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 June 30, 2015

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	**36-2361282**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
One McDonald's Plaza **Oak Brook, Illinois**	**60523**
(Address of Principal Executive Offices)	(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 ☒

941,810,237
(Number of shares of common stock
outstanding as of June 30, 2015)

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) June 30, 2015	December 31, 2014
Assets		
Current assets		
Cash and equivalents	**$ 3,998.5**	$ 2,077.9
Accounts and notes receivable	**1,178.6**	1,214.4
Inventories, at cost, not in excess of market	**102.3**	110.0
Prepaid expenses and other current assets	**692.8**	783.2
Total current assets	**5,972.2**	4,185.5
Other assets		
Investments in and advances to affiliates	**860.3**	1,004.5
Goodwill	**2,627.5**	2,735.3
Miscellaneous	**1,796.7**	1,798.6
Total other assets	**5,284.5**	5,538.4
Property and equipment		
Property and equipment, at cost	**38,391.9**	39,126.1
Accumulated depreciation and amortization	**(14,700.7)**	(14,568.6)
Net property and equipment	**23,691.2**	24,557.5
Total assets	**$ 34,947.9**	$ 34,281.4
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	**$ 840.1**	$ 860.1
Income taxes	**62.4**	166.8
Other taxes	**348.6**	330.0
Accrued interest	**168.2**	233.7
Accrued payroll and other liabilities	**1,341.5**	1,157.3
Total current liabilities	**2,760.8**	2,747.9
Long-term debt	**17,901.6**	14,989.7
Other long-term liabilities	**2,112.4**	2,065.9
Deferred income taxes	**1,612.2**	1,624.5
Shareholders' equity		
Preferred stock, no par value; authorized – 165.0 million shares; issued – none	**—**	—
Common stock, $.01 par value; authorized – 3.5 billion shares; issued – 1,660.6 million shares	**16.6**	16.6
Additional paid-in capital	**6,363.2**	6,239.1
Retained earnings	**43,681.6**	43,294.5
Accumulated other comprehensive income	**(2,110.0)**	(1,519.7)
Common stock in treasury, at cost; 718.8 and 697.7 million shares	**(37,390.5)**	(35,177.1)
Total shareholders' equity	**10,560.9**	12,853.4
Total liabilities and shareholders' equity	**$ 34,947.9**	$ 34,281.4

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF NET INCOME (UNAUDITED)

In millions, except per share data	Quarters Ended June 30, 2015	Quarters Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Revenues				
Sales by Company-operated restaurants	**$ 4,261.1**	$ 4,785.9	**$ 8,175.2**	$ 9,276.4
Revenues from franchised restaurants	**2,236.6**	2,395.8	**4,281.4**	4,605.6
Total revenues	**6,497.7**	7,181.7	**12,456.6**	13,882.0
Operating costs and expenses				
Company-operated restaurant expenses	**3,596.3**	3,969.8	**6,950.6**	7,736.9
Franchised restaurants—occupancy expenses	**411.0**	427.6	**814.6**	844.7
Selling, general & administrative expenses	**592.4**	629.2	**1,175.2**	1,249.6
Other operating (income) expense, net	**48.7**	(33.9)	**281.4**	(74.2)
Total operating costs and expenses	**4,648.4**	4,992.7	**9,221.8**	9,757.0
Operating income	**1,849.3**	2,189.0	**3,234.8**	4,125.0
Interest expense	**149.2**	137.9	**296.5**	273.4
Nonoperating (income) expense, net	**(12.3)**	(20.4)	**(28.2)**	(3.2)
Income before provision for income taxes	**1,712.4**	2,071.5	**2,966.5**	3,854.8
Provision for income taxes	**510.0**	684.4	**952.6**	1,262.9
Net income	**$ 1,202.4**	$ 1,387.1	**$ 2,013.9**	$ 2,591.9
Earnings per common share-basic	**$ 1.26**	$ 1.40	**$ 2.10**	$ 2.62
Earnings per common share-diluted	**$ 1.26**	$ 1.40	**$ 2.09**	$ 2.61
Dividends declared per common share	**$ 0.85**	$ 0.81	**$ 1.70**	$ 1.62
Weighted average shares outstanding-basic	**953.2**	987.4	**956.9**	988.5
Weighted average shares outstanding-diluted	**957.6**	993.2	**961.7**	994.6

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

In millions	Quarters Ended June 30, 2015	Quarters Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net income	**$1,202.4**	$1,387.1	**$ 2,013.9**	$2,591.9
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments:				
Gain (loss) recognized in accumulated other comprehensive income (AOCI), including net investment hedges	**389.2**	113.5	**(590.5)**	91.2
Reclassification of (gain) loss to net income	**0.2**	2.1	**0.2**	15.2
Foreign currency translation adjustments-net of tax benefit (expense) of \$67.0, \$(0.2), \$(92.9) and \$17.2	**389.4**	115.6	**(590.3)**	106.4
Cash flow hedges:				
Gain (loss) recognized in AOCI	**(10.2)**	(16.7)	**12.0**	13.5
Reclassification of (gain) loss to net income	**(9.4)**	7.3	**(14.7)**	(6.1)
Cash flow hedges-net of tax benefit (expense) of \$11.0, \$4.4, \$1.5 and \$(2.8)	**(19.6)**	(9.4)	**(2.7)**	7.4
Defined benefit pension plans:				
Gain (loss) recognized in AOCI	**—**	—	**(1.4)**	6.5
Reclassification of (gain) loss to net income	**2.2**	1.4	**4.1**	4.0
Defined benefit pension plans-net of tax benefit (expense) of \$0.0, \$0.0, \$0.6 and \$(4.4)	**2.2**	1.4	**2.7**	10.5
Total other comprehensive income (loss), net of tax	**372.0**	107.6	**(590.3)**	124.3
Comprehensive income (loss)	**$1,574.4**	$1,494.7	**$ 1,423.6**	$2,716.2

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

In millions	Quarters Ended June 30, 2015	Quarters Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Operating activities				
Net income	**$ 1,202.4**	$ 1,387.1	**$ 2,013.9**	$ 2,591.9
Adjustments to reconcile to cash provided by operations				
Charges and credits:				
Depreciation and amortization	**392.2**	413.2	**778.3**	823.6
Deferred income taxes	**2.8**	(14.8)	**15.3**	(38.8)
Share-based compensation	**27.7**	26.5	**47.7**	51.8
Other	**19.2**	9.0	**262.1**	63.7
Changes in working capital items	**(130.8)**	(334.0)	**95.7**	(97.9)
Cash provided by operations	**1,513.5**	1,487.0	**3,213.0**	3,394.3
Investing activities				
Capital expenditures	**(415.9)**	(589.6)	**(808.5)**	(1,158.4)
Sales and purchases of restaurant businesses and property sales	**51.0**	79.2	**98.6**	157.9
Other	**18.4**	(104.7)	**14.2**	(222.8)
Cash used for investing activities	**(346.5)**	(615.1)	**(695.7)**	(1,223.3)
Financing activities				
Net short-term borrowings	**(293.8)**	(68.3)	**(38.8)**	236.4
Long-term financing issuances	**4,227.3**	1,536.1	**4,227.8**	1,536.4
Long-term financing repayments	**(501.4)**	(1.0)	**(1,046.7)**	(541.1)
Treasury stock purchases	**(1,555.4)**	(703.5)	**(2,161.8)**	(1,143.0)
Common stock dividends	**(811.0)**	(800.6)	**(1,627.3)**	(1,602.3)
Proceeds from stock option exercises	**36.6**	75.3	**135.2**	161.7
Excess tax benefit on share-based compensation	**6.0**	21.5	**25.4**	56.5
Other	**(20.7)**	(8.5)	**(19.5)**	(8.7)
Cash provided by (used for) financing activities	**1,087.6**	51.0	**(505.7)**	(1,304.1)
Effect of exchange rates on cash and cash equivalents	**109.1**	3.9	**(91.0)**	5.0
Cash and equivalents increase	**2,363.7**	926.8	**1,920.6**	871.9
Cash and equivalents at beginning of period	**1,634.8**	2,743.8	**2,077.9**	2,798.7
Cash and equivalents at end of period	**$ 3,998.5**	$ 3,670.6	**$ 3,998.5**	$ 3,670.6

See Notes to condensed consolidated financial statements.

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, 2014 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 and six months ended June 30, 2015 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 June 30,	2015	2014
Conventional franchised	**20,903**	20,481
Developmental licensed	**5,293**	4,943
Foreign affiliated	**3,516**	3,570
Total Franchised	**29,712**	28,994
Company-operated	**6,656**	6,689
Systemwide restaurants	**36,368**	35,683

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 4.4 million shares and 5.8 million shares for the quarters 2015 and 2014, respectively, and 4.8 million shares and 6.1 million shares for the six months 2015 and 2014, respectively. Stock options that would have been antidilutive and therefore were not included in the calculation of diluted weighted-average shares totaled 9.5 million shares and 4.8 million shares for the quarters 2015 and 2014, respectively, and 10.0 million shares and 5.9 million shares for the six months 2015 and 2014, 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, 2014 Annual Report on Form 10-K.

At June 30, 2015, the fair value of the Company’s debt obligations was estimated at $18.7 billion, compared to a carrying amount of $17.9 billion. The fair value was based upon quoted market prices, Level 2 within the valuation hierarchy. The carrying amounts of cash and equivalents, short-term investments 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 interest rates and foreign currency fluctuations. 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	
	June 30, 2015	December 31, 2014	**June 30, 2015**	December 31, 2014
Total derivatives designated as hedging instruments	**$ 82.2**	$ 108.2	**$ (41.0)**	$ (42.3)
Total derivatives not designated as hedging instruments	**119.3**	137.9	**(7.3)**	(7.9)
Total derivatives	**$ 201.5**	$ 246.1	**$ (48.3)**	$ (50.2)

The following table presents the pretax amounts affecting income and other comprehensive income ("OCI") for the six months ended June 30, 2015 and 2014, respectively:

	Gain (Loss) Recognized in Accumulated OCI		Gain (Loss) Reclassified into Income from Accumulated OCI		Gain (Loss) Recognized in Income on Derivative(1)	
In millions	**2015**	2014	**2015**	2014	**2015**	2014
Cash Flow Hedges	**$ 19.3**	$ 19.1	**$ 23.4**	$ 8.9	**$ 20.3**	$ 2.0
Net Investment Hedges	**$ 491.2**	$ (15.0)	**$ (0.2)**	$ (15.2)		
Undesignated derivatives					**$ 0.5**	$ 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 June 30, 2015, $2.2 billion of the Company's outstanding fixed-rate debt was effectively converted. For the six months ended June 30, 2015, the Company recognized a $2.9 million gain on fair value interest rate swaps, which was exactly offset by a corresponding loss 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 17 months for certain exposures and are denominated in various currencies. As of June 30, 2015, the Company had derivatives outstanding with an equivalent notional amount of $422.6 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 21 months and have an equivalent notional amount of $141.8 million.

Based on market conditions at June 30, 2015, the $28.3 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 June 30, 2015, $6.5 billion of the Company's third party foreign currency denominated debt, $3.6 billion of intercompany foreign currency denominated debt and $296.4 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 June 30, 2015 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.

	Quarters Ended June 30,		Six Months Ended June 30,	
In millions	**2015**	2014	**2015**	2014
Revenues				
U.S.	**$2,174.2**	$2,249.0	**$ 4,152.3**	$ 4,303.1
Europe	**2,412.6**	2,913.3	**4,576.8**	5,625.5
APMEA	**1,574.0**	1,664.3	**3,098.7**	3,283.1
Other Countries & Corporate	**336.9**	355.1	**628.8**	670.3
Total revenues	**$6,497.7**	$7,181.7	**$12,456.6**	$13,882.0
Operating Income				
U.S.	**$ 925.8**	$ 980.5	**$ 1,657.6**	$ 1,801.3
Europe	**685.9**	853.6	**1,286.8**	1,606.1
APMEA	**258.7**	348.3	**327.2**	693.4
Other Countries & Corporate	**(21.1)**	6.6	**(36.8)**	24.2
Total operating income	**$1,849.3**	$2,189.0	**$ 3,234.8**	$ 4,125.0

On May 4, 2015, the Company announced a worldwide business restructuring that will combine markets with similar characteristics, challenges, and opportunities for growth into four segments effective July 1, 2015, as follows:

- U.S. - the Company’s largest segment, accounting for more than 40% of the Company’s 2014 operating income;
- International Lead Markets - established markets including Australia, Canada, France, Germany and the UK, which operate within similar economic and competitive dynamics, offer similar growth opportunities and collectively represented about 40% of the Company’s 2014 operating income;
- High-Growth Markets - markets with relatively higher restaurant expansion and franchising potential including China, Italy, Poland, Russia, Korea, Spain, Switzerland and the Netherlands. Together these markets accounted for about 10% of the Company’s 2014 operating income; and
- Foundational Markets and Corporate - the remaining markets in the McDonald’s system, each of which has the potential to operate under a largely franchised model. Corporate activities will also be reported within this segment.

Recently Issued Accounting Standards

Revenue Recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued guidance codified in ASC 606, "Revenue Recognition - Revenue from Contracts with Customers," which amends the guidance in former ASC 605, "Revenue Recognition." In July 2015, the FASB made a decision to defer by one year the effective date of its new standard to January 1, 2018, although early adoption is permitted as of January 1, 2017. The Company is currently evaluating the impact of the provisions of ASC 606.

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." This update requires that debt issuance costs be recorded in the balance sheet as a direct reduction of the debt liability rather than as an asset and amortization of debt issuance costs be recorded as interest expense. The provisions of this update are effective as of January 1, 2016, although early adoption is permitted for financial statements that have not been previously issued. This update is not expected to significantly impact the Company.

Subsequent Events

The Company evaluated subsequent events through the date the financial statements were issued and filed with the Securities and Exchange Commission. There were no 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 36,368 restaurants in 119 countries at June 30, 2015, 29,712 were licensed to franchisees (including 20,903 franchised to conventional franchisees, 5,293 licensed to developmental licensees and 3,516 licensed to foreign affiliates ("affiliates") – primarily Japan) and 6,656 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 business, 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 enabling restaurant performance levels that are among the highest in the industry. In certain circumstances, the Company participates in reinvestment for conventional franchised restaurants in an effort to accelerate implementation of certain initiatives and grow the business.

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 or franchise restaurants within a market.

We view ourselves primarily as a franchisor and believe franchising is paramount to both delivering great, locally-relevant customer experiences and driving profitability. Franchising enables an individual to own a restaurant business and maintain control over personnel, purchasing, marketing and pricing decisions, while also benefiting from the financial strength and global experience of McDonald's. However, directly operating restaurants is important 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 (conventional franchised, developmental licensed and foreign affiliated) 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 was managed as distinct geographic segments through June 30, 2015. Significant reportable segments included the United States ("U.S."), Europe, and Asia/Pacific, Middle East and Africa ("APMEA"). In addition, throughout this report we present "Other Countries & Corporate" that includes operations in Canada and Latin America, as well as Corporate activities. For the six months ended June 30, 2015, the U.S., Europe and APMEA segments accounted for 33%, 37% and 25% of total revenues, respectively.

