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 September 30, 2008

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.)**
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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ (do not check if a smaller reporting company) Smaller reporting company ☐

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

1,114,544,888
(Number of shares of common stock outstanding as of September 30, 2008)

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) September 30, 2008	December 31, 2007
Assets		
Current assets		
Cash and equivalents	$ 1,487.2	$ 1,981.3
Accounts and notes receivable	856.8	1,053.8
Inventories, at cost, not in excess of market	114.7	125.3
Prepaid expenses and other current assets	352.9	421.5
Total current assets	2,811.6	3,581.9
Other assets		
Investments in and advances to affiliates	1,126.0	1,156.4
Goodwill, net	2,272.0	2,301.3
Miscellaneous	1,327.9	1,367.4
Total other assets	4,725.9	4,825.1
Property and equipment		
Property and equipment, at cost	31,865.9	32,203.7
Accumulated depreciation and amortization	(11,269.0)	(11,219.0)
Net property and equipment	20,596.9	20,984.7
Total assets	$ 28,134.4	$ 29,391.7
Liabilities and shareholders' equity		
Current liabilities		
Notes payable		$ 1,126.6
Accounts payable	$ 481.0	624.1
Dividends payable	557.3	
Other taxes	256.3	248.0
Accrued interest	164.7	148.4
Accrued payroll and other liabilities	1,391.2	1,486.9
Current maturities of long-term debt	18.0	864.5
Total current liabilities	2,868.5	4,498.5
Long-term debt	9,860.6	7,310.0
Other long-term liabilities	1,363.1	1,342.5
Deferred income taxes	990.6	960.9
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	4,521.6	4,226.7
Retained earnings	27,968.3	26,461.5
Accumulated other comprehensive income	763.6	1,337.4
Common stock in treasury, at cost; 546.1 and 495.3 million shares	(20,218.5)	(16,762.4)
Total shareholders' equity	13,051.6	15,279.8
Total liabilities and shareholders' equity	$ 28,134.4	$ 29,391.7

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

In millions, except per share data	Quarters Ended September 30, 2008	Quarters Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Revenues				
Sales by Company-operated restaurants	$4,411.1	$4,276.2	$12,705.9	$12,507.8
Revenues from franchised and affiliated restaurants	1,856.2	1,624.7	5,251.5	4,525.2
Total revenues	6,267.3	5,900.9	17,957.4	17,033.0
Operating costs and expenses				
Company-operated restaurant expenses	3,587.2	3,492.3	10,462.0	10,343.8
Franchised restaurants – occupancy expenses	316.9	287.4	932.0	844.6
Selling, general & administrative expenses	582.1	569.4	1,733.2	1,706.5
Impairment and other charges, net		52.7	1.0	1,666.6
Other operating (income) expense, net	(42.6)	(25.7)	(111.5)	(52.9)
Total operating costs and expenses	4,443.6	4,376.1	13,016.7	14,508.6
Operating income	1,823.7	1,524.8	4,940.7	2,524.4
Interest expense	131.6	97.9	406.4	296.9
Nonoperating (income) expense, net	(6.8)	(26.7)	(66.5)	(60.3)
Gain on sale of investment			(160.1)	
Income from continuing operations before provision for income taxes	1,698.9	1,453.6	4,760.9	2,287.8
Provision for income taxes	507.6	449.9	1,433.0	1,226.0
Income from continuing operations	1,191.3	1,003.7	3,327.9	1,061.8
Income from discontinued operations (net of taxes of $39.5 and $34.5)		67.5		60.1
Net income	$1,191.3	$1,071.2	$ 3,327.9	$ 1,121.9
Per common share–basic:				
Continuing operations	$ 1.07	$ 0.85	$ 2.94	$ 0.89
Discontinued operations		0.06		0.05
Net income	$ 1.07	$ 0.90	$ 2.94	$ 0.94
Per common share–diluted:				
Continuing operations	$ 1.05	$ 0.83	$ 2.89	$ 0.87
Discontinued operations		0.06		0.05
Net income	$ 1.05	$ 0.89	$ 2.89	$ 0.92
Dividends declared per common share	$ 0.875	$ 1.50	$ 1.625	$ 1.50
Weighted-average shares outstanding–basic	1,116.6	1,185.0	1,130.3	1,193.2
Weighted-average shares outstanding–diluted	1,136.0	1,207.1	1,150.4	1,216.3

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

In millions	Quarters Ended September 30, 2008	Quarters Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Operating activities				
Net income	$ 1,191.3	$ 1,071.2	$ 3,327.9	$ 1,121.9
Adjustments to reconcile to cash provided by operations				
Charges and credits:				
Depreciation and amortization	311.0	297.0	930.0	911.6
Deferred income taxes	17.6	(16.8)	(3.3)	(72.5)
Impairment and other charges, net		52.7	1.0	1,666.6
Share-based compensation	26.4	35.5	87.2	107.6
Gain on sale of investment			(160.1)	
Gains on discontinued operations, net of tax		(68.6)		(68.6)
Other	14.7	32.3	66.3	(41.8)
Changes in working capital items	145.4	177.6	197.9	(33.2)
Cash provided by operations	1,706.4	1,580.9	4,446.9	3,591.6
Investing activities				
Property and equipment expenditures	(534.9)	(399.8)	(1,422.0)	(1,222.1)
Purchases and sales of restaurant businesses and property sales	45.0	12.1	226.4	13.5
Latam transaction, net		654.0		654.0
Proceeds on sale of investment			229.4	
Proceeds from disposals of discontinued operations, net		194.1		194.1
Other	(7.2)	(0.7)	(22.8)	(30.8)
Cash (used for) provided by investing activities	(497.1)	459.7	(989.0)	(391.3)
Financing activities				
Notes payable and long-term financing issuances and repayments	(782.3)	(654.9)	737.6	(951.6)
Treasury stock purchases	(1,022.9)	(881.5)	(3,821.3)	(2,546.3)
Common stock dividends	(417.7)		(1,265.7)	
Proceeds from stock option exercises	206.6	261.2	453.3	967.2
Excess tax benefit on share-based compensation	51.1	53.6	113.5	156.4
Other	(3.0)	(28.3)	(139.7)	(72.0)
Cash used for financing activities	(1,968.2)	(1,249.9)	(3,922.3)	(2,446.3)
Effect of exchange rates on cash and cash equivalents	(96.4)	68.9	(29.7)	110.4
Cash and equivalents increase (decrease)	(855.3)	859.6	(494.1)	864.4
Cash and equivalents at beginning of period	2,342.5	2,132.9	1,981.3	2,128.1
Cash and equivalents at end of period	$ 1,487.2	$ 2,992.5	$ 1,487.2	$ 2,992.5

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, 2007 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 nine months ended September 30, 2008 do not necessarily indicate the results that may be expected for the full year.

The results of operations of McDonald's restaurant businesses purchased and sold were not material to the condensed consolidated financial statements for periods prior to purchase and sale.

Conversion of Certain Markets to Developmental License

In August 2007, the Company completed the sale of its businesses in Brazil, Argentina, Mexico, Puerto Rico, Venezuela and 13 other countries in Latin America and the Caribbean, which totaled 1,571 restaurants, to a developmental licensee organization. The Company refers to these markets as "Latam." Under a developmental license, a local licensee owns the business, including the real estate, and uses his/her capital and local knowledge to build the McDonald's Brand and optimize sales and profitability over the long term. Under this arrangement, the Company collects a royalty, which varies by market, based on a percent of sales, but does not invest any capital. As a result of the Latam transaction, the Company receives only royalties in these markets instead of a combination of Company-operated sales and franchised rents and royalties.

The buyers of the Company's operations in Latam have entered into a 20-year master franchise agreement that requires the buyers, among other obligations, to pay monthly royalties commencing at a rate of approximately 5% of gross sales of the restaurants in these markets, substantially consistent with market rates for similar license arrangements.

Based on approval by the Company's Board of Directors on April 17, 2007, the Company concluded Latam was "held for sale" as of that date in accordance with the requirements of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets*. As a result, the Company recorded an impairment charge of approximately $1.6 billion in the second quarter of 2007, substantially all of which was noncash. In the third quarter 2007, the Company recorded an additional $53 million of charges in connection with the transaction. The total charges for the nine months included the difference between the net book value of the Latam business and cash proceeds, less costs of disposal. This loss in value was primarily due to a historically difficult economic environment coupled with volatility experienced in many of the markets included in this transaction. The charges also included historical foreign currency translation losses recorded in shareholders' equity. The Company recorded a tax benefit of $62 million in connection with this transaction. The tax benefit was minimal for the nine months 2007 due to the Company's inability to utilize most of the capital losses generated by this transaction. As a result of meeting the "held for sale" criteria, the Company ceased recording depreciation expense with respect to Latam effective April 17, 2007. In connection with the sale, the Company agreed to indemnify the buyers for certain tax and other claims, certain of which are reflected as liabilities on McDonald's consolidated balance sheet, totaling $169.1 million at September 30, 2008 and $179.2 million at December 31, 2007. The change in the balance was primarily due to foreign currency translation.

Restaurant Information

The following table presents restaurant information by ownership type:

Restaurants at September 30,	**2008**	**2007**
Operated by franchisees*	**21,183**	20,204
Operated by the Company	**6,639**	7,004
Operated by affiliates	**3,855**	4,031
Systemwide restaurants	**31,677**	31,239

* At September 30, 2008 and 2007 included 2,870 and 2,723 restaurants, respectively, operated by developmental licensees.

Comprehensive Income

The following table presents the components of comprehensive income for the quarters and nine months ended September 30, 2008 and 2007:

In millions	Quarters Ended September 30, 2008	Quarters Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Net income	$ 1,191.3	$1,071.2	$3,327.9	$1,121.9
Other comprehensive income (loss):				
Foreign currency translation adjustments	(1,074.3)	1,163.2	(599.6)	1,510.5
Deferred hedging adjustments	23.1	(2.0)	38.1	8.0
Pension liability adjustment	1.8	1.5	(12.3)	4.5
Total other comprehensive income (loss)	(1,049.4)	1,162.7	(573.8)	1,523.0
Total comprehensive income	$ 141.9	$2,233.9	$2,754.1	$2,644.9

Per Common Share Information

Diluted net income per common share is calculated using net income divided by diluted weighted-average shares outstanding. Diluted weighted-average shares outstanding included weighted-average shares outstanding plus the dilutive effect of share-based compensation, calculated using the treasury stock method, of 19.4 million shares and 22.1 million shares for the third quarter 2008 and 2007, respectively, and 20.1 million shares and 23.1 million shares for the nine months ended September 30, 2008 and 2007, respectively. Stock options that were not included in diluted weighted-average shares outstanding because they would have been antidilutive were 0.9 million shares and 1.0 million shares for the nine months ended September 30, 2008 and 2007, respectively.

Fair Value Measurements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This statement does not require any new fair value measurements; rather, it applies to other accounting pronouncements that require or permit fair value measurements. The provisions of SFAS No. 157, as issued, were effective January 1, 2008. However, the FASB issued FASB Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157*, which allows entities to defer the effective date of SFAS No. 157, for one year, for certain non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (i.e., at least annually). The Company adopted SFAS No. 157 as of January 1, 2008 and elected the deferral for non-financial assets and liabilities. The effect of adopting this standard was not significant.

Fair value is defined under SFAS No. 157 as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market
- Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability

Certain of the Company's derivatives are valued using various pricing models or discounted cash flow analyses that incorporate observable market parameters, such as interest rate yield curves, option volatilities and currency rates, classified as Level 2 within the valuation hierarchy. In accordance with the requirements of SFAS No. 157, derivative valuations incorporate credit risk adjustments that are necessary to reflect the probability of default by the counterparty or the Company.

The following table presents assets and liabilities measured at fair value on a recurring basis as of September 30, 2008 by SFAS No. 157 valuation hierarchy:

In millions	**Level 1**	**Level 2**	**Level 3**	**Carrying Value**
Cash equivalents	$ 83.9			$ 83.9
Investments	123.0*			123.0
Derivative receivables	108.5*	$ 75.8		184.3
Total assets at fair value	**$ 315.4**	**$ 75.8**		**$ 391.2**
Derivative payables		$ (4.0)		$ (4.0)
Total liabilities at fair value		**$ (4.0)**		**$ (4.0)**

* Represents long-term investments and derivatives that hedge market driven changes in liabilities associated with the Company's supplemental benefit plans.

Gain on Sale of Investment

In second quarter 2008, the Company sold its minority ownership interest in U.K.-based Pret A Manger. In connection with the sale, the Company received cash proceeds of $229.4 million and recognized a nonoperating pretax gain of $160.1 million.

Discontinued Operations

In August 2007, the Company sold its investment in Boston Market and as a result, Boston Market's results of operations and transaction gain have been reflected in discontinued operations. In connection with the sale, the Company received net proceeds of approximately $250 million and recorded a gain of $68.6 million after tax. Boston Market's results of operations (exclusive of the transaction gain), which previously were included in Other Countries & Corporate, consisted of: revenues and pretax loss for the third quarter 2007 of $101.6 million and $4.6 million, respectively; and revenues and pretax loss for the nine months ended September 30, 2007 of $444.1 million and $17.0 million, respectively. Boston Market's net loss for the third quarter and nine months 2007 (exclusive of the transaction gain) was $1.1 million and $8.5 million, respectively.

