not receive the RSUs granted to him or her. The grant of the RSUs is conditioned upon the Grantee's acceptance of the terms and conditions of the Agreement and the Plan by signing the Agreement and returning it on or before the specified date.

Nature of Grant. The following “Nature of Grant” provision replaces in its entirety Section 1 of Appendix B to the Agreement:

Without prejudice to the terms and conditions in the Agreement and the Plan, the Grantee hereby expressly acknowledges and accepts the following regarding the RSUs:

(a) Conditional Vesting and Loss of RSUs in Certain Cases. RSUs are conditional rights to shares (or the cash equivalent, in the Company's discretion) and some or all may be forfeited or affected by Grantee's Termination of Employment for any reason whatsoever, on the last date that the Grantee is classified as an employee in the payroll system of an applicable Subsidiary, as set forth in Section 4 of the Agreement (“Date of Termination”). This will be the case, for example, even if (i) the Grantee is dismissed unfairly without good cause; (ii) the Grantee is dismissed for disciplinary or objective reasons or due to a collective dismissal; (iii) the Grantee terminates service due to a change of work location, duties or any other employment or contractual condition; (iv) the Grantee terminates service due to the Company's or any Subsidiary's unilateral breach of contract; or (v) the Termination of Employment is due to any other reason whatsoever. In addition, the Grantee acknowledges and accepts that special rules apply in cases of Disaffiliation, which may result in the cancellation or change in the terms of the RSUs, in whole or in part (as specified in Section 4 of the Agreement). Consequently, upon the Grantee's Termination of Employment for any of the above reasons, the Grantee may automatically lose any rights to RSUs (including the shares of Stock underlying the RSUs) that were unvested on the Date of Termination, as described in the Agreement.

The Grantee acknowledges that he or she has read and specifically accepts the terms and conditions referred to in Section 4 of the Agreement and the terms and conditions set forth in the Plan. The Grantee also understands and accepts that in the event of Termination of Employment, the Grantee's eligibility to receive RSUs under the Plan, will terminate effective as of the Date of Termination.

(b) Interpretation of “Date of Termination of Employment” and Section 4 of the Agreement. In the case of a dismissal of the Grantee that is formalized pursuant to Spanish law, the Grantee understands and agrees that the Date of Termination of Employment and similar references under Section 4 and other sections of the Agreement, will be the date set forth in the letter of dismissal provided by the Employer and shall be the last date that the Grantee is classified as an employee in the payroll system of the Company or applicable Subsidiary, as set forth in Section 4 of the Agreement, without prejudice to (i) any notice period that may be required by local law (and for which the Grantee may need to be compensated), (ii) any additional period during which social security payment obligations may continue, (iii) any post-termination interim salary (“salarios de tramitación”) that may be due, (iv) the official termination date that may apply under local law or due to court resolution, (v) any settlement agreement entered into for other purposes, and/or (vi) any other rights or obligations that may continue to exist under local law after the Date of Termination.

(c) Voluntary, Discretionary, and Occasional. The Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan. The grant of RSUs is occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted repeatedly in the past under another Company benefit plan or under the Plan. All decisions with respect to grants, if any, will be at the sole reasonable business discretion of the Company.

(d) Extraordinary Item. RSUs granted to the Grantee are an extraordinary item that do not constitute compensation for tax, social insurance or employment law purposes for services of any kind rendered to the Company or the Employer, and which are outside the scope of any employment or service contract. RSUs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

(e) Unknown Value. The future value of the underlying shares of Stock is unknown and cannot be predicted with certainty. No claim or entitlement to compensation or damages shall arise from the forfeiture of the RSUs or diminution in value of the shares of Stock acquired upon settlement of the RSUs resulting from the Grantee's Termination of Employment (for any reason whatsoever and whether or not in breach of local labor laws).

(f) Additional Loss of RSUs for “Cause” or “Policy Violation”. In the event the Grantee terminates employment for “Cause” (as defined in the Plan) or “Policy Violation” (as defined in the Agreement) (regardless of whether the “Cause” or “Policy Violation” constitutes a good or sufficiently serious cause for termination under Spanish law or the law applicable to the relationship between the Employer and the Grantee), the Grantee will forfeit the RSUs on the Date of Termination, as described in the Plan and in Section 4(b) of the Agreement. The Grantee acknowledges and agrees that, given the conditional, voluntary and discretionary nature of this grant of RSUs, “Cause” and “Policy Violation” for the purposes of the RSUs will be subject to a lower standard than cause for a finding of fair dismissal under Spanish law.