Strategic Direction

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

Our recent results remain disappointing and we are focused on the urgent need to reset and turn around the business. In our effort to shape McDonald's future as a modern, progressive burger company and increase our relevance with customers, our priorities are threefold - driving operational growth, returning excitement to our brand and unlocking financial value.

The immediate priority for our business is restoring growth under a new organizational structure and ownership mix designed to provide greater focus on the customer, improve our operating fundamentals and drive a recommitment to running great restaurants. As we turn around our business, we will look to create more excitement around the brand and ensure that we build on our rich heritage of positively impacting the communities we serve.

Beginning July 1, 2015, McDonald's will operate under the new organizational structure with the following four segments that combine markets with similar characteristics, challenges, and opportunities for growth:

- **U.S**. - the Company's largest segment, accounting for more than 40% of the Company's 2014 operating income;
- **International Lead Markets** - established markets including Australia, Canada, France, Germany, and the UK, which operate within similar economic and competitive dynamics, offer similar growth opportunities and collectively represented about 40% of the Company's 2014 operating income;

- **High-Growth Markets** - markets with relatively higher restaurant expansion and franchising potential including China, Italy, Poland, Russia, Korea, Spain, Switzerland and the Netherlands. Together these markets accounted for about 10% of the Company's 2014 operating income; and
- **Foundational Markets and Corporate** - the remaining markets in the McDonald's system, each of which has the potential to operate under a largely franchised model. Corporate activities will also be reported within this segment.

As we restructure our organization and instill greater customer focus, the turnaround effort will be governed by stronger financial discipline, faster decision making and clear management accountability. The enhancements to McDonald's operating approach will be accompanied by plans to further optimize the Company's restaurant ownership mix, deliver savings on selling, general and administrative expenses and accelerate cash returned to shareholders. Under the initial steps of our turnaround plan, the Company previously announced its intention to:

- Accelerate the pace of refranchising by increasing the global franchised percentage to about 90% by the end of 2018 through refranchising about 3,500 restaurants. In conjunction with our refranchising plans, we will take a market-by-market approach, set higher financial screens for markets operating company-operated restaurants, and leverage both conventional and developmental licensee structures across the segments. Our new, more heavily-franchised business model will generate more stable and predictable revenue and cash flow streams and will require a less resource-intensive support structure;
- Deliver approximately $300 million in net annual savings on selling, general and administrative expenses, which will be realized by the end of 2017, in connection with the Company's organizational restructure, refranchising strategy, and more stringent discipline around spending throughout the organization; and
- Return $8 to $9 billion to shareholders in 2015 and to reach the top end of its 3-year $18 to $20 billion cash return to shareholders target by the end of 2016.

We continue to evaluate additional ideas to further drive shareholder value through actions that deliver sustainable long-term growth.

Financial Performance

Our overall financial performance continues to be largely reflective of our top-line results. Global comparable sales decreased 0.7% for the quarter and 1.5% for the six months, reflecting negative guest traffic in all major segments, with the largest impact coming from the U.S. and Japan. On a consolidated basis, comparable guest counts decreased 4.4% for the six months. Comparable sales are driven by changes in guest counts and average check, which is affected by changes in pricing and product mix. Typically, pricing has a greater impact on average check than product mix. The goal is to achieve a relatively balanced contribution from both guest counts and average check.

U.S. comparable sales decreased 2.0% for the quarter and 2.3% for the six months, reflecting negative guest traffic as the featured products and promotions did not achieve expected consumer response amid ongoing competitive activity. The U.S. is focused on creating a better experience for customers by concentrating on value, service and menu. This includes efforts to develop a long-term national value platform, simplify the menu and menu boards, and enhance the quality of our menu offerings.

In Europe, comparable sales increased 1.2% for the quarter and 0.3% for the six months driven by solid performance in the U.K. and Germany, partly offset by negative results in France. The Company continues to target opportunities to improve critical aspects of its business amidst ongoing macro-economic headwinds across parts of the segment.

In APMEA, comparable sales decreased 4.5% for the quarter and 6.3% for the six months primarily due to the impact of prolonged, broad-based consumer perception issues in Japan along with negative performance in China and other Asian markets, partly offset by strong performance in Australia. The Company continues to aggressively execute brand recovery efforts related to the 2014 supplier issue. We expect China to return to a normalized level of performance for the second half of the year, but we expect results in Japan will be challenged for the foreseeable future.

Second Quarter and Six Months 2015 Operating Results Included:

- Global comparable sales decrease of 0.7% for the quarter and 1.5% for the six months, reflecting negative guest traffic in all major segments
- Consolidated revenues decrease of 10% (increase of 1% in constant currencies) for the quarter and decrease of 10% (flat in constant currencies) for the six months
- Consolidated operating income decrease of 16% (6% in constant currencies) for the quarter and decrease of 22% (13% in constant currencies) for the six months, partly reflecting the impact of first and second quarter strategic charges of $195 million and $45 million, respectively
- Diluted earnings per share of $1.26 for the quarter and $2.09 for the six months, a decrease of 10% (1% in constant currencies) and 20% (11% in constant currencies), respectively. In constant currencies and excluding the impact of the first and second quarter strategic charges, earnings per share for the six months would have decreased $0.08 or 3%

- Returned $2.5 billion to shareholders through share repurchases and dividends, bringing the year-to-date return to shareholders to $3.9 billion in connection with our 3-year target to return $18-20 billion to shareholders by the end of 2016.

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.

Looking ahead to third quarter, we expect positive global comparable sales led by growth in our newly-created International Lead Markets segment and China's continuing recovery from the 2014 APMEA supplier issue.

2015

- Changes in Systemwide sales are driven by comparable sales and net restaurant unit expansion. The Company expects net restaurant additions to add approximately 2 percentage points to 2015 Systemwide sales growth (in constant currencies), most of which will be due to the 829 net restaurants (981 net traditional openings less 152 net satellite closings) added in 2014.
- 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 change in comparable sales for the U.S. would change 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 2015, the total basket of goods cost is expected to increase 1.5%-2.5% in the U.S.
- The Company expects full-year 2015 selling, general and administrative expenses to increase approximately 2%-4% in constant currencies. Fluctuations between quarters may occur.
- Based on current interest and foreign currency exchange rates, the Company expects interest expense for the full-year 2015 to increase about 10% compared with 2014 due to higher average debt balances.
- A significant part of the Company's operating income is generated outside the U.S., and about 40% 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 70% 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 2015 to be at the high end of the existing 31%-33% range. Some volatility may be experienced between the quarters resulting in a quarterly tax rate outside of the annual range.
- The Company expects capital expenditures for 2015 to be approximately $2.0 billion. About half of this amount will be used to open new restaurants. The Company expects to open more than 1,000 restaurants including about 450 restaurants in affiliated and developmental licensee markets where the Company does not fund any capital expenditures. The Company expects net additions of about 300 restaurants, reflecting 700 restaurant closings. The remaining capital will be used to reinvest in existing locations.

Long-term

Under the initial steps of its global turnaround plan, the Company expects to:

- return $8 to $9 billion to shareholders in 2015 and to reach the top end of its 3-year $18 to $20 billion cash return to shareholders target by the end of 2016 through a combination of dividends and share repurchases.
- refranchise about 3,500 restaurants with franchised restaurants accounting for approximately 90% of global restaurants by the end of 2018.
- achieve net annual savings on selling, general and administrative expenses of about $300 million, which will be realized by the end of 2017, in connection with the Company's organizational restructure, refranchising strategy, and more stringent discipline around spending throughout the organization.

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. Typically, pricing has a greater impact on average check than 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.

CONSOLIDATED OPERATING RESULTS

Dollars in millions, except per share data	**Quarter Ended June 30, 2015**		**Six Months Ended June 30, 2015**	
	Amount	**Increase/ (Decrease)**	**Amount**	**Increase/ (Decrease)**
Revenues				
Sales by Company-operated restaurants	$ 4,261.1	(11)%	$ 8,175.2	(12)%
Revenues from franchised restaurants	2,236.6	(7)	4,281.4	(7)
Total revenues	6,497.7	(10)	12,456.6	(10)
Operating costs and expenses				
Company-operated restaurant expenses	3,596.3	(9)	6,950.6	(10)
Franchised restaurants—occupancy expenses	411.0	(4)	814.6	(4)
Selling, general & administrative expenses	592.4	(6)	1,175.2	(6)
Other operating (income) expense, net	48.7	n/m	281.4	n/m
Total operating costs and expenses	4,648.4	(7)	9,221.8	(5)
Operating income	1,849.3	(16)	3,234.8	(22)
Interest expense	149.2	8	296.5	8
Nonoperating (income) expense, net	(12.3)	40	(28.2)	n/m
Income before provision for income taxes	1,712.4	(17)	2,966.5	(23)
Provision for income taxes	510.0	(25)	952.6	(25)
Net income	$ 1,202.4	(13)%	$ 2,013.9	(22)%
Earnings per common share-basic	$ 1.26	(10)%	$ 2.10	(20)%
Earnings per common share-diluted	$ 1.26	(10)%	$ 2.09	(20)%

n/m Not meaningful

Supplemental Information

In May 2015, the Company announced the initial steps of its turnaround plan, including a restructuring of its business from geographic segments into four segments that combine markets with similar characteristics, challenges, and opportunities for growth, effective July 1, 2015. Recast summary financial information for the years 2010 to 2014 and quarters ended March 31, 2014 to June 30, 2015 will be provided prior to release of the Company's results for the quarter and nine months ended September 30, 2015.

Impact of Foreign Currency Translation

While changes in foreign currency exchange rates affect reported results, McDonald's mitigates exposures, where practical, by purchasing goods and services in local currencies, financing in local currencies and hedging certain foreign-denominated cash flows. Management reviews and analyzes business results excluding the effect of foreign currency translation and bases incentive compensation plans on these results, because the Company believes this better represents its 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

			Currency Translation Benefit/ (Cost)
Quarters Ended June 30,	**2015**	2014	**2015**
Revenues	**$ 6,497.7**	$ 7,181.7	**$ (747.1)**
Company-operated margins	**664.8**	816.1	**(88.9)**
Franchised margins	**1,825.6**	1,968.2	**(172.5)**
Selling, general & administrative expenses	**592.4**	629.2	**42.0**
Operating income	**1,849.3**	2,189.0	**(213.0)**
Net income	**1,202.4**	1,387.1	**(130.7)**
Earnings per share-diluted	**$ 1.26**	$ 1.40	**$ (0.13)**

			Currency Translation Benefit/ (Cost)
Six Months Ended June 30,	**2015**	2014	2015
Revenues	**$12,456.6**	$13,882.0	**$ (1,447.8)**
Company-operated margins	**1,224.6**	1,539.5	**(160.1)**
Franchised margins	**3,466.8**	3,760.9	**(314.9)**
Selling, general & administrative expenses	**1,175.2**	1,249.6	**81.9**
Operating income	**3,234.8**	4,125.0	**(370.3)**
Net income	**2,013.9**	2,591.9	**(215.3)**
Earnings per share-diluted	**$ 2.09**	$ 2.61	**$ (0.23)**

The impact of foreign currency translation on consolidated operating results for the quarter and six months reflected the strengthening of the U.S. dollar against the Euro, Australian Dollar, Russian Ruble and most other currencies.

Net Income and Diluted Earnings per Common Share

For the quarter, net income decreased 13% (4% in constant currencies) to $1,202.4 million, and diluted earnings per share decreased 10% (1% in constant currencies) to $1.26. Foreign currency translation had a negative impact of $0.13 on diluted earnings per share.

For the six months, net income decreased 22% (14% in constant currencies) to $2,013.9 million, and diluted earnings per share decreased 20% (11% in constant currencies) to $2.09. Foreign currency translation had a negative impact of $0.23 on diluted earnings per share.

For the quarter and six months, results were negatively impacted by lower Company-operated margins, weaker results in Japan, and approximately $45 million of restructuring charges incurred to optimize the Company's global operating structure in connection with the Company's turnaround plan announced in early May. The six months was also negatively impacted by strategic charges of $195 million recognized in the first quarter.

Results for the quarter and six months benefited from a lower effective tax rate recognized in the quarter. In addition, diluted earnings per share for both periods benefited from a decrease in diluted weighted average shares outstanding due to share repurchases.

In constant currencies and excluding the impact of the first and second quarter strategic charges, earnings per share for the six months would have decreased $0.08 or 3%.

During the quarter, the Company repurchased 17.4 million shares of its stock for $1.7 billion, bringing total purchases for the six months to 24.0 million shares or $2.3 billion. In addition, the Company paid a quarterly dividend of $0.85 per share or $811.0 million, bringing the total dividends paid for the six months to $1.6 billion.

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.

The Company is accelerating the pace of refranchising to optimize its restaurant ownership mix, generate more stable and predictable revenue and cash flow streams, and operate with a less resource-intensive support structure. The shift to a greater percentage of franchised restaurants negatively impacts consolidated revenues as Company-operated sales shift to franchised sales, where the Company receives rent and/or royalty revenue based on a percentage of sales.

REVENUES
Dollars in millions

Quarters Ended June 30,	**2015**	2014	(Decrease)	Inc/ (Dec) Excluding Currency Translation
Company-operated sales				
U.S.	**$ 1,074.2**	$ 1,133.4	(5)%	(5)%
Europe	**1,688.3**	2,074.2	(19)	3
APMEA	**1,313.8**	1,387.1	(5)	(1)
Other Countries & Corporate	**184.8**	191.2	(3)	9
Total	**$ 4,261.1**	$ 4,785.9	(11)%	0 %
Franchised revenues				
U.S.	**$ 1,100.0**	$ 1,115.6	(1)%	(1)%
Europe	**724.3**	839.1	(14)	4
APMEA	**260.2**	277.2	(6)	7
Other Countries & Corporate	**152.1**	163.9	(7)	10
Total	**$ 2,236.6**	$ 2,395.8	(7)%	2 %
Total revenues				
U.S.	**$ 2,174.2**	$ 2,249.0	(3)%	(3)%
Europe	**2,412.6**	2,913.3	(17)	3
APMEA	**1,574.0**	1,664.3	(5)	1
Other Countries & Corporate	**336.9**	355.1	(5)	9
Total	**$ 6,497.7**	$ 7,181.7	(10)%	1 %

Six Months Ended June 30,	2015	2014	(Decrease)	Inc/ (Dec) Excluding Currency Translation
Company-operated sales				
U.S.	**$ 2,064.4**	$ 2,174.3	(5)%	(5)%
Europe	**3,183.0**	4,000.0	(20)	2
APMEA	**2,587.8**	2,744.0	(6)	(1)
Other Countries & Corporate	**340.0**	358.1	(5)	7
Total	**$ 8,175.2**	$ 9,276.4	(12)%	(1)%
Franchised revenues				
U.S.	**$ 2,087.9**	$ 2,128.8	(2)%	(2)%
Europe	**1,393.8**	1,625.5	(14)	3
APMEA	**510.9**	539.1	(5)	6
Other Countries & Corporate	**288.8**	312.2	(8)	10
Total	**$ 4,281.4**	$ 4,605.6	(7)%	2 %
Total revenues				
U.S.	**$ 4,152.3**	$ 4,303.1	(4)%	(4)%
Europe	**4,576.8**	5,625.5	(19)	2
APMEA	**3,098.7**	3,283.1	(6)	0
Other Countries & Corporate	**628.8**	670.3	(6)	8
Total	**$ 12,456.6**	$ 13,882.0	(10)%	0 %

Consolidated revenues decreased 10% (increased 1% in constant currencies) for the quarter and decreased 10% (flat in constant currencies) for the six months. The constant currency results reflected the impact of expansion, mostly offset by negative comparable sales and the impact of refranchising.