Segment Information

The Company franchises and operates McDonald's restaurants in the food service 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 September 30,		**Nine Months Ended September 30,**	
In millions	**2008**	**2007**	**2008**	**2007**
Revenues				
U.S.	**$2,084.4**	$2,033.0	**$ 6,047.2**	$ 5,890.7
Europe	**2,688.9**	2,383.9	**7,670.7**	6,490.5
APMEA	**1,143.3**	957.0	**3,233.6**	2,639.3
Other Countries & Corporate	**350.7**	527.0	**1,005.9**	2,012.5
Total revenues	**$6,267.3**	$5,900.9	**$17,957.4**	$17,033.0
Operating income				
U.S.	**$ 815.5**	$ 750.5	**$ 2,294.3**	$ 2,154.0
Europe	**769.1**	627.4	**2,018.1**	1,542.2
APMEA	**234.1**	182.4	**642.9**	471.1
Other Countries & Corporate*	**5.0**	(35.5)	**(14.6)**	(1,642.9)
Total operating income*	**$1,823.7**	$1,524.8	**$ 4,940.7**	$ 2,524.4

* Results for 2007 included the impact of the Latam transaction of $45.5 million and $1,639.9 million of net expense for the quarter and nine months, respectively.

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 31,677 restaurants in 118 countries at September 30, 2008, 21,183 are operated by franchisees (including 2,870 operated by developmental licensees), 3,855 are operated by affiliates (primarily in Japan) and 6,639 are operated by the Company. Under our conventional franchise arrangement, franchisees provide a portion of the required capital by initially investing in the equipment, signs, seating and décor of their restaurant businesses, and by reinvesting in the business over time. The Company owns the land and building or secures long-term leases for both Company-operated and conventional franchised restaurant sites. This ensures long-term occupancy rights, helps control related costs and improves alignment with franchisees. Under our developmental license arrangement, licensees provide capital for the entire business, including the real estate interest, while the Company generally has no capital invested.

We view ourselves primarily as a franchisor and continually review our restaurant ownership mix (that is, our mix among Company-operated, franchised – conventional or developmental license, and affiliated) to deliver a great customer experience and drive profitability. In most cases, franchising is the best way to achieve both goals. Although direct restaurant operation is more capital-intensive relative to franchising and results in lower restaurant margins as a percent of revenues, Company-operated restaurants are important to our success in both mature and developing markets. In our Company-operated restaurants, and in collaboration with our 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 Systemwide. In addition, we firmly believe that owning restaurants is paramount to being a credible franchisor and essential to providing Company personnel with restaurant operations experience. Our Company-operated business also helps to facilitate strategic changes in restaurant ownership.

Revenues consist of sales by Company-operated restaurants and fees from restaurants operated by franchisees and affiliates. These fees primarily include rent and/or royalties that are based on a percent of sales, with specified minimum rent payments, along with initial fees. Fees vary by type of site, amount of Company investment and local business conditions. These fees, along with occupancy and operating rights, are stipulated in franchise/license agreements that generally have 20-year terms.

The business is managed as distinct geographic segments. Significant reportable segments include the United States (U.S.), Europe, and Asia/Pacific, Middle East and Africa (APMEA). In addition, throughout this report we present "Other Countries & Corporate" that includes operations in Canada and Latin America, as well as Corporate activities. The U.S. and Europe segments account for nearly 35% and 45% of total revenues, respectively.

In second quarter 2008, the Company sold its minority ownership interest in U.K.-based Pret A Manger. In connection with the sale, the Company received cash proceeds of $229.4 million and recognized a nonoperating pretax gain of $160.1 million.

In August 2007, the Company sold its investment in Boston Market and as a result, Boston Market's results of operations and transaction gain have been reflected in discontinued operations. In connection with the sale, the Company received net proceeds of approximately $250 million and recorded a gain of $68.6 million after tax.

Strategic Direction and Financial Performance

Since implementing the customer-centered Plan to Win in 2003, the Company remains focused on being better, not just bigger. Our strategic alignment behind this plan has created better McDonald's experiences through the execution of multiple initiatives surrounding the five drivers of exceptional customer experiences – people, products, place, price and promotion. While our focus has remained the same, we have adapted our initiatives based on the changing needs and preferences of our customers. These initiatives have increased our consumer relevance and contributed to sales and guest counts worldwide increasing every year since 2003. In the third quarter and first nine months of 2008, our unwavering commitment to providing an outstanding restaurant experience to every customer, every time, drove comparable sales and guest count momentum along with profitability growth in every area of the world.

In the U.S., the business continues to increase sales and guest counts by featuring chicken products, core menu classics and value-based beverages that offer menu variety and everyday affordability that resonate with consumers. As a result, comparable sales increased 4.7% for the quarter and 3.7% for the nine months.

Europe generated strong top-line sales in virtually every market, posting a comparable sales increase of 8.2% for the quarter and 8.8% for the nine months. Alignment behind Europe's key priorities of enhancing local relevance, upgrading the customer and employee experience and building brand transparency continues to deliver robust results for the segment.

In APMEA, comparable sales increased 7.8% for the quarter and 8.6% for the nine months, reflecting broad-based strength across the segment. Throughout APMEA, the growth drivers of convenience, core menu extensions, breakfast, value and operations excellence are continuing to deliver results.

We remain committed to returning value to shareholders through share repurchases and dividends. For 2007 through 2009, the Company expects to return $15 billion to $17 billion to shareholders, subject to business and market conditions. In the third quarter 2008, we repurchased 16.9 million shares of McDonald's stock for $1.0 billion, bringing the total repurchases for the nine months of 2008 to 67.3 million shares or $3.8 billion. During the third quarter 2008, we paid a quarterly dividend of $0.375 per share or $417.6 million, bringing the total dividends paid for the nine months of 2008 to $1.3 billion. Also during the third quarter, the Company declared a fourth quarter 2008 dividend of $0.50 per share, reflecting an increase of 33% over the third quarter. For the full year 2007 and first nine months of 2008 combined, the Company returned $10.8 billion to shareholders.

We also continue to enhance the mix of franchised and Company-operated restaurants, including refranchising certain Company-operated restaurants and executing our developmental license strategy, to maximize long-term brand performance and returns. The Company expects to refranchise 1,000 to 1,500 Company-operated restaurants by the end of 2010, primarily in its major markets. In the first nine months of 2008, the Company refranchised about 425 restaurants.

In August 2007, the Company completed the sale of its businesses in Brazil, Argentina, Mexico, Puerto Rico, Venezuela and 13 other countries in Latin America and the Caribbean, which totaled 1,571 restaurants, to a developmental licensee organization. The Company refers to these markets as "Latam." Under the new ownership structure, the Company receives only royalties in these markets instead of a combination of Company-operated sales and franchised rents and royalties.

Operating Highlights Included:

- Global comparable sales increased 7.1% for the quarter and 6.8% for the nine months
- Growth in consolidated Company-operated and franchised restaurant margins continued for the quarter and nine months
- Net income per share from continuing operations was $1.05 for the quarter, a 27% increase (22% in constant currencies) and $2.89 for the nine months, a 33% increase (26% in constant currencies), after adjusting for the impact of the 2007 Latam transaction. Net income from continuing operations for the nine months 2008 includes a $0.09 per share benefit from the sale of the Company's interest in Pret A Manger.
- During the nine months, the Company repurchased $3.8 billion or 67.3 million shares of its stock and paid quarterly dividends totaling $1.3 billion
- Cash provided by operations increased $855.3 million, or 24%, to $4.4 billion for the nine months

Outlook

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

- Changes in Systemwide sales are driven by comparable sales and net restaurant unit expansion. The Company expects net restaurant additions to add slightly more than 1 percentage point to 2008 Systemwide sales growth (in constant currencies), most of which will be due to the 503 net traditional restaurants added in 2007.
- The Company does not generally provide specific guidance on changes in comparable sales. However, as a perspective, assuming no change in cost structure, a 1 percentage point increase in U.S. comparable sales would increase annual net income per share by about 2.5 cents. Similarly, an increase of 1 percentage point in Europe's comparable sales would increase annual net income per share by about 2.5 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 2008, the total basket of goods is expected to rise about 7% in the U.S. and about 8% in Europe. Some volatility may be experienced between quarters in the normal course of business.
- The Company expects full-year 2008 selling, general & administrative expenses to decline, in constant currencies, although fluctuations may be experienced between the quarters.
- Based on current interest and foreign currency exchange rates, the Company expects interest expense in 2008 to increase approximately 30% compared with 2007, while 2008 interest income is expected to decrease about 30% compared with 2007. In first quarter 2008, the Company issued certain debt to take advantage of favorable market conditions to pre-fund a portion of its debt retired in third quarter 2008.
- 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 and the British Pound. If the Euro and the British Pound both move 10% in the same direction compared with 2007, the Company's annual net income per share would change by about 8 cents to 9 cents.

- Due to the recent strengthening of the U.S. Dollar relative to several major foreign currencies, fourth quarter 2008 revenues and operating income are expected to be negatively impacted by foreign currency translation. As a point of reference, for the fourth quarter 2007, the weighted average exchange rate used to translate the Company's Statement of Income (U.S. Dollar rate for one unit of foreign currency) was $1.45 for the Euro and $2.04 for the British Pound. For the nine months ended September 30, 2008, approximately 65% and 15% of operating income in Europe was generated in the Euro and British Pound, respectively.
- The Company expects the effective income tax rate for the full-year 2008 to be approximately 29% to 31%, although some volatility may be experienced between the quarters in the normal course of business.
- The Company expects capital expenditures for 2008 to be approximately $2 billion. About half of this amount will be reinvested in existing restaurants while the rest will primarily be used to open 1,000 restaurants (950 traditional and 50 satellites). The Company expects net additions of about 600 restaurants (700 net traditional additions and 100 net satellite closings). These restaurant numbers include new unit openings in affiliate and developmental license markets, such as Japan and those in Latin America, where the Company invests no capital.
- For 2007 through 2009, the Company expects to return $15 billion to $17 billion to shareholders through share repurchases and dividends, subject to business and market conditions. For the full year 2007 and first nine months of 2008 combined, the Company returned $10.8 billion to shareholders.
- The Company continually reviews its restaurant ownership structures to maximize cash flow and returns and to enhance local relevance. The Company expects to optimize its restaurant ownership mix by refranchising 1,000 to 1,500 Company-operated restaurants by the end of 2010, primarily in its major markets, and by continuing to utilize its developmental license strategy. In the first nine months of 2008, the Company refranchised about 425 restaurants, primarily in its major markets.

The Following Definitions Apply to These Terms as Used Throughout This Form 10-Q:

- Constant currency results exclude the effects of foreign currency translation and are calculated by translating current year results at prior year average exchange rates. Management reviews and analyzes business results in constant currencies and bases certain 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, by franchisees or by affiliates. While sales by franchisees and affiliates are not recorded as revenues by the Company, management believes the information is important in understanding the Company's financial performance because it is the basis on which the Company calculates and records franchised and affiliated revenues and is indicative of the financial health of our franchisee base.
- Comparable sales represent sales at all restaurants and comparable guest counts represent customer transactions at all restaurants, including those operated by the Company, franchisees and affiliates, in operation at least thirteen months including those temporarily closed. Comparable sales exclude the impact of currency translation. Some of the reasons restaurants may be temporarily closed include reimaging or remodeling, rebuilding, road construction and natural disasters. 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 September 30, 2008**		**Nine Months Ended September 30, 2008**	
	Amount	% Increase / (Decrease)	Amount	% Increase / (Decrease)
Revenues				
Sales by Company-operated restaurants	$4,411.1	3	$12,705.9	2
Revenues from franchised and affiliated restaurants	1,856.2	14	5,251.5	16
Total revenues	6,267.3	6	17,957.4	5
Operating costs and expenses				
Company-operated restaurant expenses	3,587.2	3	10,462.0	1
Franchised restaurants – occupancy expenses	316.9	10	932.0	10
Selling, general & administrative expenses	582.1	2	1,733.2	2
Impairment and other charges, net		n/m	1.0	n/m
Other operating (income) expense, net	(42.6)	(66)	(111.5)	n/m
Total operating costs and expenses	4,443.6	2	13,016.7	(10)
Operating income	1,823.7	20	4,940.7	96
Interest expense	131.6	34	406.4	37
Nonoperating (income) expense, net	(6.8)	75	(66.5)	(10)
Gain on sale of investment			(160.1)	n/m
Income from continuing operations before provision for income taxes	1,698.9	17	4,760.9	n/m
Provision for income taxes	507.6	13	1,433.0	17
Income from continuing operations	1,191.3	19	3,327.9	n/m
Income from discontinued operations		n/m		n/m
Net income	$1,191.3	11	$ 3,327.9	n/m
Income per common share–basic:				
Continuing operations	$ 1.07	26	$ 2.94	n/m
Discontinued operations		n/m		n/m
Net income	$ 1.07	19	$ 2.94	n/m
Income per common share–diluted:				
Continuing operations	$ 1.05	27	$ 2.89	n/m
Discontinued operations		n/m		n/m
Net income	$ 1.05	18	$ 2.89	n/m

n/m Not meaningful

In addition to the reported consolidated operating results for the quarter and nine months ended September 30, 2007, consolidated results for these periods are presented throughout this report excluding the impact of the Latam transaction. Management believes the Latam transaction and the associated charge are not indicative of ongoing operations due to the size and scope of the transaction. Management believes that the adjusted results better reflect the underlying business trends relevant to the periods presented.

The following tables present reconciliations of the key consolidated operating results for the quarters and nine months ended September 30, 2008 and 2007 to the operating results excluding the net impact of the impairment charge from the Latam transaction.