(g) Waiver and Release of Claims Related to Termination or Changes in Value. The Grantee hereby acknowledges and agrees that he or she will have no claim or entitlement to compensation or damages arising from the forfeiture of all or some of the RSUs, the change in the applicable vesting periods or other effects under the Agreement and the Plan that may result from the Grantee's Termination of Employment, regardless of whether they are directly or indirectly caused by the Company or the Employer (for any reason whatsoever, including by unfair dismissal or dismissal without cause or without alleging cause, termination based on article 50 of the Labor Act or the equivalent provision of the Royal Decree on Top Executives, or any other case indicated above in subsection (a), and whether or not in breach of local labor laws).

As a condition to the grant of the RSUs, the Grantee hereby waives any rights the Grantee may have to any such claim that may arise, and in consideration of the grant of the Options to which the Grantee is otherwise not entitled, the Grantee irrevocably agrees never to institute any claim against the Company or the Employer, waives his or her ability, if any, to bring such claim, and releases the Company and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by accepting the RSUs, the Grantee shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

(h) Grant Made in Reliance of and Conditioned upon Express Acceptance of Terms and Conditions. The Grantee hereby understands and agrees that the award of RSUs is based on the above assumptions and conditions; and the Grantee hereby acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then the award of RSUs shall be null and void.

(i) Independence from Employment Relationship. The award of RSUs will not be interpreted to form an employment contract with the Company or the Employer, and the award of RSUs shall not interfere with the ability of the Employer to terminate the Grantee's employment relationship at any time, as permissible under local law.

(j) No Replacement of any Pension Rights. The RSUs and the shares of Stock underlying the RSUs are not intended to replace any pension rights or compensation.

(k) Merger or Transfer of Liability. The RSUs and the benefits evidenced by the Agreement do not create any entitlement, not otherwise specifically provided for in the Plan or provided by the Company in its discretion, to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of Stock of the Company.

(l) Inability of Employer to Modify Terms of RSU Grant. The award of RSUs is governed by, and subject to, United States federal and Illinois state law (without regard to the conflict of law provisions) and the requirements of the New York Stock Exchange as well as the terms and conditions set forth in the Agreement and the Plan. The Plan applies to the Company's Grantees worldwide and the specific terms and conditions applicable under the Plan have been approved by the Company's shareholders and the Board pursuant to mandatory United States federal law. Consequently, the Grantee understands, acknowledges, and agrees that the Plan and the terms and conditions that apply to the RSUs cannot legally be modified by or applied differently by the Grantee's Employer under any circumstances.

Ukraine

Settlement of RSUs. This provision supplements Section 2 of the Agreement:

Notwithstanding any discretion in the Plan or anything to the contrary in Section 2 of the Agreement, the grant of RSUs does not provide any right for the Grantee to receive shares of Stock. RSUs granted to the Grantee in Ukraine shall be paid in cash in an amount equal to the value of the shares of Stock on the Vesting Date or other settlement date.

UK

Settlement of RSUs. This provision supplements Section 2 of the Agreement:

Notwithstanding Section 2 of the Agreement; the RSUs do not provide any right for the Grantee to receive a cash payment and the RSUs will be settled in shares of Stock only.

Responsibility for Taxes. The following provision supplements Section 6 of the Agreement:

If payment or withholding of the income tax due is not made by the due date, which is 90 days or such other period as required under UK law after the relevant taxable or tax withholding event (the “Due Date”), and assuming the Grantee is not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities Exchange Act of 1934, as amended), the Grantee agrees that the amount of any uncollected tax shall constitute a loan owed by the Grantee to the Employer, effective on the Due Date. The Grantee agrees that the loan will bear interest at the then-current official rate of Her Majesty's Revenue and Customs (“HMRC”) and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to above. If the Grantee is a director or executive officer of the Company and the amount necessary to satisfy applicable tax obligations is not collected from or paid by the Grantee by the Due Date, any uncollected income tax will constitute a benefit to the Grantee on which additional income tax and national insurance contributions (“NICs”) may be payable. The Grantee understands that he or she will be responsible for reporting any income tax due on this additional benefit directly to HMRC under the self-assessment regime, and for reimbursing the Company or the Employer (as appropriate) for the value of any employee NICs due on this additional benefit.