- In the U.S., revenues decreased for the quarter and six months due to negative comparable sales, reflecting negative comparable guest counts, and the impact of refranchising.
- In Europe, the constant currency revenues increased for the quarter and six months reflecting a benefit from expansion, primarily in Russia, and positive comparable sales in the U.K. and Germany. This was partly offset by negative comparable sales in France and Russia and the impact of refranchising.
- In APMEA, the constant currency revenues for the quarter and six months benefited from expansion in the segment and strong comparable sales in Australia. This benefit was mostly offset by negative comparable sales, primarily in China and Japan due to the ongoing impact from the 2014 supplier issue, and the impact of refranchising.

The following table presents the percent change in comparable sales for the quarters and six months ended June 30, 2015 and 2014:

COMPARABLE SALES

	Increase/ (Decrease)			
	Quarters Ended June 30,		Six Months Ended June 30,*	
	2015	2014	**2015**	2014
U.S.	**(2.0)%**	(1.5)%	**(2.3)%**	(1.6)%
Europe	**1.2**	(1.0)	**0.3**	0.2
APMEA	**(4.5)**	1.1	**(6.3)**	1.0
Other Countries & Corporate	**6.9**	5.6	**6.6**	5.8
Total	**(0.7)%**	(0.1)%	**(1.5)%**	0.2 %

* On a consolidated basis, comparable guest counts decreased 4.4% and 3.0% for the six months 2015 and 2014, respectively.

The following table presents the percent change in Systemwide sales for the quarter and six months ended June 30, 2015:

SYSTEMWIDE SALES

	Quarter Ended June 30, 2015		Six Months Ended June 30, 2015	
	(Decrease)	Inc/ (Dec) Excluding Currency Translation	(Decrease)	Inc/ (Dec) Excluding Currency Translation
U.S.	(1)%	(1)%	(1)%	(1)%
Europe	(15)	4	(16)	3
APMEA	(10)	(1)	(11)	(3)
Other Countries & Corporate	(10)	9	(11)	9
Total	(8)%	1 %	(9)%	1 %

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 June 30,	**2015**	2014	(Decrease)	Inc/ (Dec) Excluding Currency Translation
U.S.	**$ 8,002.4**	$ 8,058.3	(1)%	(1)%
Europe	**4,084.2**	4,730.0	(14)	4
APMEA	**2,772.0**	3,171.3	(13)	(1)
Other Countries & Corporate	**1,756.6**	1,974.2	(11)	9
Total*	**$ 16,615.2**	$ 17,933.8	(7)%	2 %

Six Months Ended June 30,	**2015**	2014	(Decrease)	Inc/ (Dec) Excluding Currency Translation
U.S.	**$ 15,249.8**	$ 15,396.4	(1)%	(1)%
Europe	**7,864.2**	9,132.2	(14)	3
APMEA	**5,445.2**	6,280.1	(13)	(3)
Other Countries & Corporate	**3,404.6**	3,841.8	(11)	9
Total*	**$ 31,963.8**	$ 34,650.5	(8)%	1 %

* Sales from developmental licensed restaurants and foreign affiliated markets where the Company earns a royalty based on a percent of sales totaled $2,989.4 million and $3,569.9 million for the quarters 2015 and 2014, respectively, and $5,932.7 million and $7,118.4 million for the six months 2015 and 2014, respectively. Results for both periods were impacted by negative comparable sales and the weaker Yen in Japan, and many weaker currencies in Latin America. 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 June 30,	Percent		Amount		(Decrease)	Inc/ (Dec) Excluding Currency Translation
	2015	2014	**2015**	2014		
Franchised						
U.S.	**82.9%**	83.8%	**$ 911.6**	$ 934.4	(2)%	(2)%
Europe	**77.6**	78.0	**561.8**	654.6	(14)	4
APMEA	**85.3**	86.1	**221.9**	238.6	(7)	6
Other Countries & Corporate	**85.6**	85.7	**130.3**	140.6	(7)	10
Total	**81.6%**	82.2%	**$1,825.6**	$1,968.2	(7)%	2 %
Company-operated						
U.S.	**16.5%**	18.3%	**$ 177.2**	$ 207.9	(15)%	(15)%
Europe	**18.1**	18.6	**306.3**	385.7	(21)	(1)
APMEA	**11.6**	13.7	**152.2**	190.7	(20)	(14)
Other Countries & Corporate	**15.7**	16.6	**29.1**	31.8	(8)	3
Total	**15.6%**	17.1%	**$ 664.8**	$ 816.1	(19)%	(8)%

Six Months Ended June 30,	Percent		Amount		(Decrease)	Inc/ (Dec) Excluding Currency Translation
	2015	2014	**2015**	2014		
Franchised						
U.S.	**82.1%**	83.2%	**$1,715.1**	$1,770.5	(3)%	(3)%
Europe	**76.8**	77.5	**1,070.9**	1,259.4	(15)	2
APMEA	**85.1**	86.2	**434.7**	464.7	(6)	5
Other Countries & Corporate	**85.2**	85.3	**246.1**	266.3	(8)	10
Total	**81.0%**	81.7%	**$3,466.8**	$3,760.9	(8)%	1 %
Company-operated						
U.S.	**15.9%**	17.8%	**$ 328.3**	$ 388.0	(15)%	(15)%
Europe	**17.3**	17.8	**550.1**	713.7	(23)	(4)
APMEA	**11.4**	13.9	**295.6**	381.2	(22)	(17)
Other Countries & Corporate	**14.9**	15.8	**50.6**	56.6	(11)	1
Total	**15.0%**	16.6%	**$1,224.6**	$1,539.5	(20)%	(10)%

Franchised margin dollars decreased $142.6 million or 7% (increased 2% in constant currencies) for the quarter and decreased $294.1 million or 8% (increased 1% in constant currencies) for the six months.

- In the U.S., the franchised margin percent decreased for the quarter and six months primarily due to higher lease expense and negative comparable sales.
- In Europe, the franchised margin percent decreased for the quarter and six months primarily due to the impact of refranchising and higher lease expense. The quarter also benefited from positive comparable sales performance.
- In APMEA, the franchised margin percent decreased for the quarter and six months partly due to weaker operating performance in Japan, which reduced Japan's favorable contribution to the segment's margin percent. In addition, higher lease expense and refranchising negatively impacted the margin percent, partly offset by strong comparable sales performance in Australia.

Refranchising activity for both periods had a dilutive effect on the franchised margin percent, but resulted in higher franchised margin dollars.

Company-operated margin dollars decreased $151.3 million or 19% (8% in constant currencies) for the quarter and decreased $314.9 million or 20% (10% in constant currencies) for the six months.

- In the U.S., the Company-operated margin percent decreased for the quarter and six months due to the impact of negative comparable guest counts and higher labor and, to a lesser extent, commodity costs. These pressures were partly offset by a higher average check.

- In Europe, the Company-operated margin percent decreased for the quarter and six months primarily due to weaker results in Russia, reflecting the impact of currency and inflationary pressures on commodity costs.
- In APMEA, the Company-operated margin percent decreased for the quarter and six months primarily due to higher commodity and labor costs in China and other Asian markets. The ongoing, but lessening, impact from the 2014 supplier issue continued to pressure sales in China.

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 June 30,		Six Months Ended June 30,	
	2015	2014	**2015**	2014
Food & paper	**33.9%**	33.6%	**33.9%**	33.6%
Payroll & employee benefits	**26.3**	25.8	**26.6**	26.0
Occupancy & other operating expenses	**24.2**	23.5	**24.5**	23.8
Total expenses	**84.4%**	82.9%	**85.0%**	83.4%
Company-operated margins	**15.6%**	17.1%	**15.0%**	16.6%

Selling, General & Administrative Expenses

Selling, general and administrative expenses decreased $36.8 million or 6% (increased 1% in constant currencies) for the quarter and decreased $74.4 million or 6% (increased 1% in constant currencies) for the six months. The constant currency increase reflects higher incentive-based compensation, marketing and technology costs, mostly offset by the benefit from comparison to prior year costs related to the first quarter 2014 Winter Olympics and the second quarter 2014 Worldwide Convention.

For the six months, selling, general and administrative expenses as a percent of revenues increased to 9.4% for 2015 compared with 9.0% for 2014, and as a percent of Systemwide sales increased to 2.9% for 2015 compared with 2.8% for 2014, as weaker foreign currencies are having a bigger impact on revenues and sales.

Other Operating (Income) Expense, Net

OTHER OPERATING (INCOME) EXPENSE, NET
Dollars in millions

	Quarters Ended June 30,		Six Months Ended June 30,	
	2015	2014	**2015**	2014
Gains on sales of restaurant businesses	**$ (39.3)**	$ (21.9)	**$ (63.9)**	$ (50.9)
Equity in earnings of unconsolidated affiliates	**24.3**	(14.4)	**87.7**	(30.9)
Asset dispositions and other (income) expense, net	**63.7**	2.4	**257.6**	7.6
Total	**$ 48.7**	$ (33.9)	**$ 281.4**	$ (74.2)

Gains on sales of restaurant businesses increased for the quarter and six months, primarily in the U.S.

Equity in earnings of unconsolidated affiliates decreased for the quarter and six months primarily due to results in Japan, reflecting negative operating performance and the impact of closing under-performing restaurants in the first quarter.

Asset dispositions and other expense increased for the quarter primarily due to restructuring charges of approximately $45 million. In addition, the six months included first quarter strategic charges of $195 million related to asset write-offs resulting from the decision to close under-performing restaurants, mostly in the U.S. and China, other asset write-offs as part of the refranchising initiative and U.S. restructuring charges.

Operating Income

OPERATING INCOME
Dollars in millions

Quarters Ended June 30,	2015	2014	(Decrease)	(Decrease) Excluding Currency Translation
U.S.	**$ 925.8**	$ 980.5	(6)%	(6)%
Europe	**685.9**	853.6	(20)	(2)
APMEA	**258.7**	348.3	(26)	(16)
Other Countries & Corporate	**(21.1)**	6.6	n/m	(28)
Total	**$ 1,849.3**	$ 2,189.0	(16)%	(6)%

Six Months Ended June 30,	2015	2014	(Decrease)	(Decrease) Excluding Currency Translation
U.S.	**$ 1,657.6**	$ 1,801.3	(8)%	(8)%
Europe	**1,286.8**	1,606.1	(20)	(3)
APMEA	**327.2**	693.4	(53)	(47)
Other Countries & Corporate	**(36.8)**	24.2	n/m	(49)
Total	**$ 3,234.8**	$ 4,125.0	(22)%	(13)%

n/m Not meaningful

Operating income decreased $339.7 million or 16% (6% in constant currencies) for the quarter and decreased $890.2 million or 22% (13% in constant currencies) for the six months, partly reflecting the impact of first and second quarter strategic charges of $195 million and $45 million, respectively.

- In the U.S., operating income for the quarter and six months decreased primarily due to lower restaurant margin dollars, reflecting soft, top-line performance and cost pressures. In addition, the six months included restructuring and restaurant closing charges.
- In Europe, constant currency operating income decreased for the quarter and six months primarily due to lower other operating income, including restructuring charges incurred in the second quarter, and lower Company-operated margin dollars in Russia, partly offset by higher franchised margin dollars.
- In APMEA, the constant currency operating income decrease for the quarter and six months reflected negative operating performance in Japan and lower Company-operated margin dollars, partly offset by higher franchised margin dollars. In addition, the six months included strategic charges related to the impact from restaurant closings and other management actions.

- ***Combined Operating Margin***

Combined operating margin is defined as operating income as a percent of total revenues. Combined operating margin was 26.0% and 29.7% for the six months 2015 and 2014, respectively.

Interest Expense

Interest expense increased 8% (14% in constant currencies) for the quarter and increased 8% (15% in constant currencies) for the six months primarily due to higher average debt balances, partly offset by weaker foreign currencies.

Nonoperating (Income) Expense, Net

NONOPERATING (INCOME) EXPENSE, NET
Dollars in millions

	Quarters Ended June 30,		Six Months Ended June 30,	
	2015	2014	**2015**	2014
Interest Income	**$ (1.7)**	$ (7.4)	**$ (4.0)**	$(10.8)
Foreign currency and hedging activity	**(19.0)**	(5.5)	**(34.9)**	6.5
Other (income) expense, net	**8.4**	(7.5)	**10.7**	1.1
Total	**$ (12.3)**	$ (20.4)	**$(28.2)**	$ (3.2)

Income Taxes

The effective income tax rate was 29.8% and 33.0% for the quarters 2015 and 2014 and 32.1% and 32.8% for the six months 2015 and 2014, respectively. The lower effective tax rate for the quarter was primarily due to a lower tax cost associated with the Company's ongoing foreign cash repatriation.

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 $3.2 billion and exceeded capital expenditures by $2.4 billion for the six months 2015. Cash provided by operations decreased $181.3 million compared with the six months 2014, primarily due to lower operating results.

Cash used for investing activities totaled $695.7 million for the six months 2015, a decrease of $527.6 million compared with the six months 2014, primarily due to lower capital expenditures and a decrease in other investing activities partly related to short-term time deposits.

Cash used for financing activities totaled $505.7 million for the six months 2015, a decrease of $798.4 million compared with the six months 2014, primarily due to an increase in net long-term debt issuances, partly offset by higher treasury stock purchases.

Debt obligations at June 30, 2015 totaled $17.9 billion compared with $15.0 billion at December 31, 2014. The increase was primarily due to bond issuances of $4.2 billion, partly offset by bond repayments of $1.0 billion.

Recently Issued Accounting Standards

Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued guidance codified in Accounting Standards Codification (ASC) 606, "Revenue Recognition - Revenue from Contracts with Customers," which amends the guidance in former ASC 605, "Revenue Recognition." In July 2015, the FASB made a decision to defer by one year the effective date of its new standard to January 1, 2018, although early adoption is permitted as of January 1, 2017. The Company is currently evaluating the impact of the provisions of ASC 606.

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." This update requires that debt issuance costs be recorded in the balance sheet as a direct reduction of the debt liability rather than as an asset and amortization of debt issuance costs be recorded as interest expense. The provisions of this update are effective as of January 1, 2016, although early adoption is permitted for financial statements that have not been previously issued. This update is not expected to significantly impact the Company.

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 results are subject to a variety of risks that are reflected in the following considerations and factors that we believe are most likely to affect our performance.

If we do not successfully design and execute our business strategies, we may not be able to increase revenues or market share.

To drive future results, our business strategies must be effective in achieving market share gains while at the same time delivering operating income growth. These strategies are aligned around the priorities that represent our greatest opportunities to drive results. Whether we successfully execute these strategies depends mainly on our System’s ability to:

- Continue to innovate and differentiate in all aspects of the McDonald’s experience in a way that balances value with profitability;
- Reinvest in our restaurants and identify and develop restaurant sites consistent with our System’s plans for net growth of System-wide restaurants;
- Provide clean and friendly environments that deliver a consistent McDonald's experience and demonstrate high service levels;
- Drive restaurant improvements that achieve optimal capacity, particularly during peak mealtime hours; and
- Manage the complexity of our restaurant operations.