Quarters ended September 30,	2008	2007*	Latam Transaction*	2007 Excluding Latam Transaction	Adjusted % Inc	Currency Translation Benefit	Adjusted % Inc Excluding Currency Translation
Revenues	$ 6,267.3	$ 5,900.9		$ 5,900.9	6	$ 204.8	3
Operating income (loss)	1,823.7	1,524.8	$ (45.5)	1,570.3	16	73.5	11
Income from continuing operations	1,191.3	1,003.7	3.9	999.8	19	44.7	15
Income from discontinued operations		67.5		67.5	n/m		n/m
Net income	1,191.3	1,071.2	3.9	1,067.3	12	44.7	7
Income per share from continuing operations-diluted	1.05	0.83	—	0.83	27	0.04	22
Income per share from discontinued operations-diluted		0.06		0.06	n/m		n/m
Net income per share-diluted	1.05	0.89	0.01	0.88	19	0.04	15

Nine months ended September 30,	2008	2007**	Latam Transaction**	2007 Excluding Latam Transaction	Adjusted % Inc	Currency Translation Benefit	Adjusted % Inc Excluding Currency Translation
Revenues	$17,957.4	$17,033.0		$17,033.0	5	$ 925.2	—
Operating income (loss)	4,940.7	2,524.4	$ (1,639.9)	4,164.3	19	282.0	12
Income (loss) from continuing operations	3,327.9	1,061.8	(1,577.7)	2,639.5	26	178.8	19
Income from discontinued operations		60.1		60.1	n/m		n/m
Net income (loss)	3,327.9	1,121.9	(1,577.7)	2,699.6	23	178.8	17
Income (loss) per share from continuing operations-diluted	2.89	0.87	(1.30)	2.17	33	0.15	26
Income per share from discontinued operations-diluted		0.05		0.05	n/m		n/m
Net income (loss) per share-diluted	2.89	0.92	(1.30)	2.22	30	0.15	23

n/m Not meaningful

* Included impairment and other charges of $52.7 million, partly offset by a benefit of $7.2 million due to eliminating depreciation on the assets in Latam in mid-April 2007, and a tax benefit of $49.4 million.

** Included impairment and other charges of $1,664.6 million, partly offset by a benefit of $24.7 million due to eliminating depreciation on the assets in Latam in mid-April 2007, and a tax benefit of $62.2 million.

Net Income and Diluted Net Income per Common Share

For the third quarter and nine months ended September 2008, net income was $1,191.3 million and $3,327.9 million, respectively, and diluted net income per share was $1.05 and $2.89, respectively. Results for the nine months benefited by a $109.0 million or $0.09 per share after tax gain on the sale of the Company's minority interest in Pret A Manger.

For the third quarter 2007, net income was $1,071.2 million and diluted net income per share was $0.89. In August 2007, the Company sold its investment in Boston Market. As a result, Boston Market's results of operations and transaction gain are reflected as income from discontinued operations of $67.5 million or $0.06 per share. Income from continuing operations was $1,003.7 million or $0.83 per share. These results included a net benefit of $3.9 million related to the Company's sale of its business in Latam to a developmental licensee.

For the first nine months of 2007, net income was $1,121.9 million and diluted net income per share was $0.92, which included income from continuing operations of $1,061.8 million or $0.87 per share and $60.1 million or $0.05 per share of income from discontinued operations related to Boston Market. The 2007 results included $1,577.7 million or $1.30 per share of net expense related to the Latam transaction. This reflects an impairment charge of $1.32 per share, partly offset by a $0.02 per share benefit due to eliminating depreciation in mid-April 2007 on the assets in Latam. Excluding the impact of the Latam transaction, income from continuing operations was $2,639.5 million and diluted income per share from continuing operations was $2.17.

During the third quarter 2008, the Company repurchased 16.9 million shares of its stock for $1.0 billion, bringing the total repurchases for the nine months of 2008 to 67.3 million shares or $3.8 billion. During the third quarter 2008, the Company paid a quarterly dividend of $0.375 per share or $417.6 million, bringing the total dividends paid for the nine months of 2008 to $1.3 billion. The Company also declared a fourth quarter 2008 dividend of $0.50 per share, reflecting an increase of 33% over the third quarter.

Conversion of Certain Markets to Developmental License

In August 2007, the Company completed the sale of its businesses in Brazil, Argentina, Mexico, Puerto Rico, Venezuela and 13 other countries in Latin America and the Caribbean, which totaled 1,571 restaurants, to a developmental licensee organization. Under a developmental license, a local licensee owns the business, including the real estate, and uses his/her capital and local knowledge to build the McDonald's Brand and optimize sales and profitability over the long term. Under this arrangement, the Company collects a royalty, which varies by market, based on a percent of sales, but does not invest any capital. As a result of the Latam transaction, the Company receives only royalties in these markets instead of a combination of Company-operated sales and franchised rents and royalties.

The buyers of the Company's operations in Latam have entered into a 20-year master franchise agreement that requires the buyers, among other obligations, to pay monthly royalties commencing at a rate of approximately 5% of gross sales of the restaurants in these markets, substantially consistent with market rates for similar license arrangements.

Based on approval by the Company's Board of Directors on April 17, 2007, the Company concluded Latam was "held for sale" as of that date in accordance with the requirements of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets*. As a result, the Company recorded an impairment charge of approximately $1.6 billion in the second quarter of 2007, substantially all of which was noncash. In the third quarter 2007, the Company recorded an additional $53 million of charges in connection with the transaction. The total charges for the nine months included the difference between the net book value of the Latam business and cash proceeds, less costs of disposal. This loss in value was primarily due to a historically difficult economic environment coupled with volatility experienced in many of the markets included in this transaction. The charges also included historical foreign currency translation losses recorded in shareholders' equity. The Company recorded a tax benefit of $62 million in connection with this transaction. The tax benefit was minimal for the nine months 2007 due to the Company's inability to utilize most of the capital losses generated by this transaction. As a result of meeting the "held for sale" criteria, the Company ceased recording depreciation expense with respect to Latam effective April 17, 2007. In connection with the sale, the Company agreed to indemnify the buyers for certain tax and other claims, certain of which are reflected as liabilities on McDonald's consolidated balance sheet, totaling $169.1 million at September 30, 2008 and $179.2 million at December 31, 2007. The change in the balance was primarily due to foreign currency translation.

Impact of Foreign Currency Translation

IMPACT OF FOREIGN CURRENCY TRANSLATION
Dollars in millions, except per share data

Quarters Ended September 30,	**2008**	2007	Currency Translation Benefit / (Loss) **2008**
Revenues	**$6,267.3**	$5,900.9	**$204.8**
Combined operating margins*	**2,363.2**	2,121.2	**81.9**
Selling, general & administrative expenses	**582.1**	569.4	**(10.9)**
Operating income**	**1,823.7**	1,570.3	**73.5**
Income from continuing operations**	**1,191.3**	999.8	**44.7**
Net income**	**1,191.3**	1,067.3	**44.7**
Income from continuing operations per common share – diluted**	**1.05**	0.83	**0.04**
Net income per common share – diluted**	**1.05**	0.88	**0.04**

IMPACT OF FOREIGN CURRENCY TRANSLATION *Dollars in millions, except per share data*			
Nine Months Ended September 30,	**2008**	2007	Currency Translation Benefit / (Loss) **2008**
Revenues	**$17,957.4**	$17,033.0	**$925.2**
Combined operating margins*	**6,563.4**	5,844.6	**335.4**
Selling, general & administrative expenses	**1,733.2**	1,706.5	**(58.8)**
Operating income**	**4,940.7**	4,164.3	**282.0**
Income from continuing operations**	**3,327.9**	2,639.5	**178.8**
Net income**	**3,327.9**	2,699.6	**178.8**
Income from continuing operations per common share – diluted**	**2.89**	2.17	**0.15**
Net income per common share – diluted**	**2.89**	2.22	**0.15**

* Reflects both franchised and Company-operated margin dollars.

** 2007 results exclude the impact of the Latam transaction in order to provide management's view of the underlying business performance.

Foreign currency translation had a positive impact on consolidated revenues and operating income for the quarter and nine months, driven by the Euro and most other currencies, partly offset by the British Pound.

Revenues

Revenues consist of sales by Company-operated restaurants and fees from restaurants operated by franchisees and affiliates. These fees primarily include rent and/or royalties that are based on a percent of sales, with specified minimum rent payments.

REVENUES *Dollars in millions*				
Quarters Ended September 30,	**2008**	2007	% Inc / (Dec)	% Inc / (Dec) Excluding Currency Translation
Company-operated sales				
U.S.	**$1,185.0**	$1,199.7	(1)	(1)
Europe	**2,007.1**	1,818.4	10	5
APMEA	**992.7**	834.7	19	14
Other Countries & Corporate	**226.3**	423.4	(47)	(47)
Total	**$4,411.1**	$4,276.2	3	—
Franchised and affiliated revenues				
U.S.	**$ 899.4**	$ 833.3	8	8
Europe	**681.8**	565.5	21	12
APMEA	**150.6**	122.3	23	18
Other Countries & Corporate	**124.4**	103.6	20	16
Total	**$1,856.2**	$1,624.7	14	11
Total revenues				
U.S.	**$2,084.4**	$2,033.0	3	3
Europe	**2,688.9**	2,383.9	13	6
APMEA	**1,143.3**	957.0	19	15
Other Countries & Corporate	**350.7**	527.0	(33)	(34)
Total	**$6,267.3**	$5,900.9	6	3

REVENUES *Dollars in millions*				
Nine Months Ended September 30,	**2008**	2007	% Inc / (Dec)	% Inc / (Dec) Excluding Currency Translation
Company-operated sales				
U.S.	**$ 3,490.1**	$ 3,491.7	—	—
Europe	**5,752.3**	4,965.5	16	7
APMEA	**2,801.9**	2,306.2	21	15
Other Countries & Corporate	**661.6**	1,744.4	(62)	(65)
Total	**$12,705.9**	$12,507.8	2	(4)
Franchised and affiliated revenues				
U.S.	**$ 2,557.1**	$ 2,399.0	7	7
Europe	**1,918.4**	1,525.0	26	13
APMEA	**431.7**	333.1	30	19
Other Countries & Corporate	**344.3**	268.1	28	19
Total	**$ 5,251.5**	$ 4,525.2	16	10
Total revenues				
U.S.	**$ 6,047.2**	$ 5,890.7	3	3
Europe	**7,670.7**	6,490.5	18	8
APMEA	**3,233.6**	2,639.3	23	15
Other Countries & Corporate	**1,005.9**	2,012.5	(50)	(54)
Total	**$17,957.4**	$17,033.0	5	—

Consolidated revenues increased 6% (3% in constant currencies) for the quarter and 5% (flat in constant currencies) for the nine months, primarily due to positive comparable sales in all segments. Revenue growth was offset by the impact of the Company's August 2007 Latam transaction as well as the impact of the refranchising strategy, occurring primarily in certain of the Company's major markets. As a result of the Latam transaction, the Company now receives royalties based on a percent of sales in these markets. The Latam transaction and the refranchising strategy resulted in a higher proportion of franchised and affiliated restaurants compared with the prior year.

In the U.S., the increase in revenues for the quarter and nine months was primarily driven by our market-leading breakfast business, the ongoing appeal of new products and continued focus on everyday value. These increases were partly offset by the impact of the refranchising strategy.

In Europe, the constant currency increase in revenues for the quarter and nine months was primarily due to strong comparable sales in Russia (which is entirely Company-operated), France and the U.K., as well as positive comparable sales in substantially all other markets. These increases were partly offset by the impact of the refranchising strategy, primarily in the U.K.

In APMEA, the constant currency increase in revenues for the quarter and nine months was primarily driven by strong comparable sales in Australia and China, as well as positive comparable sales throughout the segment. In addition, expansion in China contributed to the increase.

The following table presents the percent change in comparable sales for the quarters and nine months ended September 30, 2008 and 2007:

COMPARABLE SALES	% Increase			
	Quarters Ended September 30,		Nine Months Ended September 30,*	
	2008	2007	**2008**	2007
U.S.	**4.7**	5.1	**3.7**	4.9
Europe	**8.2**	6.5	**8.8**	7.4
APMEA	**7.8**	11.4	**8.6**	10.3
Other Countries & Corporate	**13.6**	9.5	**13.6**	10.2
Total	**7.1**	6.9	**6.8**	6.9

* On a consolidated basis, comparable guest counts increased 3.3% and 4.1% for the nine months 2008 and 2007, respectively.