If we are unsuccessful in executing our strategies, or if our strategies do not yield the desired results, our business, financial condition and results of operations may suffer.

If our announced turnaround plans are not successful in driving improved performance, our results may suffer.

In May 2015, we announced the first steps in our turnaround plan to drive operational growth, return excitement to the brand and unlock financial value as we work to become a modern progressive burger company. Our immediate priorities include restoring growth under a new organizational structure and optimizing the Company’s restaurant ownership mix through accelerated refranchising to provide greater focus on the customer, and delivering cost savings. If our turnaround plans are not successful, take longer than initially projected, are not executed effectively, or result in a less effective management structure, our operations and financial results could be adversely affected.

In addition, the turnaround plan presents various risks to the McDonald’s System and increase the chances that existing risks described elsewhere in this section will have an adverse effect.

We face intense competition in our markets, which could hurt our business.

We compete primarily in the IEO segment, which is highly competitive. In some of our major markets, IEO segments have remained stagnant in recent periods, have experienced only modest growth or have declined. As a result, we are facing sustained, intense competition from both traditional and other competitors, which include many non-traditional market participants such as convenience stores and coffee shops. In addition, in recent periods we have experienced emerging and growing competition from the fast casual category of restaurants. We expect our environment to continue to be highly competitive and in any particular reporting period our results may be impacted by new actions of our competition, which may have a short- or long-term impact.

We compete on the basis of product choice, quality, affordability, service and location. In particular, we believe our ability to compete successfully in the current market environment depends on our ability to improve existing products, develop new products, price our products appropriately, manage the complexity of our restaurant operations and respond effectively to our competitors’ actions. Recognizing these dependencies, we have intensified our focus in recent periods on strategies to achieve these goals, including the turnaround plans described above, and we will likely continue to modify our strategies and implement new strategies in the future. There can be no assurance these strategies will be effective, and some strategies may be effective at improving some metrics while adversely affecting other metrics.

If we do not anticipate and address evolving consumer preferences, our business could suffer.

Our continued success depends on our System’s ability to anticipate and respond effectively to continuously shifting consumer demographics, trends in food sourcing, food preparation and consumer preferences in the IEO segment. We must continuously adapt to deliver a relevant experience for our customers amidst a highly competitive, value-driven operating environment. We continue to implement initiatives designed to more aggressively address these shifts. There is no assurance that such initiatives will be successful and, if they are not, our financial results could be adversely impacted.

If our pricing, promotional and marketing plans are not effective, our results may be negatively impacted.

Our results depend on the impact of our pricing, promotional and marketing plans and our System’s ability to adjust these plans to respond quickly to economic and competitive conditions. Our existing or future pricing strategies and the value proposition they represent will continue to be important components of our overall plan, may not be successful and could negatively impact sales and margins. The promotion of our menu offerings may yield results below desired levels.

Additionally, we operate in an increasingly complex and costly advertising environment. Our marketing and advertising programs may not be successful and we may fail to attract and retain customers. We have increased our emphasis on digital offerings and customer loyalty initiatives, and our success depends in part on whether we can effectively execute such offerings and initiatives in a way that will enhance customer engagement. If our pricing, promotional and marketing plans are not successful, or are not as successful as those of our competitors, our sales, guest counts and market share could decrease.

Failure to preserve the value and relevance of our brand could have a negative impact on our financial results.

To be successful in the future, we believe we must preserve, enhance and leverage the value of our brand. Brand value is based in part on consumer perceptions on a variety of factors, including the nutritional content and preparation of our food, our business practices and the manner in which we source the commodities we use. Consumer acceptance of our offerings is subject to change for a variety of reasons. For example, nutritional, health and other scientific studies and conclusions, which constantly evolve and often have contradictory implications, drive popular opinion, litigation and regulation (including initiatives intended to drive consumer behavior) in ways that affect the IEO segment or perceptions of our brand and could be material to our business. Perceptions may also be affected by activist campaigns to promote adverse perceptions of the quick-service category of the IEO segment or our brand and/or our operations, or to promote or threaten specific economic action involving the industry, us, our suppliers or franchisees. If we are unsuccessful in addressing such adverse perceptions, our brand and our financial results may suffer.

Additionally, the ongoing relevance of our brand may depend on the success of our sustainability initiatives to support our brand ambition of good food, good people and good neighbor, which will require System-wide coordination and alignment. If we are not effective in achieving our stated sustainability goals and addressing these and other matters of social responsibility in a way that inspires trust and confidence, trust in our brand could suffer. In particular, business incidents that erode consumer trust, particularly if such incidents receive considerable publicity or result in litigation, can significantly reduce brand value and have a negative impact on our financial results.

Unfavorable general economic conditions could adversely affect our business and financial results.

Our results of operations are substantially affected by economic conditions, which can vary significantly by market and can impact consumer disposable income levels and spending habits. Economic conditions can also be impacted by a variety of factors including hostilities, epidemics and actions taken by governments 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. Many major economies, both advanced and developing, continue to face weak economies, high unemployment rates and other ongoing economic issues. Continued adverse economic conditions or adverse changes in economic conditions in our markets could pressure our operating performance, and our business and financial results may suffer.

Supply chain interruptions may increase costs or reduce revenues.

We depend on the effectiveness of our supply chain management to assure reliable and sufficient product supply, including on favorable terms. The products we sell are sourced from a wide variety of suppliers in countries around the world. Supply chain interruptions, including due to lack of supply or price increases, can adversely affect us or the suppliers and franchisees that are also part of our System and whose performance has a significant impact on our results. Such shortages or disruptions could be caused by factors beyond the control of our suppliers or us, including inclement weather, natural disasters, increased demand, problems in production or distribution, disruptions in third party logistics or transportation systems, the inability of our suppliers to obtain credit, or food safety warnings or advisories. If we experience interruptions in our supply chain, our costs could increase and it could limit the availability of products critical to our operations.

Food safety concerns may have an adverse effect on our business.

Our ability to increase sales and profits depends on our System's ability to meet expectations for safe food and on our ability to manage the potential impact on McDonald's of food-borne illnesses and food or product safety issues that may arise in the future. Food safety is a top priority, and we dedicate substantial resources to ensure that our customers enjoy safe food products. However, food safety events, including instances of food-borne illness, have occurred in the food industry in the past, and could occur in the future. In 2014, food quality issues were discovered at a supplier to McDonald's and other food companies in China. As a consequence of this issue, results in China, Japan and certain other markets were negatively impacted due to lost sales and profitability, including expenses associated with rebuilding customer trust. Any future instances of food tampering, food contamination or food-borne illness could adversely affect our brand and reputation as well as our revenues and profits.

Our franchise business model presents a number of risks.

Our success relies in part on the financial success and cooperation of our franchisees, yet we have limited influence over their operations. Our restaurant margins arise from two sources: company-operated restaurants and franchised restaurants. Our franchisees manage their businesses independently, and therefore are responsible for the day-to-day operation of their restaurants. The revenues we realize from franchised restaurants are largely dependent on the ability of our franchisees to grow their sales. Our franchisees may not experience sales growth, and our revenues and margins could be negatively affected as a result. If sales trends worsen for franchisees, their financial results may deteriorate, which could result in, among other things, restaurant closures or delayed or reduced payments to us.

Our success also depends on the willingness and ability of our independent franchisees to implement major initiatives, which may include financial investment, and to remain aligned with us on operating, promotional and capital-intensive reinvestment plans. The ability of our franchisees to contribute to the achievement of our plans is dependent in large part on the availability of funding at reasonable interest rates and may be negatively impacted by the financial markets in general or by the creditworthiness of our franchisees or the Company. Our operating performance could also be negatively affected if our franchisees 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, costly to exercise or subject to litigation. If franchisees do not successfully operate restaurants in a manner consistent with our required standards, the brand's image and reputation could be harmed, which in turn could hurt our business and operating results.

Our ownership mix also affects our results and financial condition. The decision to own restaurants or to operate under franchise or license agreements is driven by many factors whose interrelationship is complex and changing. Our ability to achieve the benefits of our refranchising strategy, which involves a shift to a greater percentage of franchised restaurants, will depend on various factors, including our ability to identify franchisees that meet our rigorous standards, the performance of our existing franchisees and whether the resulting ownership mix supports our financial objectives.

Changes in commodity and other operating costs could adversely affect our results of operations.

The profitability of our company-operated restaurants depends in part on our ability to anticipate and react to changes in commodity costs, including food, paper, supply, fuel, utilities, distribution and other operating costs. Any volatility in certain commodity prices could adversely affect our operating results by impacting restaurant profitability. The commodity market for some of the ingredients we use, such as beef and chicken, is particularly volatile and is subject to significant price fluctuations due to seasonal shifts, climate conditions, industry demand, international commodity markets, food safety concerns, product recalls, government regulation and other factors, all of which are beyond our control and, in many instances, unpredictable. We can only partially address future price risk through hedging and other activities, and therefore increases in commodity costs could have an adverse impact on our profitability.

The global scope of our operations subjects us to risks that could negatively affect our business.

We face differing cultural, regulatory and economic environments that exist within and among the more than 100 countries where McDonald's restaurants operate, and our ability to achieve our business objectives depends on our success in these environments. Meeting customer expectations is complicated by the risks inherent in our global operating environment, and our global success is partially dependent on our System's ability to leverage operating successes across markets. Our initiatives may not have broad appeal with our customer base and could drive unanticipated changes in customer perceptions and guest counts.

Disruptions in our operations or price volatility in a market can also result from governmental actions, such as price, foreign exchange or import-export controls, increased tariffs, government-mandated closure of our or our suppliers' operations and asset seizures. The cost and disruption of responding to governmental investigations or actions, whether or not they have merit, may impact our results. Our international success depends in part on the effectiveness of our strategies and brand-building initiatives to reduce our exposure to such governmental actions. Our results of operations and financial condition are also affected by fluctuations in currency exchange rates, which may adversely affect reported earnings.

Additionally, we face 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. Such challenges 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. If we are unable to effectively manage the risks associated with our international operations, it could have a material adverse effect on our business and financial condition.

Challenges with respect to talent management could harm our business.

Our success depends in part on our System's ability to recruit and retain qualified personnel to work in our restaurants. Increased costs associated with recruiting and retaining such qualified personnel, whether because of the trend toward higher statutory minimum wages and social expenses or because of voluntary increases in wages necessitated by labor market conditions, could have a negative impact on the margins of our company-operated restaurants. Additionally, economic action, such as boycotts, protests, work stoppages or campaigns by labor organizations, could adversely affect us or the franchisees and suppliers that are also part of the McDonald's System and whose performance has a material impact on our results.

We are also impacted by the costs and other effects of compliance with U.S. and overseas regulations affecting our workforce, which includes our staff and employees working in our company-operated restaurants. These regulations are increasingly focused on wage and hour, healthcare, immigration, retirement and other employee benefits and unlawful workplace discrimination. Our potential exposure to reputational and other harm regarding our workplace practices or conditions or those of our independent franchisees or suppliers (or perceptions thereof) could have a negative impact on our business.

Information technology system failures or interruptions or breaches of our network security may interrupt our operations.

We are increasingly reliant on our technological systems (e.g., point-of-sale and other in-store systems or platforms) to conduct our business, and any failure of these systems could significantly impact our operations. Despite our implementation of security measures, our technology systems could become vulnerable to damage, disability or failures due to theft, fire, power loss, telecommunications failure or other catastrophic events. If these systems were to fail, and we were unable to recover in a timely way, we could experience an interruption in our operations. We may also not fully realize the benefits of the significant investments we are making to enhance the customer experience through digital engagement and social media.

Furthermore, security breaches involving our systems or those of third party providers may occur, such as unauthorized access, denial of service, computer viruses and other disruptive problems caused by hackers. Our information technology systems contain personal, financial and other information that is entrusted to us by our customers and employees as well as financial, proprietary and other confidential information related to our business. An actual or alleged security breach could result in system disruptions, shutdowns, theft or unauthorized disclosure of confidential information. The occurrence of any of these incidents could result in adverse publicity, loss of consumer confidence, reduced sales and profits, and criminal penalties or civil liabilities.

Increasing regulatory complexity may adversely affect restaurant operations and our financial results.

Our regulatory environment worldwide exposes us to complex compliance and similar risks that could affect our operations and results in material ways. In many of our markets, including the United States and countries in Europe, we are subject to increasing regulation, which has increased our cost of doing business. We are affected by the cost, compliance and other risks associated with the often conflicting and highly prescriptive regulations we face, including where inconsistent standards imposed by multiple governmental authorities can adversely affect our business and increase our exposure to litigation or governmental investigations or proceedings.

Our success depends in part on our ability to manage the impact of new, potential or changing regulations that can affect our business plans. These regulations may relate to product packaging, marketing and the nutritional content and safety of our food and other products, labeling and other disclosure practices, 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 (particularly given varying requirements and practices for testing and disclosure).

Additionally, we are keenly aware of and working to manage the risks and costs to us, our franchisees and our supply chain of the effects of climate change, greenhouse gases, energy and water resources. The increased public focus, including by governmental and non-governmental organizations, on these and other environmental sustainability matters (e.g., packaging and waste, animal health and welfare, deforestation and land use) and the increased pressure to make commitments, set targets or establish additional goals and take actions to meet them, could expose us to market, operational and execution costs or risks. If we are unable to effectively manage the risks associated with our complex regulatory environment, it could have a material adverse effect on our business and financial condition.

We are subject to increasing legal complexity and could be party to litigation that could adversely affect us.

Increasing legal complexity will continue to affect our operations and results in material ways. We could be subject to legal proceedings that may adversely affect our business, including class actions, administrative proceedings, government investigations, employment and personal injury claims, landlord/tenant disputes, disputes with current or former suppliers, claims by current or former franchisees, and intellectual property claims (including claims that we infringed another party's trademarks, copyrights, or patents). Inconsistent standards imposed by governmental authorities can adversely affect our business and increase our exposure to litigation.

Litigation involving our relationship with franchisees and the legal distinction between our franchisees and us for employment law purposes, if determined adversely, could increase costs, negatively impact the business prospects of our franchisees and subject us to incremental liability for their actions. We are also subject to the legal and compliance risks associated with privacy, data collection, protection and management, in particular as it relates to information we collect when we provide optional technology-related services to franchisees.

Our operating results could also be affected by the following:

- 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, judgments or consent decrees, which may require us to make disclosures or take other actions that may affect perceptions of our brand and products;
- 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; and
- The scope and terms of insurance or indemnification protections that we may have.

A judgment significantly in excess of any applicable insurance coverage could materially adversely affect our financial condition or results of operations. Further, adverse publicity resulting from these claims may hurt our business.

We may not be able to adequately protect our intellectual property or adequately ensure that we are not infringing the intellectual property of others, which could harm the value of the McDonald's brand and our business.

The success of our business depends on our continued ability to use our existing trademarks and service marks in order to increase brand awareness and further develop our branded products in both domestic and international markets. We rely on a combination of trademarks, copyrights, service marks, trade secrets, patents and other intellectual property rights to protect our brand and branded products. We also license our intellectual property to franchisees and other third parties and we cannot assure you that they will not take actions that hurt the value of our intellectual property.

We have registered certain trademarks and have other trademark registrations pending in the United States and certain foreign jurisdictions. The trademarks that we currently use have not been registered in all of the countries outside of the United States in which we do business or may do business in the future and may never be registered in all of these countries. The steps we have taken to protect our intellectual property in the United States and foreign countries may not be adequate. In addition, the steps we have taken may not adequately ensure that we do not infringe the intellectual property of others and third parties may claim infringement by us in the future. In particular, we may be involved in intellectual property claims, including often aggressive or opportunistic attempts to enforce patents used in information technology systems, which might affect our operations and results. Any claim of infringement, whether or not it has merit, could be time-consuming, could result in costly litigation and could harm our business.

Changes in tax laws and unanticipated tax liabilities could adversely affect the taxes we pay and our profitability.

We are subject to income and other taxes in the United States and foreign jurisdictions, and our operations, plans and results are affected by tax and other initiatives around the world. In particular, we are affected by the impact of changes to tax laws or related authoritative interpretations, particularly if corporate tax reform becomes a key component of budgetary initiatives in the United States and elsewhere. We are also impacted by 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. Any increases in income tax rates, changes in income tax laws or unfavorable resolution of tax matters could have a material adverse impact on our financial results.

Changes in accounting standards or the recognition of impairment or other charges may adversely affect our future operations and results.

New accounting standards or changes in financial reporting requirements, accounting principles or practices, including with respect to our critical accounting estimates, could affect our future results. We may also be affected by the nature and timing of decisions about underperforming markets or assets, including decisions that result in impairment or other charges that reduce our earnings. In assessing the recoverability of our long-lived assets, we consider changes in economic conditions and make assumptions regarding estimated future cash flows and other factors. These estimates are highly subjective and can be significantly impacted by many factors such as global and local business and economic conditions, operating costs, inflation, competition, and consumer and demographic trends. If our estimates or underlying assumptions change in the future, we may be required to record impairment charges. If we experience any such changes, they could have a significant effect on our reported results for the affected periods.

A decrease in our credit ratings or an increase in our funding costs could adversely affect our profitability.

We may be negatively affected by the impact of changes in our debt levels or our results of operations 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. Our operations may also be impacted by 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. If any of these events were to occur, they could have a material adverse effect on our business and financial condition.

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 unpredictable global economic and 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;
- 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, plans or expectations about our business; our actual performance and creditworthiness; 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 corporate actions and market and third-party perceptions and assessments of such actions, such as those we may take from time to time as part of our continuous review of our corporate structure and strategies 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, 2014 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 June 30, 2015. 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 June 30, 2015 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, 2014 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 June 30, 2015:

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)
April 1 - 30, 2015	1,695,297	$ 96.18	1,695,297	$ 7,280,193,244
May 1 - 31, 2015	5,043,441	98.01	5,043,441	6,785,903,810
June 1 - 30, 2015	10,621,013	95.90	10,621,013	5,767,345,243
Total	17,359,751	$ 96.54	17,359,751	

* 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 May 21, 2014, the Company's Board of Directors approved a share repurchase program, effective July 1, 2014, 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)	(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)	Instruments defining the rights of security holders, including Indentures:*
	(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)	Material Contracts
	(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.**
	(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) 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.**
	(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.**
	(e) 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.**
	(f) 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.**
	(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.**
	(g) 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.**
	(h) 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.**

Exhibit Number		Description
	(i)	McDonald's Corporation Target Incentive Plan, effective January 1, 2013, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2013.**
	(j)	McDonald's Corporation Cash Performance Unit Plan, effective February 13, 2013, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2013.**
	(k)	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.**
	(l)	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.**
	(m)	Form of Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2013.**
	(n)	Form of Executive Performance-Based Restricted Stock Unit Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2013.**
	(o)	Form of Special CPUP Performance-Based Restricted Stock Unit Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2013.**
	(p)	McDonald’s Corporation Severance Plan, as amended and restated, effective July 1, 2015, filed herewith. **
	(q)	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.**
	(r)	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.**
	(s)	Description of Restricted Stock Units granted to Andrew J. McKenna, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2014.**
	(t)	Assignment Agreement between Douglas Goare and the Company, effective January 1, 2012, incorporated herein by reference from Form 10-K, for the year ended December 31, 2013.**
	(u)	Assignment Agreement between David Hoffmann and the Company, effective April 13, 2011, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2014.**
		(i) 2015 Extension of the Assignment Agreement between David Hoffmann and the Company, dated as of January 7, 2015, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2015.**
	(v)	Form of 2014 Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2014.**
	(w)	Retirement Agreement between Timothy Fenton and the Company, dated July 9, 2014, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2014.**
	(x)	Retirement and Consulting Agreement between Donald Thompson and the Company, effective March 1, 2015, incorporated herein by reference from Form 8-K, filed on March 3, 2015.**
	(y)	Form of 2015 Executive Performance-Based Restricted Stock Unit Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2015.**
(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)

August 5, 2015

/s/ Kevin M. Ozan

Kevin M. Ozan
Corporate Executive Vice President and
Chief Financial Officer

Exhibit 10(p)

McDonald's Corporation
Severance Plan

As Amended and Restated Effective July 1, 2015

TABLE OF CONTENTS

McDONALD'S CORPORATION
SEVERANCE PLAN

ARTICLE I.
Statement of Purpose

McDonald's Corporation has established the McDonald's Corporation Severance Plan to provide financial assistance through severance payments and other benefits to employees on the United States payroll who are subject to United States taxation and whose employment with an Employer hereunder is terminated in a Covered Termination.

The Plan is intended to be an unfunded welfare benefit plan for purposes of the Employee Retirement Income Security Act of 1974, as amended, and a severance pay plan within the meaning of the United States Department of Labor regulation section 2510.3-2(b). All prior existing severance pay plans, programs and practices for employees (other than the McDonald's Corporation Change of Control Severance Plan), whether formal or informal, are hereby revoked and terminated for Covered Employees. This document applies to Covered Employees whose Covered Termination occurs on and after July 1, 2015. The payment of severance benefits to any Employee who had a Covered Termination prior to July 1, 2015 shall be determined in accordance with the terms of the Plan in effect at the time of such Employee's Covered Termination.

ARTICLE II.
Definitions

Cash Performance Unit Plan or CPUP. "Cash Performance Unit Plan" or "CPUP" means the McDonald's Cash Performance Unit Plan, the long-term incentive plan for eligible Officers or, if applicable, such other long-term cash incentive plan of an Employer as may be in effect as of a Qualifying Employee's Termination Date.

Cause. "Cause" means any one or more of the following:

(a) an Employee's commission of any act or acts involving dishonesty, fraud, illegality or moral turpitude;

(b) an Employee's willful or reckless material misconduct in the performance of his or her duties;

(c) an Employee's willful habitual neglect of material duties; or

(d) an Employee's serious and reckless or intentional violation of McDonald's Standards of Business Conduct.

Change of Control Severance Plan. "Change of Control Severance Plan" means a McDonald's Corporation Tier I or Tier II Change of Control Employment Agreement, established as of January 1, 2008, as each is amended from time to time.

Claim. "Claim" means a written application for Severance Benefits under Section 9.1 of the Plan.

Claimant. "Claimant" means any individual who believes that he or she is eligible for Severance Benefits under this Plan and files a claim pursuant to Section 9.1 of the Plan.

COBRA. "COBRA" means the provisions regarding healthcare continuation coverage set forth in Section 601 *et seq*. of ERISA and Section 4980B of the Code.

COBRA Premium. "COBRA Premium" means the monthly cost of providing healthcare continuation coverage for a qualified beneficiary under COBRA, as adjusted from time to time.

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

Company Service Date. "Company Service Date" means an Employee's first day of full-time employment or benefits eligible part-time employment with an Employer as determined by McDonald's Human Resources Department.

Compensation. "Compensation" means the defined term under McDonald's Corporation Profit Sharing and Savings Plan, McDonald's Corporation Excess Benefit and Deferred Bonus Plan and any other long-term incentive plan, welfare benefits plan, deferred compensation arrangement, fringe benefit, practice or policy maintained by an Employer as described in Section 6.3 of the Plan.

Covered Employee. "Covered Employee" means an Employee who has been notified by McDonald's Corporation that he or she has a Covered Termination making them eligible for Severance Benefits under the Plan as described in Article III.

Covered Termination. "Covered Termination" means an Employee's Separation from Service due to:

(a) Reduction in the work force;

(b) Elimination of a position or job restructuring;

(c) Elimination of a position due to outsourcing; or

(d) Termination of employment by an Employer without Cause.

A Covered Termination does not include the Separation from Service of (i) any Employee who is being terminated for performance reasons, (ii) an Officer who is entitled to receive benefits under the Executive Retention Replacement Plan or (iii) an Employee who is eligible to receive benefits under the Change of Control Severance Plan with respect to such Separation from Service. In addition, an Employee's Separation from Service will not be treated as a Covered Termination hereunder if the Employee fails to return all property of the Employers (including, without limitation, automobiles (unless previously purchased in accordance with the applicable Schedule), keys, credit cards, documents and records, identification cards, equipment, phones, computers, etc.) within fifteen (15) days after the Employee's Separation from Service.

Employee. "Employee" means an employee (including an Officer) of an Employer who is on the Employer's United States payroll and is subject to taxation in the United States, but excluding those employees who are classified as Interns and restaurant management employees hired on a temporary basis for a period that does not exceed six months.

Employer. "Employer" means for purposes of this Plan, McDonald's Corporation and the following Related Entities: McDonald's USA, LLC; McDonald's Latin America, LLC; McDonald's APMEA, LLC; McDonald's International, LLC and McDonald's Europe, Inc. and Restaurant Application Development International.

ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

Executive Retention Replacement Plan. "Executive Retention Replacement Plan" means the McDonald's Corporation Executive Retention Replacement Plan.

Key Employee. "Key Employee" means a "specified employee" as determined in accordance with the McDonald's Corporation Section 409A Specified Key Employee Policy adopted as in effect on January 1, 2008 and as amended from time to time in accordance with Treasury Regulation Section 1.409A-1(i).

McDonald's Corporation. "McDonald's Corporation" means McDonald's Corporation and its successors and assigns.

Officer. "Officer" means an Employee in the leadership band and above.

Plan. "Plan" means the McDonald's Corporation Severance Plan as set forth in this document.

Plan Administrator. "Plan Administrator" means the person responsible for administration of the Plan as set forth in Article VIII of the Plan.

Plan Year. The "Plan Year" shall be the calendar year for record keeping purposes.

Prorated CPUP. "Prorated CPUP" means the cash lump sum payment described in Section 4.8 for certain Qualifying Employees who are eligible for a pro rata long-term cash incentive bonus under CPUP for the performance period during which the Qualifying Employee's Termination Date occurs.

Prorated TIP. "Prorated TIP" means the cash lump sum payment for certain Qualifying Employees described in Section 4.6 of the Plan who are eligible for a pro rata bonus under McDonald's TIP.

Qualifying Employee. "Qualifying Employee" means each Covered Employee who meets the requirements set forth in the Plan, including, without limitation, the requirement to sign a Release Agreement within the time frame described in Section 6.1 and not revoke or rescind the Release Agreement.

Related Entity. "Related Entity" means a corporation, trade, or business if it and McDonald's Corporation are members of a controlled group of corporations as defined in Section 414(b) of the Code or under common control as defined in Section 414(c) of the Code.

Release Date. "Release Date" means the date upon which a Qualifying Employee's signed Release Agreement required under Section 6.1 of the Plan becomes irrevocable and non-rescindable.

Schedule. "Schedule" means the schedules attached as Appendix I to the Plan which describe the duration and which Severance Benefits under the Plan are available for different categories of Qualifying Employees.

Separation from Service. "Separation from Service" means an Employee's cessation of the performance of services for McDonald's Corporation and all of its Related Entities; provided that a "Separation from Service" shall not be deemed to have occurred for purposes of this Plan unless the relevant circumstances constitute the Employee's "Separation from Service" with McDonald's Corporation and all of its Related Entities within the meaning of Section 409A of the Code. In general, neither a transfer of employment from an Employer to another Related Entity nor a change in status from Employee to independent contractor or similar non-employee service provider to an Employer or any Related Entity will be treated as a Separation from Service.

Severance Benefits. "Severance Benefits" means the Severance Pay and any other benefit payable pursuant to this Plan.

Severance Pay. "Severance Pay" means the lump sum cash payment made to a Qualifying Employee pursuant to Section 4.1 of the Plan.

Severance Period. "Severance Period" means the period of time equal to the Qualifying Employee's Weeks of Severance commencing on his or her Termination Date.

Termination Date. A Covered Employee's "Termination Date" is the date on which a Covered Termination becomes effective.

Termination Notice Date. A "Termination Notice Date" is the date on which a Covered Employee receives notice that he or she has a Covered Termination under the Plan.

TIP. "TIP" means McDonald's Target Incentive Plan or any annual bonus plan that replaces the Target Incentive Plan.

TIP-Eligible. A Qualifying Employee is "TIP-Eligible" if his or her Termination Date is on or after March 1 of a calendar year and the Qualifying Employee is eligible to participate in TIP for the calendar year in which his or her Covered Termination occurs.

Weekly Base Pay. "Weekly Base Pay" means the base salary or base wages that a Qualifying Employee earns during a week, based upon rate of pay in effect for the Qualifying Employee immediately before the Qualifying Employee's Termination Date, excluding overtime or any special payments, and is used to compute the amount of Severance Pay under Section 4.1 of the

Plan. For part-time employees weekly pay is determined by the average number of weekly hours worked during the preceding 12 months, or shorter period of employment, if applicable. However, for part-time employees of Restaurant Application Development International, average weekly base pay shall be determined using the six weeks immediately preceding termination of employment.

Offsets for Foreign Severance Benefits. If a Qualifying Employee is entitled to receive severance compensation as a statutory or government-funded benefit under the laws of a foreign country, the Severance Benefits that would otherwise be payable under this Plan may be offset by such severance compensation as the Plan Administrator determines in his or her discretion.

Weeks of Severance. "Weeks of Severance" means the weeks for each Year of Service of a Qualifying Employee subject to the minimum and maximum Weeks of Severance as set forth in the Schedule applicable to such Qualifying Employee.

Year of Service. A "Year of Service" for purposes of computing the amount of Severance Pay under Section 4.1 of the Plan means each complete twelve-month period beginning on the Qualifying Employee's Company Service Date and ending on the Qualifying Employee's Termination Date, with any period of less than 6 months being rounded down to the nearest complete twelve-month period and any period of 6 months or more being rounded up to the nearest complete twelve-month period. For example, a period of 10 years, 8 months and 3 days shall equal eleven Years of Service and a period of 10 years, 5 months and 3 days shall equal ten Years of Service.

ARTICLE III.
Eligibility

To be eligible for Severance Benefits under the Plan, an Employee must be subject to United States taxation and must be on the United States active payroll of an Employer (or must be an Employee who would be on the United States payroll but for the fact that, immediately prior to his or her Termination Date, the Employee is on a leave of absence or receiving short-term disability benefits) immediately before his or her Termination Date. Such an Employee must be designated for a Covered Termination by McDonald's Corporation and be notified that he or she has been so designated under the Plan as a Covered Employee. The fact that an Employee receives notice of termination of employment, or an Employee's employment actually terminates, shall not automatically entitle such Employee to be considered a Covered Employee nor automatically cause such termination to be considered a Covered Termination.