The following table presents the percent change in Systemwide sales for the quarter and nine months ended September 30, 2008:

SYSTEMWIDE SALES				
	Quarter Ended September 30, 2008		Nine Months Ended September 30, 2008	
	% Inc	% Inc Excluding Currency Translation	% Inc	% Inc Excluding Currency Translation
U.S.	6	6	5	5
Europe	18	10	22	11
APMEA	17	11	21	11
Other Countries & Corporate	20	15	25	15
Total	12	9	14	8

Restaurant Margins

FRANCHISED AND COMPANY-OPERATED RESTAURANT MARGINS *Dollars in millions*						
Quarters Ended September 30,	**Percent**		**Amount**		**% Inc / (Dec)**	**% Inc / (Dec) Excluding Currency Translation**
	2008	2007	**2008**	2007		
Franchised						
U.S.	**83.7**	83.2	**$ 753.0**	$ 692.9	9	9
Europe	**79.7**	79.4	**543.6**	449.3	21	12
APMEA	**89.7**	88.4	**135.1**	108.1	25	20
Other Countries & Corporate	**86.6**	84.0	**107.6**	87.0	24	19
Total	**82.9**	82.3	**$1,539.3**	$1,337.3	15	11
Company-operated						
U.S.	**18.2**	18.4	**$ 216.1**	$ 220.2	(2)	(2)
Europe	**20.0**	19.5	**400.7**	354.8	13	6
APMEA	**17.0**	15.8	**168.4**	132.2	27	22
Other Countries & Corporate	**17.1**	18.1	**38.7**	76.7	(50)	(50)
Total	**18.7**	18.3	**$ 823.9**	$ 783.9	5	1

Nine Months Ended September 30,	**Percent**		**Amount**		**% Inc / (Dec)**	**% Inc / (Dec) Excluding Currency Translation**
	2008	2007	**2008**	2007		
Franchised						
U.S.	**83.2**	82.8	**$2,127.0**	$1,985.6	7	7
Europe	**78.7**	77.9	**1,509.7**	1,187.3	27	14
APMEA	**89.3**	88.0	**385.4**	293.2	31	20
Other Countries & Corporate	**86.4**	80.0	**297.4**	214.5	39	28
Total	**82.3**	81.3	**$4,319.5**	$3,680.6	17	12
Company-operated						
U.S.	**18.4**	18.6	**$ 640.9**	$ 649.6	(1)	(1)
Europe	**18.1**	17.8	**1,040.2**	882.4	18	8
APMEA	**16.4**	15.0	**458.8**	346.8	32	24
Other Countries & Corporate	**15.7**	16.3	**104.0**	285.2	(64)	(66)
Total	**17.7**	17.3	**$2,243.9**	$2,164.0	4	(2)

Franchised margin dollars increased $202.0 million or 15% (11% in constant currencies) for the quarter and $638.9 million or 17% (12% in constant currencies) for the nine months. The Latam transaction and the refranchising strategy contributed to the growth in franchised margin dollars in both periods. For both periods, the franchised margin percent was positively impacted by the Latam transaction and negatively impacted by the refranchising strategy, resulting in a minimal net impact.

- In the U.S., Europe and APMEA, the increase in the franchised margin percent for the quarter and nine months for each segment was primarily driven by positive comparable sales.
- In Other Countries & Corporate, Latin America's franchised margin percent for the quarter and nine months increased as a result of the sale of Latam in third quarter 2007. The Company receives royalties based on a percent of sales in these markets.

Company-operated margin dollars increased $40.0 million or 5% (1% in constant currencies) for the quarter and $79.9 million or 4% (decreased 2% in constant currencies) for the nine months. As a result of the Latam transaction in August 2007, there are no Company-operated restaurants remaining in Latin America. This transaction and the refranchising strategy negatively impacted the Company-operated margin dollars. The refranchising strategy had a positive impact on the margin percent for the quarter and nine months.

- In the U.S., the Company-operated margin percent decreased slightly for the quarter and nine months as higher commodity and other costs offset positive comparable sales.
- Europe's Company-operated margin percent increased for the quarter and nine months primarily due to high margin markets such as Russia and France experiencing higher sales growth relative to the overall segment. Higher commodity and labor costs in both periods offset strong comparable sales in most markets.
- In APMEA, the Company-operated margin percent for the quarter and nine months increased due to strong comparable sales in most markets, partly offset by higher commodity and labor costs.

The following table presents margin components as a percent of sales:

COMPANY-OPERATED RESTAURANT EXPENSES AND MARGINS AS A PERCENT OF SALES				
	Quarters Ended September 30,		**Nine Months Ended September 30,**	
	2008	2007	**2008**	2007
Food & paper	**33.8**	32.9	**33.5**	33.1
Payroll & employee benefits	**25.3**	25.7	**26.1**	25.9
Occupancy & other operating expenses	**22.2**	23.1	**22.7**	23.7
Total expenses	**81.3**	81.7	**82.3**	82.7
Company-operated margins	**18.7**	18.3	**17.7**	17.3

Selling, General & Administrative Expenses

Selling, general & administrative expenses increased 2% (flat in constant currencies) for the quarter and increased 2% (decreased 2% in constant currencies) for the nine months. The constant currency change in selling, general & administrative expenses benefited by 2 percentage points for the quarter and 5 percentage points for the nine months due to the Latam transaction. Costs related to the Beijing Summer Olympics impacted both periods and costs from the Company's biennial Worldwide Owner/Operator Convention impacted the nine months. Selling, general & administrative expenses as a percent of revenues decreased to 9.7% for the nine months 2008 compared with 10.0% for 2007 and as a percent of Systemwide sales decreased to 3.2% for 2008 compared with 3.7% for 2007.

Impairment and Other Charges, Net

In the third quarter and nine months of 2007, the Company recorded $52.7 million and $1.7 billion of expense, respectively, primarily related to the Company's sale of its Latam business to a developmental licensee organization.

Other Operating (Income) Expense, Net

OTHER OPERATING (INCOME) EXPENSE, NET *Dollars in millions*				
	Quarters Ended September 30,		**Nine Months Ended September 30,**	
	2008	2007	**2008**	2007
Gains on sales of restaurant businesses	**$(30.5)**	$(18.9)	**$ (73.8)**	$ (54.2)
Equity in earnings of unconsolidated affiliates	**(42.3)**	(43.2)	**(91.8)**	(90.2)
Asset dispositions and other expense	**30.2**	36.4	**54.1**	91.5
Total	**$(42.6)**	$(25.7)	**$ (111.5)**	$ (52.9)

Asset dispositions and other expense for the nine months included income of $17.8 million due to the partial recovery of prior years' sales taxes in the U.K. in 2008. In addition, results for the nine months 2007 reflected higher losses on restaurant closings and property disposals.

Operating Income

OPERATING INCOME *Dollars in millions*				
Quarters ended September 30,	**2008**	2007	% Inc	% Inc Excluding Currency Translation
U.S.	**$ 815.5**	$ 750.5	9	9
Europe	**769.1**	627.4	23	14
APMEA	**234.1**	182.4	28	21
Other Countries & Corporate	**5.0**	(35.5)	n/m	n/m
Total	**$1,823.7**	$ 1,524.8	20	15
Latam transaction		45.5		
Total excluding Latam transaction*	**$1,823.7**	$ 1,570.3	16	11
Nine Months ended September 30,	**2008**	2007	% Inc	% Inc Excluding Currency Translation
U.S.	**$2,294.3**	$ 2,154.0	7	7
Europe	**2,018.1**	1,542.2	31	18
APMEA	**642.9**	471.1	36	25
Other Countries & Corporate	**(14.6)**	(1,642.9)	99	98
Total	**$4,940.7**	$ 2,524.4	96	85
Latam transaction		1,639.9		
Total excluding Latam transaction**	**$4,940.7**	$ 4,164.3	19	12

n/m Not meaningful

* The results for the quarter ended September 30, 2007 included impairment and other charges of $52.7 million associated with the Latam transaction, partly offset by a benefit of $7.2 million due to eliminating depreciation on the assets in Latam in mid-April 2007.

** The results for the nine months ended September 30, 2007 included impairment and other charges of $1,664.6 million associated with the Latam transaction, partly offset by a benefit of $24.7 million due to eliminating depreciation on the assets in Latam in mid-April 2007.

In the U.S., results increased for the quarter and nine months primarily due to higher franchised margin dollars.

In Europe, operating results were driven by strong performance in France, Russia and the U.K. for both periods and positive results in Germany and most other markets.

In APMEA, operating results for the quarter and nine months were driven by strong results in Australia and China, as well as positive performance in Japan and most other markets.

Combined Operating Margin

Combined operating margin is defined as operating income as a percent of total revenues. Combined operating margin for the nine months 2008 and 2007 was 27.5% and 14.8%, respectively. Impairment and other charges (credits) negatively impacted the 2007 operating margin by 9.8 percentage points.

Interest Expense

Interest expense for the quarter and nine months increased due primarily to higher average debt levels, and to a lesser extent, higher interest rates and stronger foreign currencies. Higher average debt levels were due to the Company issuing certain debt in first quarter 2008 to take advantage of favorable market conditions to pre-fund a portion of its debt retired in third quarter 2008.

Nonoperating (Income) Expense, Net

NONOPERATING (INCOME) EXPENSE, NET *Dollars in millions*				
	Quarters Ended September 30,		**Nine Months Ended September 30,**	
	2008	2007	**2008**	2007
Interest income	**$(16.0)**	$(32.0)	**$(68.7)**	$(82.9)
Translation and hedging activity	**8.1**	(1.6)	**0.5**	1.9
Other expense	**1.1**	6.9	**1.7**	20.7
Total	**$ (6.8)**	$(26.7)	**$(66.5)**	$(60.3)

Lower interest rates and average cash balances negatively impacted interest income for the quarter and nine months. Interest income for the nine months included $11.6 million of interest on the partial recovery of prior years' sales taxes in the U.K.

Gain on Sale of Investment

In second quarter 2008, the Company sold its minority ownership interest in U.K.-based Pret A Manger. In connection with the sale, the Company received cash proceeds of $229.4 million and recognized a nonoperating pretax gain of $160.1 million.

Income Taxes

The following tables present the provision for income taxes, the effective income tax rates and the impact of the Latam transaction for the quarters and nine months ended September 30, 2008 and 2007:

		2007		
Quarters ended September 30,	**2008**	Reported Amount	Latam Transaction	Excluding Latam Transaction
Income (loss) from continuing operations before provision for income taxes	**$1,698.9**	$ 1,453.6	$ (45.5)	$ 1,499.1
Provision (benefit) for income taxes	**507.6**	449.9	(49.4)	499.3
Income from continuing operations	**$1,191.3**	$ 1,003.7	$ 3.9	$ 999.8
Effective income tax rate	**29.9%**	31.0%	n/m	33.3%
		2007		
Nine months ended September 30,	**2008**	Reported Amount	Latam Transaction	Excluding Latam Transaction
Income (loss) from continuing operations before provision for income taxes	**$4,760.9**	$ 2,287.8	$ (1,639.9)	$ 3,927.7
Provision (benefit) for income taxes	**1,433.0**	1,226.0	(62.2)	1,288.2
Income (loss) from continuing operations	**$3,327.9**	$ 1,061.8	$ (1,577.7)	$ 2,639.5
Effective income tax rate	**30.1%**	n/m	n/m	32.8%

n/m Not meaningful

The lower effective income tax rates for the third quarter and nine months of 2008 include tax benefits related to certain international operations.

The third quarter 2007 tax benefit for the Latam transaction was primarily due to the ability to realize additional losses as a result of the capital gain from the sale of Boston Market.

The nine months 2007 tax benefit for the Latam transaction was minimal due to our inability to utilize most of the capital losses generated by this transaction.

Discontinued Operations

In August 2007, the Company sold its investment in Boston Market and as a result, Boston Market's results of operations and transaction gain have been reflected in discontinued operations. In connection with the sale, the Company received net proceeds of approximately $250 million and recorded a gain of $68.6 million after tax. Boston Market's net loss for the third quarter and nine months 2007 (exclusive of the transaction gain) was $1.1 million and $8.5 million, respectively.

Cash Flows and Financial Position

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

Cash provided by operations totaled $4.4 billion and exceeded capital expenditures by $3.0 billion for the nine months 2008. Cash provided by operations increased $855.3 million or 24% compared to the nine months 2007, driven by strong operating results and changes in working capital items, partly due to the receipt of $142.7 million related to the Internal Revenue Service (IRS) examination completed in fourth quarter 2007.

Cash used for investing activities totaled $989.0 million for the nine months 2008, an increase of $597.7 million. Proceeds received in 2007 from the Latam transaction and the disposal of Boston Market were greater than proceeds received from the sale of our investment in Pret A Manger in the second quarter 2008. In addition, capital expenditures increased $199.9 million for the nine months 2008, primarily driven by increases in Europe and APMEA, partly offset by the elimination of capital expenditures as a result of the Latam transaction. The increase in cash used for investing activities was partly offset by higher proceeds from the sales of restaurant businesses and lower expenditures on purchases of restaurant businesses in conjunction with our overall refranchising strategy.

Cash used for financing activities totaled $3.9 billion for the nine months, an increase of $1.5 billion. Financing activities in 2008 reflected higher treasury stock purchases and dividend payments and lower proceeds from stock option exercises, partly offset by higher net debt issuances. As previously announced, the Company's Board of Directors decided that beginning in 2008 dividends declared will be paid on a quarterly basis, at the Board's discretion.

Debt obligations at September 30, 2008 totaled $9.9 billion compared with $9.3 billion at December 31, 2007. The increase in 2008 was primarily due to net issuances of $737.6 million. As of September 30, 2008, there are no significant maturities of long-term debt within the next 12 months.

Accounting Changes

Fair Value Measurements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This statement does not require any new fair value measurements; rather, it applies to other accounting pronouncements that require or permit fair value measurements. The provisions of SFAS No. 157, as issued, were effective January 1, 2008. However, the FASB issued FASB Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157*, which allows entities to defer the effective date of SFAS No. 157, for one year, for certain non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (i.e., at least annually). The Company adopted SFAS No. 157 as of January 1, 2008 and elected the deferral for non-financial assets and liabilities. The effect of adopting this standard was not significant.

Risk Factors and Cautionary Statement Regarding Forward-Looking Statements

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

Our business and execution of our strategic plan, the Plan to Win, are subject to risks. The most important of these is our ability to remain relevant to our customers and a brand they trust. Meeting customer expectations is complicated by the risks inherent in our operating environment. The informal eating out segment of the restaurant industry, although largely mature in our major markets, is also highly fragmented and competitive. We have the added challenge of the cultural, economic and regulatory differences that exist among the more than 100 countries where we operate. We also face risk in adapting our business model in particular markets. The decision to own restaurants or to operate under franchise, developmental license or joint venture agreements is driven by many factors whose interrelationship is complex and changing. Regulatory and similar initiatives around the world have also become more wide-ranging and prescriptive and affect how we operate and our results. In particular, increasing focus on nutritional content and on the production, processing and preparation of food "from field to front counter" presents challenges for our Brand and may adversely affect our results.

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

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

The Plan to Win addresses the key drivers of our business and results—people, products, place, price and promotion. The quality of our execution depends mainly on the following:

- Our ability to anticipate and respond to trends or other factors that affect the informal eating out market and our competitive position in the diverse markets we serve, such as spending patterns, demographic changes, trends in food preparation, consumer preferences and publicity about our products, all of which can drive consumer perceptions or affect the willingness of other companies to enter into site, supply or other arrangements or alliances with us, as well as our success in addressing these trends and factors or other competitive pressures;
- The success of our initiatives to support menu choice, physical activity and nutritional awareness and to address these and other matters of social responsibility in a way that communicates our values effectively and inspires the trust and confidence of our customers;
- Our ability to respond effectively to adverse consumer perceptions about the quick-service segment of the informal eating out market, our products and promotions (including the premiums we offer, such as our Happy Meal toys) or the reliability of our supply chain and the safety of the ingredients we use, and our ability to manage the potential impact on McDonald's of food-borne illnesses or product safety issues;
- The success of our plans to improve existing products and to roll-out new products and product line extensions, as well as the impact of our competitors' actions, including in response to our product improvements and introductions, and our ability to continue robust product development and manage the complexity of our restaurant operations;
- Our ability to achieve an overall product mix that differentiates the McDonald's experience and balances consumer value with margin expansion, including in markets where cost or pricing pressures may be significant;
- The impact of pricing, marketing and promotional plans on product sales and margins and on our ability to target these efforts effectively to maintain or expand market share;
- The impact of events such as consumer boycotts or protests, labor strikes and supply chain interruptions (including due to lack of supply or price increases) that can adversely affect us directly or adversely affect the vendors, franchisees and others that are also part of the McDonald's System and whose performance has a material impact on our results;
- Our ability to recruit and retain qualified local personnel to manage our operations and growth in certain developing markets;
- Our ability to drive restaurant improvements and to motivate our restaurant personnel to achieve sustained high service levels so as to improve consumer perceptions of our ability to meet expectations for quality food served in clean and friendly environments;
- Our ability to maintain alignment with our franchisees on capital-intensive and other operating and promotional initiatives;

- The risks to our Brand if a franchisee or licensee defaults in its obligations (particularly requirements to pay royalties, make capital investments and open new restaurants), experiences food safety or other operational problems or otherwise projects a brand image inconsistent with our values, all of which become more significant risks if an agreement places a large number of restaurants under the control of a single franchisee or licensee as is the case in Latin America;
- Whether our ongoing restaurant remodeling and rebuilding initiatives, which vary from year to year by market and type, are targeted at the elements of the restaurant experience that will best accomplish our goals to enhance the relevance of our Brand and achieve an efficient allocation of our capital resources; and
- Our ability to leverage promotional or operating successes in individual markets into other markets in a timely and cost-effective way.

Our results and financial condition are affected by global and local market conditions, which can adversely affect our sales, margins and net income.

Our results of operations are substantially affected not only by global economic conditions, but also by local operating and economic conditions, which can vary substantially by market. Unfavorable conditions can depress sales in a given market and may prompt promotional or other actions that adversely affect our margins, constrain our operating flexibility or result in charges, restaurant closings or sales of Company-operated restaurants. Certain macroeconomic events, such as the current crisis in the financial markets, could have a more wide-ranging and prolonged impact on the general business environment, which could also adversely affect us. Whether we can manage these risks effectively depends mainly on the following:

- Our ability to manage upward pressure on commodity prices, as well as fluctuations in interest and foreign exchange rates, and the impact of governmental actions to manage national economic conditions such as consumer spending, inflation rates and unemployment levels, particularly given the current volatility in the global financial markets;
- The impact on our margins of labor costs given our labor-intensive business model, the trend toward higher wages in both mature and developing markets and the potential impact of union organizing efforts on day-to-day operations of our restaurants;
- Whether we are able to identify and develop restaurant sites, either directly or through licensees or other parties, consistent with our plans for net growth of Systemwide restaurants from year to year, and whether new sites are as profitable as expected;
- The challenges and uncertainties associated with operating in developing markets, such as China, Russia and India, which may entail a relatively higher risk of political instability, economic volatility, crime, corruption and social and ethnic unrest, all of which are exacerbated in many cases by a lack of an independent and experienced judiciary and uncertainties in how local law is applied and enforced, including in areas most relevant to commercial transactions and foreign investment; and
- The nature and timing of decisions about underperforming markets or assets, including decisions that result in impairment charges that reduce our earnings, such as those that may occur as we change our ownership mix.

Our results and financial condition are affected by our ownership mix and whether we can achieve a mix that optimizes margins and returns, while meeting our business needs and customer expectations.

In recent years, we have reduced the number of Company-operated restaurants and we are planning further reductions by franchising Company-operated restaurants or entering into developmental license agreements. Whether and when we can achieve these plans, as well as their success, is uncertain and will be affected by the following:

- Our ability to identify prospective franchisees and licensees with the experience and financial resources in the relevant markets to be effective operators of McDonald’s restaurants and how quickly we can reach agreement with our counterparties, which we expect will vary by market and could also vary significantly from period to period;
- The nature and amount of contingent liabilities and other exposures we may retain in connection with developmental license agreements, such as the indemnification obligations we may incur as a result of the Latam transaction;
- The risk that our contractual and other rights and remedies to protect against defaults by our counterparties will be limited by local law, costly to exercise or otherwise subject to limitations or litigation that may impair our ability to prevent or mitigate any adverse impact on our Brand or on the financial performance we expect under our franchising and developmental license agreements; and
- Changes in the operating or legal environment and other circumstances that cause us to delay or revise our plans to alter our ownership mix, including potential constraints on access to capital by existing or prospective franchisees.

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

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

- The cost, compliance and other risks associated with the often conflicting regulations we face, especially in the United States where inconsistent standards imposed by local, state and federal authorities can adversely affect consumer perceptions and increase our exposure to litigation or governmental investigations or proceedings, and the impact of new, potential or changing regulation that affects or restricts elements of our business, particularly those relating to advertising to children, nutritional content and product labeling and safety;
- The impact of nutritional, health and other scientific inquiries and conclusions, which constantly evolve and often have contradictory implications, but nonetheless drive consumer perceptions, litigation and regulation in ways that could be material to our business;
- The risks and costs of McDonald's nutritional labeling and other disclosure practices, particularly given differences among applicable legal requirements and laws and among practices within the restaurant industry with respect to testing and disclosure, ordinary variations in food preparation among our own restaurants, and reliance on the accuracy and completeness of information obtained from third party suppliers;
- The impact of litigation trends, particularly in our major markets, including class actions, labor and employment matters and landlord/tenant disputes, the relative level of our defense costs, which vary from period to period depending on the number, nature and procedural status of pending proceedings; and the cost and other effects of settlements or judgments, which may require us to make disclosures or take other actions that may affect perceptions of our Brand and products;
- Adverse results of pending or future litigation, including litigation challenging the composition of our products or the appropriateness or accuracy of our advertising or other communications;
- The increasing costs and other effects of compliance with existing and possible future U.S. federal, state and local regulations regarding immigration and evolving enforcement standards under those regulations, as well as compliance with other U.S. and overseas labor regulations, including regulations relating to wage and hour practices, job classification, mandatory healthcare benefits and unlawful workplace discrimination;
- Whether the impact of the current financial crisis on unemployment levels and consumer confidence is prolonged or economic conditions deteriorate further, despite initiatives to stabilize the markets, and the effect of the crisis and related initiatives or potential regulation in the financial services industry on the cost and availability of funding for the Company and its franchisees, inflation and foreign exchange rates;
- Disruptions in our operations or price volatility in a market that can result from governmental actions, such as price or import-export controls or government-mandated closure of our or our vendors' operations, and the cost and disruption of responding to government investigations, whether or not they have merit or are undertaken to achieve political impact;
- The risks associated with information security and the use of cashless payments, such as increased investment in technology, the costs of compliance with privacy, consumer protection and other laws, the impact on our margins as the use of cashless payments increases, the potential costs associated with alleged security breaches and the loss of consumer confidence that may result; and
- The impact of changes in financial reporting requirements, accounting principles or practices, related legal or regulatory interpretations or our critical accounting estimates, changes in tax accounting or tax laws (or interpretations thereof), and the impact of settlements of adjustments proposed by the IRS in connection with our tax audits, all of which will depend on their timing, nature and scope.

The 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 current financial crisis, which has caused unprecedented market volatility worldwide;
- 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, such as the U.S. Presidential election, even when the matter in question does not directly relate to our business;

- Trading activity in our common stock or related instruments, which can reflect market commentary or expectations about our business (including commentary that may be unreliable or incomplete in some cases), significant purchases by shareholders who may seek to affect our business strategies, 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; and
- The impact of our stock repurchase program, dividend rate or changes in our debt levels that may affect our credit ratings, interest expense, ability to obtain funding on favorable terms or our flexibility, especially if lenders impose new operating or financial covenants, as well as the impact of other corporate actions, such as initiatives to rationalize our operating structure.

Our results can be adversely affected by disruptions or events, such as the impact of severe weather conditions and natural disasters.

Severe weather conditions, terrorist activities, health epidemics or pandemics or the prospect of these events can have an adverse impact on consumer spending and confidence levels or on 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, 2007 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 September 30, 2008. 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 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 September 30, 2008 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, 2007 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

The following table presents information related to repurchases of common stock the Company made during the three months ended September 30, 2008:

Issuer Purchases of Equity Securities*

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased Under the Program *	Maximum Dollar Amount that May Yet Be Purchased Under the Program *
July 1-31, 2008	8,815,097	$58.62	8,815,097	$5,089,317,000
August 1-31, 2008	8,152,085	$62.00	8,152,085	4,583,863,000
September 1-30, 2008	23,945	$57.55	23,945	4,582,485,000
Total	16,991,127	$60.24	16,991,127	$4,582,485,000

* On September 12, 2007, the Company's Board of Directors terminated a previously-approved share repurchase program and replaced it with a new share repurchase program that authorizes the purchase of up to $10.0 billion of the Company's outstanding common stock with no specified expiration date. As of September 30, 2008, the maximum dollar amount that may yet be purchased under the new program was $4,582,485,000.

Consistent with the above authorization and 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.

Item 5. Other Information

In July 2008, the Compensation Committee of the Company's Board of Directors approved revisions to the Company's Change of Control Employment Agreements in order to comply with Section 409A of the Internal Revenue Code of 1986, as amended. The revised Change of Control Employment Agreements are not materially different from and do not enhance the benefits previously contained in the Company's Change of Control Employment Agreements. The Company's executives who were previously party to a Change of Control Employment Agreement executed revised agreements. The Company's Form of Tier I Change of Control Employment Agreement, incorporating the revisions described above, is included at Exhibit 10(i) hereto.

On November 5, 2008, Peter J. Bensen, who was not previously party to a Change of Control Employment Agreement, entered into a Tier I Change of Control Employment Agreement with the Company.