McDonald's Corporation shall establish procedures and processes for implementing Covered Terminations. These procedures and processes may differ depending on the business needs and priorities of the affected work unit. In the case of any Officer who is an officer of McDonald's Corporation within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (as determined by the Board of Directors of McDonald's Corporation), the Compensation Committee of the Board of Directors of McDonald's Corporation shall determine whether such Officer shall be treated as a Covered Employee and to what extent such Officer will be entitled to receive Severance Benefits under this Plan and the determinations of the

Compensation Committee shall be final and binding. Officers who are entitled to receive benefits under the Executive Retention Replacement Plan are not eligible for benefits under this Plan. In addition, any Employee who is entitled to receive benefits under the Change of Control Severance Plan with respect to his or her Separation from Service shall not be eligible for benefits under this Plan.

ARTICLE IV.
Benefits

In General. Each Qualifying Employee shall be entitled to Severance Pay and other Severance Benefits in accordance with this Article IV and Article V below, together with the Schedules included in Appendix I to this Plan applicable to the different categories of Qualifying Employees. Except as provided in Section 5.2, to the extent there is any conflict between the provisions of the Plan and an applicable Schedule, the provisions of the Schedule shall control. If a Qualifying Employee would be covered by both (i) Schedule A, B, C or D and (ii) the Schedules dealing with special circumstances (Schedule E, F or G), then Schedule E, F or G, as applicable, shall be the only Schedule that applies to that Qualifying Employee, except to the extent that provisions of another Schedule are incorporated by reference in the special circumstance Schedules. If a Qualifying Employee is a part-time Employee who is not benefits eligible as described in Schedule H, the only benefit payable under the Plan shall be Severance Pay for the duration specified in Schedule H.

Section 4.1. Computation of Severance Pay. A Qualifying Employee shall receive Severance Pay in a lump sum amount equal to his or her Weekly Base Pay multiplied by the Qualifying Employee's Weeks of Severance.

Section 4.2. Medical, Dental and Vision Coverage. Unless otherwise provided in the applicable Schedule, if a Qualifying Employee is entitled to file, and does timely file, an election to continue any health benefits under a medical, dental and/or vision benefit program sponsored by McDonald's Corporation in accordance with the provisions of COBRA, the Employer shall pay a portion of such COBRA Premiums, as specified in the next sentence, during the Severance Period, out of the total period of eighteen months normally provided for by COBRA. During the Severance Period, the Qualifying Employee shall be required to pay a portion of the COBRA Premiums equal to what he or she would pay for such health benefits under the applicable program of McDonald's Corporation, if he or she had remained employed, and the Employer shall pay the balance of such COBRA Premiums. The Employer's payments, as applicable, shall be made to the entity funding the applicable plan coverage, and not to the Qualifying Employee. The Qualifying Employee must pay his or her share of such COBRA Premiums and may not have such cost withheld from the Severance Pay nor contributed to any cafeteria or flexible spending account. After the Severance Period ends, any further COBRA to which the Qualifying Employee may be entitled shall continue only if the Qualifying Employee pays the full cost thereof at the rate of 102% of both the employee and the employer premium costs under the applicable plans. The Employers shall not pay any portion of the COBRA Premiums for more than twelve months, regardless of whether the Qualifying Employee or his or her eligible dependents have an additional qualifying event under COBRA. Notwithstanding the foregoing, if COBRA is no longer required to be provided to a Qualifying Employee under the federal laws governing COBRA during the Severance Period, all payments of COBRA Premiums for that Qualifying Employee under this Plan will also end.

Section 4.3. Transitional Assistance. The Employers shall provide each Qualifying Employee with transitional assistance only if and only to the extent set forth in the applicable Schedule. The Qualifying Employee must start the transitional process within 60 days of the Termination Date. In no event shall any Qualifying Employee be entitled to receive cash or other benefits in lieu of such transitional assistance.

Section 4.4. Stock Options and Restricted Stock Units. Any equity compensation (including, without limitation, stock options and restricted stock units) granted to a Covered Employee under any equity incentive plan maintained by McDonald's Corporation that is outstanding immediately before the Termination Date shall be treated in accordance with the terms of the equity incentive plan, prospectus and grant applicable to such equity compensation.

Section 4.5. Sabbatical. A Qualifying Employee shall receive a lump sum sabbatical payment equal to eight weeks of Weekly Base Pay if: (a) the Qualifying Employee was entitled to take a sabbatical leave immediately before his or her Termination Date; or (b) the Qualifying Employee was eligible for McDonald's Corporation's sabbatical program and the Termination Date occurs on or after the ninth, nineteenth, twenty-ninth or thirty-ninth anniversary of the Qualifying Employee's Company Service Date but before the beginning of the year in which the tenth, twentieth, thirtieth or fortieth anniversary thereof occurs. In no event shall a Qualifying Employee receive more than one sabbatical payment or more than a total of eight weeks of Weekly Base Pay under this Section 4.5.

Section 4.6. Prorated TIP Bonuses. A Qualifying Employee who is TIP-Eligible shall also be entitled to receive a Prorated TIP payment, if the Qualifying Employee terminated employment on or after March 1 of a calendar year. The Prorated TIP payment shall be prorated based on a fraction, the numerator of which is the number of days from January 1 through the Termination Date in the calendar year and the denominator of which is 365 (or 366 in a leap year). The Prorated TIP payment shall be based on the actual performance of McDonald's Corporation and its subsidiaries and business units during the annual performance period and shall be subject to supervisory discretion for the individual performance factor. The Prorated TIP payment will be made at the same time TIP payments are made to active employees.

Section 4.7. Company Vehicle. A Qualifying Employee who has a company-provided vehicle may purchase it and, in certain cases, may receive a prorated cash reimbursement for recent upgrades related to such vehicle, as determined by McDonald's Fleet Management Department and the terms of the McDonald's Corporation Vehicle Program applicable to the Qualifying Employee. In no event will the initial salary reduction of $1,200 paid by Home Office employees ($1,500 in the case of Officers) be refunded or repaid to the Employee.

In order to exercise the right to purchase his or her company-provided vehicle, a Qualifying Employee must provide notice of such exercise and complete the purchase in accordance with the procedures determined by McDonald's Fleet Management Department, but in no event may the purchase take place before his or her Release Date. If the Covered Employee's Termination Date occurs before his or her Release Date, the Covered Employee must return his or her company-provided vehicle on his or her Termination Date, and the vehicle shall be returned to him or her when such purchase can be completed.

Section 4.8. Prorated CPUP Payment. A Qualifying Employee who is eligible to participate in CPUP shall also be entitled to receive a Prorated CPUP payment. The Prorated CPUP payment shall be prorated based on a fraction, the numerator of which is the number of days from the beginning of the performance period through the Termination Date and the denominator of which is the total number of days from the first day of the performance period through the date on which the performance period would have ended if the Qualifying Employee had remained in active employment through the end of the scheduled performance period. The Prorated CPUP payment, if any, shall be based on the actual performance of McDonald's Corporation during the applicable performance period. The Prorated CPUP payment will be paid to the Qualifying Employee at the same time CPUP payments are made to other eligible active employees.

Section 4.9. Timing Rules for Certain Reimbursements and Payments. Officer and director level employees are entitled to reimbursement for certain financial planning expenses for the year in which their Termination Date occurs. The financial planning services must be both completed and submitted for reimbursement within three months after the Qualifying Employee's Termination Date or, if earlier, by the last day of the year in which the Termination Date occurs. Expenses submitted after this date will not be reimbursed. Officers who are entitled to executive physicals must complete their physical within six months of the Qualifying Employee's Termination Date. If a Qualifying Employee's spouse is also eligible for a physical, the spouse also must complete the physical within six months of the Qualifying Employee's Termination Date.

ARTICLE V.
Payment of Severance Pay and Sabbatical Pay

Section 5.1. Form and Timing of Payments. Except as provided in Section 5.2, a Qualifying Employee's Severance Pay and sabbatical pay, if any, shall be paid to the Qualifying Employee in a single lump sum as soon as reasonably practicable following the later of the Termination Date or the Release Date, but in no event later than 90 days after the Termination Date; provided, however that the Plan Administrator may, in his or her sole discretion, cause the Employer to make such payments at any time during the 90 day period following the Termination Date even if prior to the Release Date. Notwithstanding the foregoing, payment of the Severance Pay and the sabbatical pay is expressly conditioned on timely execution of a Release Agreement in accordance with Section 6.1. If a Qualifying Employee fails to execute the Release Agreement during the time frame specified in Section 6.1, the Covered Employee shall forfeit his or her right to receive the Severance Pay and sabbatical pay and shall repay any Severance Pay and sabbatical pay the Covered Employee previously received. The Employers shall have the right to seek enforcement of this repayment right in any court of competent jurisdiction.

Section 5.2. Delayed Payment Date for Key Employees. Notwithstanding any provision in this Plan or any applicable Schedule to the contrary, if a Qualifying Employee is a Key Employee as of his or her Termination Date, the payment of such Qualifying Employee's

Severance Pay and sabbatical pay, if any, shall be delayed until and shall be paid on the date that is six months after his or her Termination Date or in accordance with Section 5.3 if the Qualifying Employee dies before the end of such six month period.

Section 5.3. Death of Qualifying Employee. In the event a Qualifying Employee (including a Qualifying Employee who is a Key Employee) dies before receiving his or her Severance Pay and sabbatical pay under the Plan, the Qualifying Employee's Severance Pay and sabbatical pay shall be paid in a lump sum as soon as practicable following the Qualifying Employee's death, but not later than 90 days following the Qualifying Employee's death, to the beneficiary designated by the Qualifying Employee under the McDonald's Corporation Profit Sharing and Savings Plan. If a deceased Qualifying Employee has failed to designate a specific beneficiary under the McDonald's Corporation Profit Sharing and Savings Plan, or if the designated beneficiary dies before the Qualifying Employee has received his or her Severance Pay and sabbatical pay, payment of the Qualifying Employee's Severance Pay and sabbatical pay shall be made to the Qualifying Employee's spouse if the Qualifying Employee is married as of the date of his or her death or otherwise to the Qualifying Employee's estate.

Section 5.4. Offsets for Foreign Severance Benefits. If a Qualifying Employee is entitled to receive severance compensation as a statutory or government-funded benefit under the laws of a foreign country, the Severance Benefits that would otherwise be payable under this Plan may be offset by such severance compensation as the Plan Administrator determines in his or her discretion.

ARTICLE VI.
Requirement of Effective Release; Integration with Other Benefits

Section 6.1. Releases Generally. In addition to the requirements of Article III of the Plan, it shall be a condition of eligibility for Severance Benefits under the Plan that the Covered Employee shall have timely signed a release agreement (the "Release Agreement") within the period of time specified below and shall not have timely revoked or rescinded such Release Agreement. Such Release Agreement shall be in a form acceptable to the Plan Administrator that complies with applicable law and which is appropriate for the Covered Employee's classification. The Release Agreement may include a covenant not to compete with McDonald's Corporation or its subsidiaries. A Release Agreement must be signed no later than the date specified in the form of Release Agreement provided to the Covered Employee by the Plan Administrator; provided, however, that such date shall not be more than 60 days after the Covered Employee's Termination Date. McDonald's Corporation shall provide a Covered Employee with an executable form of Release Agreement no later than five (5) business days following the Covered Employee's Termination Date.

Except as provided in Section 5.1, no Severance Pay or sabbatical pay will be paid to a Covered Employee unless and until the Covered Employee timely signs the Release Agreement and the period of time for revoking or rescinding such agreement under applicable law has expired without the Covered Employee having revoked or rescinded such agreement. Severance Benefits other than Severance Pay and sabbatical payments shall be provided to a Covered Employee in accordance with Article III until such time as the Covered Employee either (a) fails to sign a Release Agreement within the time specified above or (b) timely revokes or rescinds an executed Release Agreement, at which time the Covered Employee shall cease to receive any further Severance Benefits under this Plan and shall repay McDonald's Corporation the cost of any Severance Benefits previously received by the Covered Employee. The Employers shall have the right to seek enforcement of this repayment right in any court of competent jurisdiction.

If a Covered Employee dies prior to the expiration of the time frame for signing the Release Agreement, the requirement for executing the Release Agreement shall be waived and the Severance Pay and sabbatical pay shall be paid in accordance with Section 5.3.

Section 6.2. Benefit Programs Generally. Except as provided in Section 6.5 below, Severance Benefits under this Plan are in addition to all pay and other benefits normally payable to a Qualifying Employee as of his or her Termination Date according to the established applicable policies, plans, and procedures of McDonald's Corporation and its Related Entities (other than severance pay plans, programs and practices, which have been revoked and terminated for Covered Employees pursuant to Article I above). Without limiting the generality of the foregoing, each Qualifying Employee shall be paid for any accrued but unused vacation as of his or her Termination Date. If a Qualifying Employee's Termination Date occurs in a year when he or she is eligible for an extra week of vacation under the "Splash Program," the Qualifying Employee will be paid for any unused Splash vacation. In addition, any benefit continuation or conversion rights to which a Qualifying Employee is entitled as of his or her Termination Date shall be made available to him or her. On a Qualifying Employee's Termination Date, all benefit plans, policies, fringe benefits and pay practices in which the Qualifying Employee was participating shall cease to apply to the Qualifying Employee in accordance with the terms of such benefits plans, policies, procedures and practices that apply to any other employee terminating employment with McDonald's Corporation or its Related Entities, as applicable and in accordance with the requirements of any applicable law, unless such benefits are specifically continued as a Severance Benefit under this Plan. In addition, the Employers will waive repayment by a Qualifying Employee of sabbatical, relocation and/or short-term disability benefits that otherwise would be required if the Qualifying Employee did not return to active employment under the terms of the applicable sabbatical, relocation or short-term disability program of the Employer. Finally, the Employers will continue to provide educational assistance for any class that the Qualifying Employee has begun to attend before his or her Termination Notice Date, provided that the Qualifying Employee complies with all requirements for such assistance and notifies the educational assistance service center of his or her Covered Termination within two weeks after his or her Termination Notice Date.

Section 6.3. Severance Not Compensation; Severance Period Not Service. Payments for vacation pursuant to Section 6.2 shall be Compensation for purposes of determining any benefits provided under McDonald's Corporation Profit Sharing and Savings Plan and the McDonald's Corporation Excess Benefit and Deferred Bonus Plan to the extent so provided in the applicable plan documents. Except as provided in the preceding sentence, Severance Benefits under this Plan shall not be construed as Compensation for purposes of determining any benefits provided under McDonald's Corporation Profit Sharing and Savings Plan, the McDonald's Corporation Excess Benefit and Deferred Bonus Plan, any long-term incentive plan, or any other welfare benefit plan, deferred compensation arrangement, fringe benefit, practice or policy maintained by an Employer for its employees. The period of time during which Severance Benefits are being paid out or provided shall not count as credited service for any benefit program, payroll practice (such as entitlement to vacation or sabbatical) or for any other welfare benefit, profit sharing, savings, retirement or deferred compensation benefit or fringe benefit plan, practice or policy of any Employer.