Item 6. Exhibits

Exhibit Number		Description
(3)	(a)	Restated Certificate of Incorporation, effective as of March 24, 1998, incorporated herein by reference from Form 8-K, dated April 17, 1998.
	(b)	By-Laws, as amended and restated with effect as of November 9, 2006, incorporated herein by reference from Form 8-K, dated November 8, 2006.
(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.
	(c)	Debt Securities Indenture, incorporated herein by reference from Exhibit (4)(a) of Form S-3 Registration Statement (File No. 33-12364), filed March 3, 1987.
	(d)	McDonald's Corporation 2002 QSC Rewards Program, effective as of February 13, 2002, incorporated herein by reference from Exhibit (4) of Form S-3/A Registration Statement (File No. 333-82920), filed March 14, 2002.
		(i) Prospectus dated March 15, 2002, incorporated by reference from Form 424(b)(4) (File No. 333-82920), filed March 20, 2002, as supplemented by the Prospectus Supplement, dated March 4, 2003 (incorporated by reference from Form 424(b)(3), filed March 4, 2003) and the Prospectus Supplement, dated September 25, 2003 (incorporated by reference from Form 424(b)(3), filed September 26, 2003).
(10)		Material Contracts
	(a)	Directors' Deferred Compensation Plan, effective as of January 1, 2008, incorporated herein by reference from Form 8-K, dated November 28, 2007.**
	(b)	McDonald's Excess Benefit and Deferred Bonus Plan, effective January 1, 2008, as amended and restated July 8, 2008, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2008.**
		(i) First Amendment to the McDonald's Excess Benefit and Deferred Bonus Plan, effective as of October 21, 2008, filed herewith.**
	(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)	1975 Stock Ownership Option Plan, as amended and restated July 30, 2001, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2001.**
		(i) First Amendment to McDonald's Corporation 1975 Stock Ownership Option Plan, as amended and restated, effective as of February 14, 2007, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2007.**
	(e)	1992 Stock Ownership Incentive Plan, as amended and restated January 1, 2001, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2001.**

(i) First Amendment to McDonald's Corporation 1992 Stock Ownership Incentive Plan, as amended and restated, effective as of February 14, 2007, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2007.**

(f) 1999 Non-Employee Director Stock Option Plan, as amended and restated September 12, 2000, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2000.**

(g) Executive Retention Replacement Plan, effective as of December 31, 2007, incorporated herein by reference from Form 8-K, dated November 28, 2007.**

(h) 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, 2008.**

(i) Form of McDonald's Corporation Tier I Change of Control Employment Agreement, filed herewith.**

(j) McDonald's Corporation 2004 Cash Incentive Plan, effective as of January 1, 2004, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2004.**

(k) Form of Stock Option Grant Notice, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2005.**

(l) Form of Restricted Stock Unit Award Notice, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2005.**

(m) McDonald's Corporation Severance Plan, effective January 1, 2008, incorporated by reference from Form 8-K, dated November 28, 2007.**

(i) First Amendment of McDonald's Corporation Severance Plan, effective as of October 1, 2008, filed herewith.**

(n) Employment Contract between Denis Hennequin and the Company, dated February 26, 2007, incorporated herein by reference from Form 10-K, for the year ended December 31, 2006.**

(o) 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.**

(p) Relocation Agreement between Timothy Fenton and the Company, dated January 12, 2006, incorporated herein by reference from Form 10-K, for the year ended December 31, 2006.**

(q) Description of Restricted Stock Units granted to Andrew J. McKenna, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2008.**

(r) Terms of the Restricted Stock Units granted pursuant to the Company's Amended and Restated 2001 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2008.**

(s) McDonald's Corporation Target Incentive Plan, effective as of January 1, 2008, incorporated herein by reference from Form 8-K, dated January 23, 2008.**

(t) Terms of equity compensation awards granted in the European Union pursuant to the Company's Amended and Restated 2001 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2008.**

(12)	Computation of ratio of earnings to fixed charges.
(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.

* 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)

November 6, 2008

/s/ Peter J. Bensen

Peter J. Bensen
Corporate Executive Vice President and
Chief Financial Officer

EXHIBIT (10)(b)(i)

FIRST AMENDMENT
TO THE
MCDONALD'S EXCESS BENEFIT AND DEFERRED BONUS PLAN

The McDonald's Excess Benefit and Deferred Bonus Plan, as amended and restated effective January 1, 2008 (the "Plan"), is hereby amended effective immediately upon execution hereof as follows:

A new Section 6.6 is hereby added immediately after Section 6.5 to read as follows:

6.6 Section 409A Transition Elections. Pursuant to the transition relief granted under Section 409A of the Internal Revenue Code, each Participant who is an employee of Company or an Adopting Employee may make a one-time irrevocable election (a "Section 409A Transition Election") to request a lump sum distribution of the Participant's Account in accordance with paragraph (a) below and/or to change the duration and/or frequency of installment payments in accordance with paragraph (b) below. A Participant's Section 409A Transition Election must be made no later than November 14, 2008 or such later date designated by the Company provided that such date shall be no later than December 1, 2008 (the "Section 409A Transition Election Date"). If a Participant makes a Section 409A Transition Election on or after the date on which such Participant has a Separation from Service, his or her Section 409A Transition Election shall be null and void and distribution of the Participant's Account will be made in accordance the terms of the Plan without regard to this Section 6.6. A Participant's Section 409A Transition Election will be subject to the following terms and conditions:

(a) Lump Sum Payment Election. A Participant who is eligible to make a Section 409A Transition Election may elect under this paragraph (a) to receive a distribution of all amounts credited to his or her Account under this Plan as of December 31, 2008 (as adjusted for investment earnings, gains and losses through the date of distribution) in a single lump sum payment on January 8, 2009. A Section 409A Transition Election made under this paragraph (a) shall not apply to amounts credited to the Participant's Account after December 31, 2008 and shall not affect the Participant's continued participation in the Plan. Except as provided in paragraph (b) below, all amounts credited to the Participant's Account under the Plan on or after January 1, 2009 shall be distributed in accordance with the terms of the Plan without regard to this Section 6.6.

(b) Change in Installment Payment Period. A Participant who is eligible to make a Section 409A Transition Election may elect to change the duration and/or the frequency of any installment payments previously elected by such Participant pursuant to Section 4.2. An election made under this paragraph (b) must specify the duration of installment payments (from 2 to 15 years) and the frequency of installment payments (monthly, quarterly or annual). Such an election shall replace the duration and frequency elected by the Participant when the Participant made his or her initial installment payment election under Section 4.2 and apply to all amounts distributable to the Participant in the form of installments. Except as provided in paragraph (a), in no event shall a Section 409A Transition Election made under this Section 6.6 cause any amounts that the Participant previously elected to receive in a lump sum to be paid in the form of installments or any amounts that the Participant previously elected to receive in the form of installments to be paid in a lump sum.

If a Participant makes an election under both paragraph (a) and paragraph (b), the election under paragraph (a) shall apply to all amounts credited to the Participant's Account as of December 31, 2008 (as adjusted for investment earnings, gains and losses through the date of distribution) and the election under paragraph (b) will apply to all amounts credited to the Participant's on or after January 1, 2009 that the Participant elects to receive in form of installments pursuant to Section 4.2.

Except as herein amended, the Plan shall remain in full force and effect.

Executed in multiple originals this 21st day of October, 2008.

McDONALD'S CORPORATION

By: /s/ Richard Floersch
Its: Corporate Executive Vice President and
Chief Human Resources Officer

EXHIBIT (10)(i)

MCDONALD'S CORPORATION

TIER I

CHANGE OF CONTROL EMPLOYMENT AGREEMENT

MCDONALD'S CORPORATION

TIER I

CHANGE OF CONTROL EMPLOYMENT AGREEMENT

THIS AGREEMENT ("Agreement"), dated as of ___________ ____, 2008 (the "Agreement Date"), is made by and between McDonald's Corporation, a Delaware corporation (the "Company"), and _______________ ("Executive"). The Agreement supersedes in its entirety, any Change of Control Employment Agreement executed between the Company and the Executive prior to the date hereof (the "Original Agreement").

RECITALS

The Company has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued service of Executive. The Company also believes it is imperative to reduce the distraction of Executive that would result from the personal uncertainties caused by a pending or threatened change of control of the Company, to encourage Executive's full attention and dedication to the Company, and to provide Executive with compensation and benefits arrangements upon a change of control which ensure that the expectations of Executive will be satisfied and are competitive with those of similarly-situated corporations. This Agreement is intended to accomplish these objectives.

In addition, the Company has determined that it is in the best interests of the Company and its stockholders to ensure that the compensation and benefits provided pursuant to this Agreement comply with Section 409A of the Code ("Section 409A"). To accomplish this objective, this Agreement shall supersede in its entirety any Original Agreement, if applicable. This Agreement modifies the terms of the Original Agreement solely to the extent necessary to comply with Section 409A. The changes to any benefits provided for in the Original Agreement, if any, are not intended to enhance the benefits the Executive is entitled to receive.

ARTICLE I.

CERTAIN DEFINITIONS

As used in this Agreement, the terms specified below shall have the following meanings:

1.1. "409A Change of Control" means a Change of Control that is also a change in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of U.S. Treasury Department Regulation Section 1.409A-3(i)(5).

1.2. "Accrued Annual Bonus" means the amount of any Annual Bonus earned but not yet paid with respect to the latest Annual Performance Period ended prior to the Termination Date.

1.3. "Accrued Base Salary" means the amount of Executive's Base Salary that is earned but not yet paid as of the Termination Date.

1.4. "Accrued Obligations" means, as of any date, the sum of Executive's Accrued Base Salary, Accrued Annual Bonus, any accrued but unpaid vacation pay, and any other amounts and benefits which are then due to be paid or provided to Executive by the Company, but have not yet been paid or provided (as applicable).

1.5. "Agreement Date" – see the introductory paragraph of this Agreement.

1.6. "Agreement Term" means the period commencing on the Original Agreement Date and ending on the third anniversary of the Original Agreement Date or, if later, the date to which the Agreement Term is extended under the following sentence. Commencing on the first anniversary of the Original Agreement Date, the Agreement

Term shall automatically be extended on such date and on each day thereafter by one day until, at any time after the first anniversary of the Original Agreement Date, the Company delivers written notice (an "Expiration Notice") to Executive that the Agreement shall expire on a date specified in the Expiration Notice (the "Expiration Date"); provided that such date is not prior to the last day of the Agreement Term (as extended); provided further, however, that if an Effective Date or an Imminent Change Date occurs before the Expiration Date specified in the Expiration Notice, then such Expiration Notice shall be void and of no further effect.

1.7. "Annual Bonus" – see Section 2.2(b).

1.8. "Annual Performance Period" – see Section 2.2(b).

1.9. "Article" means an article of this Agreement.

1.10. "Base Salary" – see Section 2.2(a).

1.11. "Beneficial Ownership" has the meaning specified in Rule 13d-3 of the SEC under Exchange Act for a "Beneficial Owner."

1.12. "Beneficiary" – see Section 10.3.

1.13. "Board" means the Company's Board of Directors.

1.14. "Bonus Plan" – see Section 2.2(b).

1.15. "Business Combination" means a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company and/or any entity controlled by the Company, or a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any entity controlled by the Company.

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

(a) Executive's conviction of a felony or other crime involving fraud, dishonesty or moral turpitude, excluding Limited Vicarious Liability;

(b) Executive's willful or reckless material misconduct in the performance of Executive's duties;

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

(d) Executive's willful or intentional material breach of this Agreement;

provided, however, that for purposes of clauses (b), (c), and (d), Cause shall not include any one or more of the following:

(i) bad judgment or negligence;

(ii) any act or omission believed by Executive in good faith to have been in or not opposed to the interest of the Company (without intent of Executive to gain, directly or indirectly, a profit to which Executive was not legally entitled);

(iii) any act or omission with respect to which a determination could properly have been made by the Board that Executive met the applicable standard of conduct for indemnification or reimbursement under the Company's by-laws, any applicable indemnification agreement, or applicable law, in each case in effect at the time of such act or omission; or

(iv) any act or omission with respect to which the Company gives Executive a Notice of Consideration more than six (6) months after the earliest date on which any member of the Board, not a party to the act or omission, knew or should have known of such act or omission; and

further provided that, if a breach of this Agreement involved an act, or a failure to act, which was done, or omitted to be done, by Executive in good faith and with a reasonable belief that Executive's act, or failure to act, was in the best interests of the Company or was required by applicable law or administrative regulation, such breach shall not constitute Cause if, within thirty (30) days after Executive is given written notice of such breach that specifically refers to this Section, Executive cures such breach to the fullest extent that it is curable.

1.17. "Change of Control" means the happening of any of the following events:

(a) the acquisition by any Person of "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of either (A) the then-outstanding shares of Stock ("Outstanding Company Common Stock") or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 1.17(a), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company, or (4) any acquisition by any entity pursuant to a transaction that complies with Sections 1.17(c)(i), (ii) and (iii); or

(b) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) consummation of a reorganization, merger, statutory share exchange of consolidation or similar corporate transaction involving the Company and/or any entity controlled by the Company, or a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any entity controlled by the Company (each, a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectfully, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

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

1.19. "Company" means McDonald's Corporation.

1.20. "Company Certificate" – see Section 5.1(a).

1.21. "Company Counsel Opinion" – see Section 5.5.

1.22. "Confidential Information" means any information not generally known in the relevant trade or industry of the Company, which was obtained from the Company, or which was learned, discovered, developed, conceived, originated or prepared during or as a result of the performance of any services by Executive on behalf of the Company and which:

(a) relates to one or more of the following:

(i) trade secrets of the Company or any customer or supplier of the Company;

(ii) existing or contemplated products, services, technology, designs, processes, formulae, algorithms, research or product developments of the Company or any customer or supplier of the Company;

(iii) business plans, sales or marketing methods, methods of doing business, customer lists, customer usages and/or requirements, supplier information of the Company or any customer or supplier of the Company; or

(iv) information obtained by the Company from a third party and which the Company is required to preserve as confidential pursuant to a confidentiality agreement, applicable law or court or administrative order;

(b) the Company or any customer or supplier of the Company may reasonably have the right to protect by patent, copyright or by keeping it secret and confidential; or

(c) otherwise offers the Company a competitive advantage in the relevant industry or in any other business in which the Company is engaged.

Confidential Information does not include any information that is or may become publicly known other than through the improper actions of Executive.

1.23. "Consummation Date" means the date upon which a Business Combination is consummated.

1.24. "Disability" means any medically determinable physical or mental impairment that has lasted for a continuous period of not less than six (6) months and can be expected to be permanent or of indefinite duration and that renders Executive unable to perform the duties required under this Agreement.

1.25. "Disability Effective Date" – see Section 3.1.

1.26. "Effective Date" means each date on which a Change of Control first occurs during the Agreement Term.

1.27. "Employer Defined Contribution Plan Contribution" means the product of (i) the average annual percentage of Executive's annual base salary paid within the three-year period immediately preceding the Effective Date by the Company to or for the benefit of Executive as an employer contribution (including matching contributions) under the Company's Non-Qualified Plans and Qualified Plans which are defined contribution plans on behalf of Executive, multiplied by (ii) Executive's Base Salary as of the Termination Date or, if greater, during the 12-month period immediately preceding the Effective Date.

1.28. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

1.29. "Excise Taxes" – see Section 5.1(a).

1.30. "Executive Counsel Opinion" – see Section 5.5.

1.31. "Executive Retention Replacement Plan" means the Company's Executive Retention Replacement Plan, as amended and restated effective as of January 1, 2008, and as further amended from time to time.

1.32. "Executive Retention Replacement Plan Benefits" means the sum of the cash severance benefits, if any, paid or payable to Executive pursuant to Section 4.1 of the Company's Executive Retention Replacement Plan.

1.33. "Executive's Gross-Up Determination" – see Section 5.2(a).

1.34. "Good Reason" means the occurrence of any one or more of the following actions or omissions that, unless otherwise specified, occurs during a Post-Change Employment Period:

(a) any failure to pay Executive's Base Salary or Annual Bonus in violation of Section 2.2 or any failure to increase Executive's Base Salary to the extent, if any, required by such Section;

(b) any failure by the Company to comply with any provision of Article II;

(c) any material adverse change in Executive's position (including offices, titles, reporting requirements or responsibilities), authority, duties or other terms and conditions of Executive's employment;

(d) requiring Executive to be based at any office or location other than the location specified in Section 2.1(a);

(e) any material breach of this Agreement by the Company;

(f) any Termination of Employment by the Company that purports to be for Cause, but is not in full compliance with all of the substantive and procedural requirements of this Agreement (any such purported termination shall be treated as a Termination of Employment without Cause for all purposes of this Agreement); or

(g) the failure at any time of a successor to the Company or a Parent Corporation of a successor to the Company explicitly to assume and agree to be bound by this Agreement.

Notwithstanding the foregoing, in the case of the events or circumstances constituting Good Reason described in (a) through (e), above, Executive may terminate for Good Reason only if the Company fails to cure such events or circumstances within thirty (30) days after receiving written notice from Executive of Executive's intent to terminate for Good Reason. No such written notice or opportunity to cure must be provided by Executive if Executive terminates for Good Reason as provided in (f) through (g), above, or in the event that the Company has caused repeated events or circumstances described in (a) through (e), above, or if the Company's action(s) and/or omission(s) entitling Executive to terminate for Good Reason were either intentional or willful.

1.35. "Gross-up Multiple" – see Section 5.4.

1.36. "Gross-up Payment" – see Section 5.1(a).

1.37. "Imminent Change Date" means any date on which one or more of the following occurs (i) a presentation to the Company's stockholders generally or any of the Company's directors or executive officers of a proposal or offer which, if consummated, would be a Change of Control, (ii) the public announcement (whether by advertisement, press release, press interview, public statement, SEC filing or otherwise) of a proposal or offer which if consummated would be a Change of Control, or (iii) such proposal or offer remains effective and unrevoked.

1.38. "Imminent Change Period" means the period commencing on the Imminent Change Date and ending on the earlier to occur of (a) a Change of Control or (b) the date the offer or proposal for a Change of Control is no longer effective or has been revoked.

1.39. "Including" means including without limitation.

1.40. "Incumbent Board" means, as of any specified baseline date, individuals then serving as members of the Board who were members of the Board as of the date immediately preceding such baseline date; provided that any subsequently-appointed or elected member of the Board whose election, or nomination for election by stockholders of the Company or the Surviving Corporation, as applicable, was approved by a vote or written consent of at least two-thirds of the directors then comprising the Incumbent Board shall also thereafter be considered to be on the Incumbent Board, unless the initial assumption of office of such subsequently-elected or appointed director was in connection with (i) an actual or threatened election contest, including a consent solicitation, relating to the election or removal of one or more members of the Board, (ii) a "tender offer" (as such term is used in Section 14(d) of the Exchange Act), or (iii) a proposed Business Combination.

1.41. "IRS" means the Internal Revenue Service.

1.42. "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).

1.43. "Limited Vicarious Liability" means any liability which is (i) based on acts of the Company for which Executive is responsible solely as a result of his office(s) with the Company and (ii) provided that (x) he was not directly involved in such acts and either had no prior knowledge of such intended actions or promptly acted reasonably and in good faith to attempt to prevent the acts causing such liability or (y) he did not have a reasonable basis to believe that a law was being violated by such acts.

1.44. "Maximum Annual Bonus" means the maximum bonus amount achievable by Executive under a Bonus Plan for a given Annual Performance Period; provided that in no event shall such amount be less than the amount required to be paid pursuant to Section 2.2(b).

1.45. "Non-Competition and Release Agreement" is an agreement, in substantially the form attached hereto in Annex A, executed by and between Executive and the Company as a condition to Executive's receipt of the benefits described in Section 4.1.

1.46. "Non-Qualified Plan" means any deferred compensation Plan that is not qualified under Section 401(a) of the Code.

1.47. "Notice of Consideration" – see Section 3.3(b)(ii).

1.48. "Notice of Termination" means a written notice given in accordance with Section 10.8 which sets forth (a) the specific termination provision in this Agreement relied upon by the party giving such notice, (b) in reasonable detail the specific facts and circumstances claimed to provide a basis for such Termination of Employment, and (c) if the Termination Date is other than the date of receipt of such Notice of Termination, the Termination Date.

1.49. "Original Agreement" – see the introductory paragraph of this Agreement.

1.50. "Original Agreement Date" means [__________], the date as of which Executive first executed an Original Agreement, if any, or the Agreement Date if there is no Original Agreement.

1.51. "Outstanding Company Common Stock" means Shares of Stock of the Company that are outstanding as of the Effective Date.

1.52. "Outstanding Company Voting Securities" means Voting Securities of the Company that are outstanding as of the Effective Date.

1.53. "Parent Corporation" means a corporation which owns 50% or more of the common stock or Voting Securities of any corporation and any other corporation which owns any corporation which is in an unbroken chain of corporations each of which owns successively in an unbroken chain of corporations which includes the subject corporation.

1.54. "Person" means any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.

1.55. "Plans" means plans, programs, or Policies of the Company.

1.56. "Policies" means policies, practices or procedures of the Company.

1.57. "Post-Change Employment Period" means the period commencing on the Effective Date and ending on the earlier of (a) the third anniversary of the Effective Date or (b) Executive's Termination of Employment.

1.58. "Post-Retirement Medical Plan" means the McDonald's Corporation Post-Retirement Medical Plan or any other similar plan or program hereinafter sponsored by the Company or a subsidiary thereof.

1.59. "Potential Parachute Payments" – see Section 5.1.

1.60. "Pro-Rata LTIP Awards" means, with respect to each award under any long-term cash incentive plan maintained by the Company that is outstanding on the Effective Date (an "LTIP Award"), an amount equal to the product of (a) 100% of the amount to which Executive would be entitled under such LTIP Award if the performance goals established with respect to such LTIP Award were achieved at the 100% level as of the end of the applicable performance period, multiplied by (b) a fraction, the numerator of which equals the number of full and fractional months from and including the first day of the performance period with respect to such LTIP Award through and including the Effective Date, and the denominator of which equals the total number of months in such performance period.

1.61. "Pro-Rata Performance-Based Annual Bonus" means, in respect of the Annual Performance Period during which the Effective Date (in the case of a Pro-Rata Performance-Based Annual Bonus payable pursuant to Section 2.3(b) hereof) or the Termination Date (in the case of a Pro-Rata Performance-Based Annual Bonus payable pursuant to Article IV hereof), as applicable, occurs, an amount equal to the product of (i) Executive's actual Annual Bonus for the Annual Performance Period during which the Effective Date or the Termination Date, as applicable, occurs, determined in accordance with the next sentence of this Section 1.61 multiplied by (ii) a fraction, the numerator of which equals the number of days from and including the first day of such Annual Performance Period through and including the Effective Date or the Termination Date, as applicable, and the denominator of which equals 365. Executive's actual Annual Bonus for the relevant Annual Performance Period shall be the actual bonus to which Executive would have been entitled had Executive continued in employment throughout the relevant Annual Performance Period determined based on the actual performance of McDonald's Corporation and its subsidiaries and business units during such Annual Performance Period but without regard to any discretionary individual performance factors.

1.62. "Pro-Rata Target Annual Bonus" means, in respect of the Annual Performance Period during which the Effective Date (in the case of a Pro-Rata Target Annual Bonus payable pursuant to Section 2.3(a) hereof) occurs, an amount equal to the product of Executive's Target Annual Bonus for such Annual Performance Period multiplied by a fraction, the numerator of which equals the number of days from and including the first day of such Annual Performance Period through and including the Effective Date, and the denominator of which equals 365.

1.63. "Qualified Plan" means any plan that meets the qualification requirements of Internal Revenue Service Code Section 401 (a) or 403(a).

1.64. "Release Date" means the date on which the rescission period set forth in Executive's Non-Competition and Release Agreement expires without any revocation or rescission of such agreement by the Executive within such rescission period.

1.65. "SEC" means the Securities and Exchange Commission.

1.66. "Section 409A" – see the Recitals to this Agreement.

1.67. "Severance Period" means a period equal to three years.

1.68. "Surviving Corporation" means the corporation resulting from a Business Combination and any Parent Corporation of such corporation.

1.69. "Target Annual Bonus" as of a certain date means the amount equal to the product of Base Salary determined as of such date multiplied by the percentage of such Base Salary to which Executive would have been entitled immediately prior to such date under any Bonus Plan for the Annual Performance Period for which the Annual Bonus is awarded if the performance goals established pursuant to such Bonus Plan were achieved at the 100% level as of the end of the Annual Performance Period.

1.70. "Taxes" means federal, state, local or other income or other taxes.

1.71. "Termination Date" means the date on which Executive incurs a Termination of Employment for any reason.

1.72. "Termination of Employment" means the date on which Executive incurs a "separation from service" with the Company within the meaning of Section 409A and the regulations issued thereunder.

1.73. "Voting Securities" of a corporation means securities of such corporation that are entitled to vote generally in the election of directors of such corporation, but not including any other class of securities of such corporation that may have voting power by reason of the occurrence of a contingency which contingency has not occurred.

ARTICLE II.

POST-CHANGE EMPLOYMENT PERIOD

2.1. Position and Duties.

(a) During the Post-Change Employment Period, Executive's position (including offices, titles, reporting requirements and responsibilities), authority and duties shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 90-day period immediately before the Effective Date and Executive's services shall be performed at the location where Executive was employed immediately before the Effective Date or any other location no more than 30 miles from such former location.

(b) During the Post-Change Employment Period (other than any periods of vacation, sick leave or disability to which Executive is entitled), Executive agrees to devote Executive's full attention and time to the business and affairs of the Company and, to the extent necessary to discharge the duties assigned to Executive in accordance with this Agreement, to use Executive's best efforts to perform such duties. During the Post-Change Employment Period, Executive may (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions, and (iii) manage personal investments, so long as such activities are consistent with the Policies of the Company at the Effective Date and do not significantly interfere with the performance of Executive's duties under this Agreement. To the extent that any such activities have been conducted by Executive immediately prior to the Effective Date and were consistent with the Policies of the Company at the Effective Date, the continued conduct of such activities (or activities similar in nature and scope) after the Effective Date shall not be deemed to interfere with the performance of Executive's duties under this Agreement.

2.2. Compensation.

(a) Base Salary. During the Post-Change Employment Period, the Company shall pay or cause to be paid to Executive an annual base salary in cash, which shall be paid in a manner consistent with the Company's payroll practices in effect immediately before the Effective Date, at an annual rate not less than 12 times the highest monthly base salary paid or payable to Executive by the Company in respect of the 12-month period immediately before the Effective Date (such annual rate salary, the "Base Salary"). During the Post-Change Employment Period, the Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time as shall be substantially consistent with increases in base salary awarded to other peer executives of the Company. Any increase in Base Salary shall not limit or reduce any other obligation of the Company to Executive under this Agreement. After any such increase, the Base Salary shall not be reduced and the term "Base Salary" shall thereafter refer to the increased amount.

(b) Annual Bonus. In addition to Base Salary, the Company shall pay or cause to be paid to Executive a bonus (the "Annual Bonus") for Annual Performance Period which ends during the Post-Change Employment Period. "Annual Performance Period" means each 12-consecutive-month period of time designated in accordance with any annual bonus arrangement (a "Bonus Plan") which is based upon performance and approved by the Board or any committee of the Board, or in the absence of any Bonus Plan or any such designated period of time, each calendar year; provided, however, that the Annual Bonus paid to the Executive with respect to the Annual Performance Period in which the Effective Date occurs shall be reduced (but not below zero) by the amount of the Pro-Rata Target Annual Bonus, if any, paid to Executive pursuant to Section 2.3(a) or the Pro-Rata Performance-Based Annual Bonus, if any, paid to Executive pursuant to Section 2.3(b). The Target Annual Bonus for any Annual Performance Period which ends during the Post-Change Employment Period shall be not less than the Target Annual Bonus determined as of the Effective Date. In addition, the performance goals under the Bonus Plan shall not be materially more difficult to achieve than the performance goals in the Bonus Plan (or designated by the Board) in effect during the Annual Performance Period immediately before the Effective Date and the Maximum Annual Bonus shall not be less than the maximum bonus achievable under the Bonus Plan (or designated by the Board) during the Annual Performance Period ended immediately before the Effective Date (or if higher, the Maximum Annual Bonus for the Annual Performance Period that commenced immediately before the Effective Date).