Section 6.4. Increases in Compensation, Stock Option Grants and Restricted Stock Units. After a Covered Employee's Termination Notice Date, he or she shall not be entitled to any increases in compensation, including, without limitation, regularly scheduled merit increases in Weekly Base Pay or grants of stock options or restricted stock units.

Section 6.5. Limitations on Severance. To the extent that any federal, state or local law, including, without limitation, the Worker Adjustment and Retraining Notification Act and so-called "plant closing" laws, requires an Employer or any Related Entity to give advance notice or make a payment of any kind to a Covered Employee because of that Covered Employee's involuntary termination due to layoff, reduction in force, plant or facility closing, sale of business, change of control, or any other similar event or reason, the Severance Pay provided under this Plan may be reduced or eliminated, as the case may be, by the amount of wages, benefits, or voluntary and unconditional payments paid in lieu of notice. The Severance Benefits provided under this Plan (together with the wages, benefits, or other payments described in this Section that reduce or eliminate the Severance Pay) are intended to satisfy any and all statutory obligations that may arise out of a Covered Employee's Covered Termination.

ARTICLE VII.
Discontinuance or Repayment of Benefits Upon Re-Employment or For Cause

Section 7.1. Discontinuance or Repayment upon Re-Employment. If a Qualifying Employee is subsequently re-employed by an Employer or any Related Entity before or after all of the Qualifying Employee's Severance Benefits under this Plan have been paid or provided, Schedule G shall set forth the Qualifying Employee's rights to receive or retain Severance Benefits under this Plan, unless the Plan Administrator, on behalf of the Employers, agrees otherwise in writing.

Section 7.2. Discontinuance or Repayment for Cause. Notwithstanding any other provision of the Plan, if the Plan Administrator determines at any time that a Qualifying Employee committed any act or omission that would constitute Cause while he or she was employed by an Employer or any Related Entity, the Employers may (i) cease payment of any benefit otherwise payable to a Qualifying Employee under the Plan and (ii) require the Qualifying Employee to repay any and all Severance Pay, sabbatical pay and Prorated TIP previously paid to such Qualifying Employee under the terms of this Plan. The Employers shall have the right to seek enforcement of their rights under clause (ii) above in any court of competent jurisdiction.

ARTICLE VIII.
Plan Administration

McDonald's Corporation may appoint one or more individuals to serve as Plan Administrator for the Plan. Currently, the McDonald's Welfare Plan Administrative Committee serves as Plan Administrator.

The Plan Administrator shall have the discretionary authority to determine eligibility for Severance Benefits under the Plan and to construe the terms of the Plan, including the making of factual determinations. Benefits under the Plan shall be paid only if the Plan Administrator decides in his or her discretion that the Claimant is entitled to such benefits. The decisions of the Plan Administrator shall be final and conclusive with respect to all questions concerning administration of the Plan. The Plan Administrator may delegate to other persons responsibilities for performing certain of the duties of the Plan Administrator under the terms of the Plan and may seek such expert advice as the Plan Administrator deems reasonably necessary with respect to the Plan. The Plan Administrator shall be entitled to rely upon the information and advice furnished by such delegates and experts, unless the Plan Administrator has actual knowledge that such information and advice is inaccurate or unlawful. Notwithstanding the foregoing, the Compensation Committee of the Board of Directors of McDonald's Corporation shall have the final authority with respect to all Severance Benefits under the Plan for executive Officers subject to Section 16 of the Securities Exchange Act of 1934.

McDonald's Corporation intends for the Plan to comply with the requirements of Section 409A of the Code and regulations, rulings and other guidance issued thereunder, and the Plan shall be interpreted and administered accordingly.

ARTICLE IX.
Claims Procedure

Section 9.1. Filing a Claim. Any individual who believes he or she is eligible for Severance Benefits under this Plan that have not been provided may submit his or her application for Severance Benefits to the Plan Administrator (or to such other person who may be designated by the Plan Administrator) in writing in such form as is provided or approved by the Plan Administrator. A Claimant shall have no right to seek review of a denial of Severance Benefits, or to bring any action in any court to enforce a Claim, prior to filing a Claim and exhausting rights under this Article IX.

When a Claim has been filed properly, it shall be evaluated and the Claimant shall be notified of the approval or the denial of the Claim within ninety (90) days after the receipt of such Claim unless special circumstances require an extension of time for processing the Claim. If such an extension of time for processing is required, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period, which notice shall specify the special circumstances requiring an extension and the date by which a final decision will be reached (which date shall not be later than one hundred and eighty (180) days after the date on which the Claim was filed). A Claimant shall be given a written notice in which the Claimant shall be advised as to whether the Claim is granted or denied, in whole or in part. If a

Claim is denied, in whole or in part, the notice shall contain (a) the specific reasons for the denial, (b) references to pertinent Plan provisions upon which the denial is based, (c) a description of any additional material or information necessary to perfect the Claim and an explanation of why such material or information is necessary, and (d) the Claimant's right to seek review of the denial.

Section 9.2. Review of Claim Denial. If a Claim is denied, in whole or in part, the Claimant shall have the right to (a) request that the Plan Administrator review the denial, (b) review pertinent documents, and (c) submit issues and comments in writing, provided that the Claimant files a written request for review with the Plan Administrator within sixty (60) days after the date on which the Claimant received written notification of the denial. Within sixty (60) days after a request for review is received, the review shall be made and the Claimant shall be advised in writing of the decision on review, unless special circumstances require an extension of time for processing the review, in which case the Claimant shall be given a written notification within such initial sixty (60) day period specifying the reasons for the extension and when such review shall be completed (provided that such review shall be completed within one hundred and twenty (120) days after the date on which the request for review was filed). The decision on review by the Plan Administrator shall be forwarded to the Claimant in writing and shall include specific reasons for the decision and reference to Plan provisions upon which the decision is based. A decision on review shall be final and binding on all persons for all purposes.

ARTICLE X.
Amendment and Termination

McDonald's Corporation reserves the right to amend the Plan from time to time or to terminate the Plan; provided, however, that no such amendment or termination shall reduce the amount of Severance Benefits payable to any Qualifying Employee whose Termination Date has already occurred, who has signed and not revoked or rescinded a Release Agreement required by Section 6.1, and who has completed all other applicable paperwork on or before the effective date of such amendment or termination. Notwithstanding the foregoing, the Plan Administrator may amend or modify the terms of the Plan hereunder (i) to the extent necessary or advisable to comply with or obtain the benefits or advantages under the provisions of applicable law, regulations or rulings or requirements of the Internal Revenue Service or other governmental agency or of changes in such law, regulations, rulings or requirements (including, without limitation, any amendment necessary to comply with or secure an exemption from Section 409A of the Code) or (ii) to adopt any other procedural or cosmetic amendment that does not materially change the benefits to Qualifying Employees or materially increase the cost of the benefits provided hereunder. No person may amend this Plan in a manner that would subject any Covered Employee to taxation of his or her Severance Pay or any other Severance Benefits under Section 409A(a)(1) of the Code.

ARTICLE XI.
Miscellaneous

Section 11.1. Qualifying Employee Information. Each Qualifying Employee shall notify the Plan Administrator of his or her mailing address and each change of mailing address. In addition, each Qualifying Employee shall be required to furnish the Plan Administrator with any other information and data that McDonald's Corporation or the Plan Administrator considers necessary for the proper administration of the Plan. The information provided by the Qualifying Employee under this provision shall be binding upon the Qualifying Employee, his or her dependents and any beneficiary for all purposes of the Plan, and McDonald's Corporation and the Plan Administrator shall be entitled to rely on any representations regarding personal facts made by a Qualifying Employee, his or her dependents or beneficiary, unless such representations are known to be false. The receipt of Severance Benefits under the Plan by each Qualifying Employee is conditioned upon the Qualifying Employee furnishing full, true and complete data, evidence or other information and the Qualifying Employee's timely signature of any document related to the Plan, requested by McDonald's Corporation or the Plan Administrator.

Section 11.2. Successors and Assigns. The obligations of McDonald's Corporation under the Plan shall be assumed by its successors and assigns.

Section 11.3. Employment Rights. The existence of the Plan shall not confer any legal or other rights upon any employee to continuation of employment. McDonald's Corporation and its Related Entities reserve the right to terminate any employee with or without cause at any time, notwithstanding the provisions of this Plan.

Section 11.4. Controlling Law. The provisions of this Plan shall be governed, construed and administered in accordance with ERISA. To the extent that ERISA does not apply, the laws of the State of Illinois shall be controlling, other than Illinois law concerning conflicts of law.

Section 11.5. Notices. Any notice, request, election or other communication under this Plan shall be in writing and shall be considered given when delivered personally or mailed by first class mail properly addressed (which, in the case of a Qualifying Employee, shall include mailing to the last address provided to the Plan Administrator by such Qualifying Employee). Notice to McDonald's Corporation or the Plan Administrator by fax shall be acceptable notice if faxed to the number designated by McDonald's Corporation or the Plan Administrator, as applicable, for receipt of notices under this Plan.

Section 11.6. Interests Not Transferable. The interest of persons entitled to Severance Benefits under the Plan are not subject to their debts or other obligations and, except as provided in Sections 5.3 and 11.2 above and Section 11.12 below, as required by federal or state garnishment orders issued to the Plan or McDonald's Corporation or any Employer, or as may be required by ERISA, may not be voluntarily or involuntarily sold, transferred, alienated, assigned or encumbered.

Section 11.7. Mistake of Fact or Law. Any mistake of fact or misstatement of fact shall be corrected when it becomes known and proper adjustment made by reason thereof. A Qualifying

Employee shall be required to return any payment, or portion thereof, made by mistake of fact or law to the applicable Employer that made such payment.

Section 11.8. Representations Contrary to the Plan. No employee, Officer, or director of McDonald's Corporation has the authority to alter, vary or modify the terms of the Plan or the Severance Benefits available to any Qualifying Employee except by means of a written amendment duly authorized by the Board of Directors of McDonald's Corporation or its delegate, in accordance with the provisions of the Plan. No verbal or written representations contrary to the terms of the Plan and any duly authorized written amendment in effect as of the date such representation was made shall be binding upon the Plan, the Plan Administrator, McDonald's Corporation or any Related Entity.

Section 11.9. Plan Funding. No Qualifying Employee or beneficiary thereof shall acquire by reason of the Plan any right in or title to any assets, funds, or property of McDonald's Corporation or any Employer. Any Severance Benefits that become payable under the Plan are unfunded obligations of the Qualifying Employee's Employer, and shall be paid from the general assets of such Employer. No employee, Officer, director or agent of McDonald's Corporation or any Related Entity guarantees in any manner the payment of Severance Benefits.

Section 11.10. Headings. The headings in this Plan are for convenience of reference and shall not be given substantive effect.

Section 11.11. Severability. If any provision of this Plan is held illegal or invalid for any reason, the other provisions of this Plan shall not be affected.

Section 11.12. Withholding. Notwithstanding any other provision of this Plan, the Employers may withhold from any and all Severance Benefits such United States federal, state or local or foreign taxes as may be required to be withheld pursuant to any applicable law or regulation.

Section 11.13. Indemnification. Any individual serving as Plan Administrator without compensation, and each and every individual who is an employee of an Employer or any Related Entity to whom are delegated duties, responsibilities and authority with respect to the Plan, shall be indemnified to the fullest extent permitted by applicable law and the McDonald's Corporation Bylaws.

Executed this 30th day of June, 2015

McDONALD'S CORPORATION

/s/ Richard Floersch

Richard Floersch
Corporate Executive Vice President and
Chief Human Resources Officer

Appendix I

McDonald's Corporation Severance Plan

Schedule A:

<u>Severance Benefits for</u>
<u>Qualifying Employees who are Officers</u>

This Schedule sets forth the Severance Benefits under the Plan for those Qualifying Employees who are employed as Officers and who are full-time Employees or benefits-eligible part-time Employees immediately before their Termination Dates. A Qualifying Employee under this Schedule who is a Key Employee as of his or her Termination Date, as determined under Section 5.2, shall be subject to the six month delay in payment of Severance Pay and sabbatical pay described in Section 5.2 in order to comply with Internal Revenue Code Section 409A.

Weeks of Severance: Each Qualifying Employee covered by this Schedule shall be credited with two (2) Weeks of Severance for each Year of Service with a minimum of twenty six (26) Weeks of Severance and a maximum of fifty-two (52) Weeks of Severance.

Severance Pay: Each Qualifying Employee shall receive Severance Pay in a lump sum in an amount equal to his or her Weekly Base Pay multiplied by his or her Weeks of Severance.

Medical/Dental Coverage: The Employers shall make the payments for COBRA Premiums provided for in Section 4.2 of the Plan during the Qualifying Employee's Severance Period.

Transitional Assistance: Each Qualifying Employee covered by this Schedule shall receive transitional assistance under a senior executive program, at the expense of the Employers, for a period of not more than 12 months, beginning not later than 60 days after the Qualifying Employee's Termination Date.

Prorated TIP/CPUP: Each Qualifying Employee who is TIP-Eligible may receive a Prorated TIP, if any, computed in accordance with Section 4.6 of the Plan and each Qualifying Employee who is eligible for a long-term cash bonus under CPUP may receive a Prorated CPUP, if any, computed in accordance with Section 4.8 of the Plan.

Company Vehicle: Section 4.7 of the Plan shall apply to each Qualifying Employee who has a company-provided vehicle.

Other Severance Benefits: A Qualifying Employee shall also receive, if otherwise eligible, the Severance Benefits provided for in Section 4.4 (equity awards) and Section 4.5 (sabbatical).

McDonald's Corporation Severance Plan

Schedule B:

<u>Severance Benefits for</u>
<u>Qualifying Employees in the Direction and Senior Direction Compensation Bands</u>

This Schedule sets forth the Severance Benefits under the Plan for those Qualifying Employees who are in the Direction or Senior Direction Compensation Band of the Employers and who are full-time Employees or benefits-eligible part-time Employees immediately before their Termination Dates.

Weeks of Severance: Each Qualifying Employee covered by this Schedule shall be credited with two (2) Weeks of Severance for each Year of Service with a minimum of sixteen (16) Weeks of Severance and a maximum of thirty-eight (38) Weeks of Severance.

Severance Pay: Each Qualifying Employee shall receive Severance Pay in a lump sum in an amount equal to his or her Weekly Base Pay multiplied by his or her Weeks of Severance.

Medical/Dental Coverage: The Employers shall make the payments for COBRA Premiums provided for in Section 4.2 of the Plan during the Qualifying Employee's Severance Period.

Transitional Assistance: Each Qualifying Employee covered by this Schedule shall receive transitional assistance under an executive program, at the expense of the Employers, for a period of not more than six months, beginning not later than 60 days after the Qualifying Employee's Termination Date.

Prorated TIP: Each Qualifying Employee who is TIP-Eligible may receive a Prorated TIP, if any, computed in accordance with Section 4.6 of the Plan.

Company Vehicle: Section 4.7 of the Plan shall apply to each Qualifying Employee who has a company-provided vehicle.

Other Severance Benefits: A Qualifying Employee shall also receive, if otherwise eligible, the Severance Benefits provided for in Section 4.4 (equity awards) and Section 4.5 (sabbatical).

McDonald's Corporation Severance Plan

Schedule C:

Severance Benefits for Qualifying Employees
in the Specialist, Supervisory/Consulting or Management/Advisory Bands

This Schedule sets forth the Severance Benefits under the Plan for those Qualifying Employees who are in the Specialist, Supervisory/Consulting or Management/Advisory Band but who are not Officers or directors of McDonald's Corporation or directors of any other Employer, and who are full-time Employees or benefits-eligible part-time Employees immediately before their Termination Dates.

Weeks of Severance: Each Qualifying Employee covered by this Schedule shall be credited with two (2) Weeks of Severance for each Year of Service with a minimum of twelve (12) Weeks of Severance and a maximum of twenty-six (26) Weeks of Severance.

Severance Pay: Each Qualifying Employee shall receive Severance Pay in a lump sum in an amount equal to his or her Weekly Base Pay multiplied by his or her Weeks of Severance.

Medical/Dental Coverage: The Employers shall make the payments for COBRA Premiums provided for in Section 4.2 of the Plan during the Qualifying Employee's Severance Period.

Transitional Assistance: Each Qualifying Employee covered by this Schedule C shall receive transitional assistance, at the expense of the Employers, for a period of not more than six months, beginning not later than 60 days after the Qualifying Employee's Termination Date.

Prorated TIP: Each Qualifying Employee who is TIP-Eligible may receive a Prorated TIP, if any, computed in accordance with Section 4.6 of the Plan.

Company Vehicle: Section 4.7 of the Plan shall apply to each Qualifying Employee who has a company-provided vehicle.

Other Severance Benefits: A Qualifying Employee shall also receive, if otherwise eligible, the Severance Benefits provided for in Section 4.4 (equity awards) and Section 4.5 (sabbatical).

McDonald's Corporation Severance Plan

Schedule D:

<u>Severance Benefits for</u>
<u>Qualifying Employees in the Associate or Coordination Compensation Bands</u>

This Schedule sets forth the Severance Benefits under the Plan for those Qualifying Employees who are Employees in the Associate or Coordination Compensation Band, and who are full-time Employees or benefits-eligible part-time Employees immediately before their Termination Dates.

Weeks of Severance: Each Qualifying Employee covered by this Schedule shall be credited with two (2) Weeks of Severance for each Year of Service with a minimum of eight (8) Weeks of Severance and a maximum of twenty (20) Weeks of Severance.

Severance Pay: Each Qualifying Employee shall receive Severance Pay in a lump sum in an amount equal to his or her Weekly Base Pay multiplied by his or her Weeks of Severance.

Medical/Dental Coverage: The Employers shall make the payments for COBRA Premiums provided for in Section 4.2 of the Plan during the Qualifying Employee's Severance Period.

Transitional Assistance: Each Qualifying Employee covered by this schedule shall receive three months transitional assistance, beginning not later than 60 days after the Qualifying Employee's Termination Date.

Prorated TIP: Each Qualifying Employee who is TIP-Eligible may receive a Prorated TIP, if any, computed in accordance with Section 4.6 of the Plan.

Other Severance Benefits: A Qualifying Employee shall also receive, if otherwise eligible, the Severance Benefits provided for in Section 4.4 (equity awards) and Section 4.5 (sabbatical).

McDonald's Corporation Severance Plan

Schedule E:

<u>Severance Benefits for</u>
<u>Qualifying Employees becoming Restaurant Operators</u>

This Schedule sets forth the Severance Benefits under the Plan for those Qualifying Employees who are full-time Employees or benefits-eligible part-time Employees immediately before their Termination Dates and who become restaurant operators (either as owner/operators or in a joint venture with an Employer).

Weeks of Severance: Each Qualifying Employee covered by this Schedule shall be credited with the lesser of sixteen (16) Weeks of Severance or the number of Weeks of Severance equal to the number of weeks from the Qualifying Employee's Termination Date until the Qualifying Employee is projected to begin operation of a restaurant franchised by McDonald's Corporation as determined by the Plan Administrator in his sole discretion.

Severance Pay: Each Qualifying Employee shall receive Severance Pay in a lump sum in an amount equal to his or her Weekly Base Pay multiplied by his or her Weeks of Severance.

Medical/Dental Coverage: The Employers shall make the payments for COBRA Premiums provided for in Section 4.2 of the Plan during the Qualifying Employee's Severance Period.

Prorated TIP: A Qualifying Employee who is TIP-Eligible may receive a Prorated TIP, if any, computed in accordance with Section 4.6 of the Plan.

Company Vehicle: Section 4.7 of the Plan shall apply to each Qualifying Employee who has a company-provided vehicle.

Other Severance Benefits: A Qualifying Employee who is covered by this Schedule E shall also receive, if otherwise eligible, the Severance Benefits provided for in Sections 4.4 (equity awards) and 4.5 (sabbatical) of the Plan, but shall not receive the Severance Benefits provided for in Section 4.3 (Transitional Assistance) of the Plan.

McDonald's Corporation Severance Plan

Schedule F:

<u>Severance Benefits for</u>
<u>Qualifying Outsourced Employees</u>

This Schedule sets forth the Severance Benefits under the Plan for each Qualifying Employee (1) who is a full-time Employee or a benefits-eligible part-time Employee before his or her Termination Date, (2) whose Covered Termination occurs as a result of the elimination of his or her job because the functional area is outsourced, and (3) who is offered employment with the entity that will be providing services on an outsourced basis to McDonald's Corporation or a Related Entity in a position with a level of responsibility comparable to his or her job that was eliminated (as determined by the Plan Administrator in his or her sole discretion), at a rate of Weekly Base Pay not less than 80% of his or her rate of Weekly Base Pay immediately before the Termination Date, and located not more than 25 miles from the location of his or her eliminated job, regardless of whether the Qualifying Employee accepts or rejects such offer (referred to as a "Qualifying Outsourced Employee").

Weeks of Severance: Each Qualifying Employee covered by this Schedule shall be credited with four (4) Weeks of Severance.

Severance Pay: Each Qualifying Employee shall receive Severance Pay in a lump sum in an amount equal to his or her Weekly Base Pay multiplied by his or her Weeks of Severance.

Medical/Dental Coverage: The Employers shall make the payments for COBRA Premiums provided for in Section 4.2 of the Plan during the Qualifying Employee's Severance Period.

Prorated TIP: A Qualifying Outsourced Employee who is TIP-Eligible may receive a Prorated TIP, if any, computed in accordance with Section 4.6 of the Plan.

Company Vehicle: Section 4.7 of the Plan shall apply to each Qualifying Outsourced Employee who has a company-provided vehicle.

Other Severance Benefits: A Qualifying Outsourced Employee shall also receive, if otherwise eligible, the Severance Benefits provided for in Section 4.4 (equity awards) and Section 4.5 (sabbatical), but shall not receive the Severance Benefits provided for in Section 4.3 (Transitional Assistance) of the Plan.

McDonald's Corporation Severance Plan

Schedule G:

<u>Severance Benefits for</u>
<u>Certain Rehired Qualifying Employees</u>

This Schedule sets forth the Severance Benefits under the Plan for each Qualifying Employee who was a full-time Employee or a benefits-eligible part-time Employee immediately before his or her Termination Date, and who commences work with McDonald's Corporation or any Related Entity after his or her Termination Date.

Severance Pay, Sabbatical Pay and Prorated TIP: A rehired Qualifying Employee shall be entitled to receive or retain his or her (1) sabbatical pay (if any) under Section 4.5, and (2) Prorated TIP (if any) under Section 4.6. A rehired Qualifying Employee shall be entitled to receive or retain the portion of his or her Severance Pay that is attributable to the Weeks of Severance (including any fraction of a Week of Severance) from the Termination Date through the date the Qualifying Employee is rehired and he or she shall repay the portion, if any, of the Severance Pay previously received by the Qualifying Employee that is attributable to the Weeks of Severance (including any fraction of a Week of Severance) on or after the date the Qualifying Employee is rehired. The Employers shall have the right to seek enforcement of their right to repayment in any court of competent jurisdiction.

Medical/Dental Coverage: The Employer's payments for COBRA Premiums provided for in Section 4.2 of the Plan shall end upon the Qualifying Employee's reemployment.

Transitional Assistance: Any transitional assistance under Section 4.3 shall cease upon the Qualifying Employee's reemployment.

Company Vehicle: A rehired Qualifying Employee may keep any company-provided vehicle that he or she purchased or was in the process of purchasing under Section 4.7 of the Plan.

Equity Awards: A rehired Qualifying Employee shall be treated as a new employee for stock option and restricted stock unit purposes.

McDonald's Corporation Severance Plan

Schedule H:

<u>Severance Benefits for Certain Part-Time Employees</u>

This Schedule sets forth the Severance Benefits under the Plan for each Qualifying Employee who is a part-time Employee who is not benefits-eligible before his or her Termination Date.

A Qualifying Employee who is a part-time Employee and who is not benefits eligible shall receive Severance Pay in an amount equal to his or her Weekly Base Pay multiplied by his or her Weeks of Severance determined in accordance with his or her compensation band as set forth in the chart below, as applicable, but shall not receive any other Severance Benefits under the Plan.

Compensation Band	Weeks of Severance		
	Weeks/Years of Service	Minimum	Maximum
Associate and Coordination	2 weeks	8 weeks	20 weeks
Specialist, Supv/Consulting & Mgmt/Advisory	2 weeks	12 weeks	26 weeks
Direction and Sr. Direction	2 weeks	16 weeks	38 weeks
Leadership and above	2 weeks	26 weeks	52 weeks

McDonald's Corporation Severance Plan

Schedule I:

<u>Severance Benefits for</u>
<u>Qualifying McOpCo Restaurant Management Employees and Shared Restaurant Support Employees</u>

This Schedule sets forth the Severance Benefits under the Plan for each Qualifying Employee (1) who is salaried Restaurant Management Employee or a full time salaried or hourly Shared Restaurant Support Employee (as determined by the Plan Administrator) before his or her Termination Date, (2) whose Covered Termination occurs as a result of the elimination of his or her job because of the sale of one or more restaurants, and (3) who is either (i) not offered employment with the purchasing Operator of the restaurant or (ii) offered employment (x) with a level of responsibility not comparable to his or her job that was eliminated (as determined by the Plan Administrator in his or her sole discretion), (y) at a rate of monthly Base Pay less than 80% of his or her rate of monthly Base Pay immediately before the Termination Date, or (z) at a location more than 35 miles from the location of his or her eliminated job.

Weeks of Severance: Each Qualifying Employee covered by this Schedule shall be credited with four (4) Weeks of Severance.

Severance Pay: Each Qualifying Employee shall receive Severance Pay in a lump sum in an amount equal to his or her Weekly Base Pay multiplied by his or her Weeks of Severance.

Medical/Dental Coverage: The Employers shall make the payments for COBRA Premiums provided for in Section 4.2 of the Plan during the Qualifying Employee's Severance Period (4 weeks).

Company Vehicle: Section 4.7 of the Plan shall apply to each Qualifying Employee who has a company-provided vehicle.

Other Severance Benefits: A Qualifying Employee shall also receive, if otherwise eligible, the Severance Benefits provided for in Section 4.4 (equity awards) and Section 4.5 (sabbatical), but shall not receive the Severance Benefits provided for in Section 4.3 (Transitional Assistance) of the Plan.

McDonald's Corporation Severance Plan

Schedule J:

Severance Benefits for
Employees of Restaurant Application Development International

This schedule modified the Severance Benefits under the Plan for each Qualifying Employee who is, immediately before his or her Termination Date, an employee of Restaurant Application Development International (RDI) and whose Termination Date occurs on or after October 1, 2012.

Employees of RDI will receive the following Severance Benefits under the Plan. No other benefits will be paid for employees of RDI. The amount of Severance will depend on how long the employee worked for RDI, including time worked for the predecessor company YGOMI LLC (prior to May 1, 2010) or for RTS (between May 1, 2010 and October 1, 2012). Each RDI employee will receive Weeks of Severance times the number of continuous years of service with each partial year of service rounded up to the next whole year.

Position	Weeks of Severance	
	Minimum	Maximum
Officer	26 weeks	52 weeks
Director	13 weeks	26 weeks
Manager	6 weeks	26 weeks
All Others	2 weeks	13 weeks

Notwithstanding the foregoing, in no event will aggregate severance payments to an RDI employee under the Plan exceed two times the lesser of: (1) the RDI employee's annualized compensation based upon his or her annual rate of pay for the taxable year preceding the taxable year in which the employee's Termination Date occurs (adjusted for any increase during that year that was expected to continue indefinitely if the employee had not been terminated), or (2) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the "Code") for the year in which the RDI employee's Termination Date occurs (in 2015 this limit is $265,000).

Exhibit 12. Computation of Ratios

Ratio of Earnings to Fixed Charges

Dollars in millions

	Six Months Ended June 30,		Years Ended December 31,				
	2015	**2014**	**2014**	**2013**	**2012**	**2011**	**2010**
Earnings available for fixed charges							
- Income before provision for income taxes	$2,966.5	$3,854.8	$7,372.0	$8,204.5	$8,079.0	$8,012.2	$7,000.3
- Noncontrolling interest expense in operating results of majority-owned subsidiaries less equity in undistributed operating results of less than 50%-owned affiliates	2.9	5.0	6.3	9.0	11.1	13.3	10.4
- Income tax provision (benefit) of 50%-owned affiliates included in income from continuing operations before provision for income taxes	3.0	8.0	(0.1)	23.8	64.0	65.5	28.7
- Portion of rent charges (after reduction for rental income from subleased properties) considered to be representative of interest factors*	179.7	189.9	374.6	374.6	358.1	339.4	315.4
- Interest expense, amortization of debt discount and issuance costs, and depreciation of capitalized interest*	311.2	285.9	596.1	548.9	550.1	520.5	479.1
	$3,463.3	$4,343.6	$8,348.9	$9,160.8	$9,062.3	$8,950.9	$7,833.9
Fixed charges							
- Portion of rent charges (after reduction for rental income from subleased properties) considered to be representative of interest factors*	$ 179.7	$ 189.9	$ 374.6	$ 374.6	$ 358.1	$ 339.4	$ 315.4
- Interest expense, amortization of debt discount and issuance costs*	302.8	277.8	579.8	532.1	532.8	503.0	461.5
- Capitalized interest*	4.8	7.2	14.8	15.6	16.1	14.0	12.0
	$ 487.3	$ 474.9	$ 969.2	$ 922.3	$ 907.0	$ 856.4	$ 788.9
Ratio of earnings to fixed charges	7.11	9.15	8.61	9.93	9.99	10.45	9.93

* 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.

Exhibit 31.1.

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

I, Stephen J. Easterbrook, 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: August 5, 2015

/s/ Stephen J. Easterbrook
Stephen J. Easterbrook
President and Chief Executive Officer

Exhibit 31.2.

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

I, Kevin M. Ozan, 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: August 5, 2015

/s/ Kevin M. Ozan

Kevin M. Ozan

Corporate Executive Vice President and
Chief Financial Officer

Exhibit 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

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 June 30, 2015 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: August 5, 2015

/s/ Stephen J. Easterbrook

Stephen J. Easterbrook

President and Chief Executive Officer

Exhibit 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

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 June 30, 2015 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: August 5, 2015

/s/ Kevin M. Ozan

Kevin M. Ozan

Corporate Executive Vice President and
Chief Financial Officer