(c) Incentive, Savings and Retirement Plans. In addition to Base Salary and Annual Bonus, Executive shall be entitled to participate during the Post-Change Employment Period in all incentive (including long-term incentives), profit sharing, ESOP, 401(k), savings and retirement Plans applicable to other peer executives of the Company, but in no event shall such Plans provide Executive with incentive (including long-term incentives), profit sharing, ESOP, 401(k), savings and retirement benefits during the Post-Change Employment Period which, in any case, are materially less favorable, in the aggregate, than the most favorable of those provided by the Company for Executive under such Plans as in effect at any time during the 12-month period immediately before the Effective Date.

(d) Welfare Benefit Plans. During the Post-Change Employment Period, Executive and Executive's family shall be eligible to participate in, and receive all benefits under, welfare benefit Plans provided by the Company (including medical, prescription, dental, disability, salary continuance, individual life, group life, dependent life, accidental death and travel accident insurance Plans) and applicable to other peer executives of the Company and their families, but in no event shall such Plans provide benefits during the Post-Change Employment Period which are materially less favorable, in the aggregate, than the most favorable of those provided to Executive under such Plans as in effect at any time during the 12-month period immediately before the Effective Date.

(e) Fringe Benefits. During the Post-Change Employment Period, Executive shall be entitled to fringe benefits in accordance with the most favorable Plans applicable to peer executives of the Company, but in no event shall such Plans provide fringe benefits which in any case are materially less favorable, in the aggregate, than the most favorable of those provided by the Company to Executive under such Plans in effect at any time during the 12-month period immediately before the Effective Date.

(f) Expenses. During the Post-Change Employment Period, Executive shall be entitled to prompt reimbursement of all reasonable employment-related expenses incurred by Executive upon the Company's receipt of accountings in accordance with the most favorable Policies applicable to peer executives of the Company, but in no event shall such Policies be materially less favorable, in the aggregate, than the most favorable of those provided by the Company for Executive under such Policies in effect at any time during the 12-month period immediately before the Effective Date.

(g) Office and Support Staff. During the Post-Change Employment Period, Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to secretarial and other assistance in accordance with the most favorable Policies applicable to peer executives of the Company, but in no event shall such Policies be materially less favorable, in the aggregate, than the most favorable of those provided by the Company for Executive under such Policies in effect at any time during the 12-month period immediately before the Effective Date.

(h) Vacation. During the Post-Change Employment Period, Executive shall be entitled to paid vacation in accordance with the most favorable Policies applicable to peer executives of the Company, but in no event shall such Policies be materially less favorable, in the aggregate, than the most favorable of those provided by the Company for Executive under such Policies in effect at any time during the 12-month period immediately before the Effective Date.

2.3. Pro-Rata Annual Bonus.

(a) 409A Change of Control. Within thirty (30) days after the Effective Date of a 409A Change of Control, the Company shall pay Executive a lump-sum cash payment equal to the Pro-Rata Target Annual Bonus determined as of the Effective Date.

(b) Change of Control Other Than a 409A Change of Control. In the event of a Change of Control that is not a 409A Change of Control, the Company shall pay Executive (or, in the event of Executive's death, his or her estate or Beneficiary) a lump-sum cash payment equal to the Pro-Rata Performance-Based Annual Bonus payable with respect to the Annual Performance Period during which the Effective Date occurs, determined based on the relevant measurements of the actual performance of the Company and its subsidiaries and business units during such Annual Performance Period and payable on the date on which annual bonuses for such Annual Performance Period are paid to employees of the Company generally (without regard to Executive's employment status with the Company as of such date).

2.4. Pro-Rata Annual LTIP Awards.

(a) 409A Change of Control. Within thirty (30) days after the Effective Date of a 409A Change of Control, the Company shall pay Executive, with respect to each LTIP Award that is outstanding on the Effective Date, a lump-sum cash payment equal to the Pro-Rata LTIP Award determined as of the Effective Date and the remaining portion of each such LTIP Award shall be cancelled.

(b) Change of Control Other Than a 409A Change of Control. In the event of a Change of Control that is not a 409A Change of Control, the Company shall pay Executive, with respect to each LTIP Award that is outstanding on the Effective Date, a lump-sum cash payment equal to the Pro-Rata LTIP Award determined as of the Effective Date and the remaining portion of each such LTIP Award shall be cancelled. This payment will be made on the same date that LTIP Awards with respect to the applicable performance period would have been paid to eligible employees had the Change of Control not occurred.

ARTICLE III.

TERMINATION OF EMPLOYMENT

3.1. Disability. During the Post-Change Employment Period, the Company may terminate Executive's employment because of Executive's Disability by giving Executive or his legal representative, as applicable, (i) written notice in accordance with Section 10.8 of the Company's intention to terminate Executive's employment pursuant to this Section, and (ii) a certification of Executive's Disability by a physician jointly selected by the Company and the Executive; provided that, if the Company and Executive cannot reach agreement on the physician, the certification shall be by a panel of physicians consisting of one physician selected by the Company, one physician selected by the Executive and a third physician jointly selected by those two physicians. Executive's employment shall terminate effective on the 30th day (the "Disability Effective Date") after Executive's receipt of such notice unless, before the Disability Effective Date, Executive shall have resumed the full-time performance of Executive's duties.

3.2. Death. Executive's employment shall terminate automatically upon Executive's death during the Post-Change Employment Period.

3.3. Cause.

(a) During the Post-Change Employment Period, the Company may terminate Executive's employment for Cause solely in accordance with all of the substantive and procedural provisions of this Section.

(b) The Company shall strictly observe each of the following procedures in connection with any Termination of Employment for Cause:

(i) The issue of determining whether Executive's acts or omissions satisfy the definition of "Cause" as set forth in Section 1.15 and, if so, whether to terminate Executive's employment for Cause shall be raised and discussed at a meeting of the Board.

(ii) Not less than thirty (30) days prior to the date of such meeting, the Company shall provide Executive and each member of the Board written notice (a "Notice of Consideration") of (x) a detailed description of the acts or omissions alleged to constitute Cause, (y) the date, time and location of such meeting of the Board, and (z) Executive's rights under clause (iii) below.

(iii) Executive shall have the opportunity to appear before the Board at such meeting in person and, at Executive's option, with legal counsel, and to present to the Board a written and/or oral response to the Notice of Consideration.

(iv) Executive's employment may be terminated for Cause only if (x) the acts or omissions specified in the Notice of Consideration did in fact occur and do constitute Cause, (y) the Board makes a specific determination to such effect and to the effect that Executive's employment should be terminated for Cause, and (z) the Company thereafter provides Executive with a Notice of Termination which specifies in specific detail the basis of such Termination of Employment for Cause and which Notice shall be based upon one or more of the acts or omissions set forth in the Notice of Consideration. The Board's determination specified in clause (y) of the preceding sentence shall require the affirmative vote of at least 75% of the members of the Board.

(v) In the event that the issue of whether Executive was properly terminated for Cause becomes a disputed issue in any action or proceeding between the Company and Executive, the Company shall, notwithstanding the determination referenced in clause (iv) of this Section 3.3(b), have the burden of establishing by clear and convincing evidence that the actions or omissions specified in the Notice of Termination did in fact occur, do constitute Cause, were the basis for Executive's termination and that the Company has, in each and every respect, satisfied the procedural requirements of this Section 3.3(b).

3.4. Good Reason.

(a) During the Post-Change Employment Period, Executive may terminate his or her employment for Good Reason in accordance with the substantive and procedural provisions of this Section.

(b) In the event Executive determines there is Good Reason to terminate, Executive shall notify the Company of the events constituting such Good Reason by a Notice of Termination. A delay in the delivery of such Notice of Termination or a failure by Executive to include in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of Executive under this Agreement or preclude Executive from asserting such fact or circumstance in enforcing rights under this Agreement; provided that no act or omission by the Company shall qualify as Good Reason if Executive's Termination of Employment occurs more than 12 months after Executive first obtains actual knowledge of such act or omission.

(c) If the Termination Date occurs during any portion of a Post-Change Employment Period, any reasonable determination by Executive that any of the events specified in the definition of Good Reason in Section 1.34 above, has occurred and constitutes Good Reason shall be conclusive and binding for all purposes, unless the Company establishes by clear and convincing evidence that Executive did not have any reasonable basis for such determination.

(d) In the event that the Company conceals any act or omission by the Company that occurs during the Post-Change Employment Period and qualifies as Good Reason, any subsequent Termination of Employment (whether by the Company or by Executive and regardless of the circumstances of such termination) that occurs at any time after such act or omission shall conclusively be deemed to be a Termination of Employment by Executive for Good Reason, notwithstanding any provision of this Agreement to the contrary.

3.5. Delivery of Non-Competition and Release Agreement. In the event the Company terminates Executive's employment for any reason other than for Cause or Disability, the Company shall, not later than the date it delivers the Notice of Termination to Executive, present Executive with a Non-Competition and Release Agreement for execution by Executive. In the event Executive terminates his employment for Good Reason, the Company shall, not later than ten (10) business days after the Company receives the Notice of Termination, present Executive with a Non-Competition and Release Agreement for execution by Executive.

ARTICLE IV.

COMPANY'S OBLIGATIONS UPON A TERMINATION OF EMPLOYMENT

4.1. If by Executive for Good Reason or by the Company Other Than for Cause or Disability. If, during the Post-Change Employment Period, (i) the Company terminates Executive's employment other than for Cause or Disability, or if Executive terminates employment for Good Reason, and (ii) Executive delivers an executed Non-Competition and Release Agreement to the Company within sixty (60) days after Executive's Termination Date (and does not rescind such agreement within the rescission period set forth in such agreement), the Company's sole obligations to Executive under Articles II and IV shall be as follows:

(a) The Company shall pay Executive, in addition to all vested rights arising from Executive's employment as specified in Article II, a cash amount equal to the sum of the following:

(i) all Accrued Obligations;

(ii) Executive's Pro-Rata Performance-Based Annual Bonus reduced (but not below zero) by the amount of the Pro-Rata Target Annual Bonus, if any, previously paid to Executive pursuant to Section 2.3(a) with respect to the Annual Performance Period in which the Termination Date occurs or the Pro-Rata Performance-Based Annual Bonus payable pursuant to Section 2.3(b) with respect to the Annual Performance Period in which the Termination Date occurs;

(iii) an amount equal to the number of years in the Severance Period times the sum of:

(A) Base Salary,

(B) the Target Annual Bonus, and

(C) Employer Defined Contribution Plan Contribution;

each determined as of the Termination Date; provided, however, that any reduction in Executive's Base Salary or Target Annual Bonus that would qualify as Good Reason shall be disregarded for purposes of this clause.

The amount payable pursuant to clause (i) above shall be paid no more than thirty (30) days after the Termination Date. The amount payable pursuant to clause (ii) above shall be paid on the same date that annual bonuses for the Annual Performance Period are paid to employees of the Company but not prior to the Release Date. The amount payable pursuant to clause (iii) shall be paid at any time during the ninety (90) day period following Executive's Termination Date as determined by the Company in its sole discretion (even if prior to the Release Date); provided, however, that if Executive is a Key Employee as of the Termination Date, the payment of the amount specified in clause (iii) shall be delayed until and shall be paid on the date that is six (6) months after Executive's Termination Date or, if Executive dies before the end of such six-month period, as soon as practicable after Executive's death. Notwithstanding the foregoing, if Executive fails to deliver an executed Non-Competition and Release Agreement to the Company within sixty (60) days after Executive's Termination Date (or having timely delivered an executed Non-Competition and Release Agreement, Executive rescinds such agreement during the rescission period set forth in such agreement), the Company shall have no obligation to pay the amount specified in clause (iii) and Executive shall return to the Company the full amount, if any, previously paid to Executive pursuant to clause (iii). The Company shall have the right to seek enforcement of this repayment right in any court of competent jurisdiction.

(b) If Executive and/or Executive's family members are entitled to file, and do timely file, an election to continue any group health benefits under a medical, dental and/or vision benefit program maintained by the Company in accordance with the group healthcare continuation coverage provisions set forth in Part 6 of Subpart B of Title I of ERISA ("COBRA"), the Company shall pay a portion of the premiums for such coverage, as specified in the next sentence, during the portion of the Severance Period during which such COBRA coverage remains in effect. During such period, Executive shall be required to pay a portion of the COBRA premiums in an amount equal to the amount Executive would have paid for such group health benefits under the applicable program of the Company had Executive remained an employee of the Company during such period and the Company shall pay the balance of such COBRA premiums.

(c) Until the end of the Severance Period or such later date as any Plan may specify, the Company shall continue to provide Executive with fringe and other benefits which are at least as favorable as the most favorable Plans of the Company applicable to other peer executives as of the Termination Date, but which are in no event less favorable than the most favorable Plans of the Company applicable to other peer executives during the 12-month period immediately before the Effective Date. To the extent that any benefits provided under this Section 4.1(c) are subject to Section 409A of the Code, they shall be provided only to the extent that they are reimbursements or in-kind benefits that satisfy the requirements described in U.S. Treasury Department Regulation Section 1.409A-3(i)(1)(iv). For instance, any such benefits provided under this Section 4.1(c) in one calendar year shall not affect the amount of benefits provided in another calendar year. Any reimbursement by the Company of an expense eligible for reimbursement pursuant to this Section 4.1(c) shall be made no later than the last day of the calendar year following the year in which the expense was incurred. The Company may not pay Executive any cash (other than as reimbursement for an expense eligible for reimbursement) or other benefit in lieu of, or in exchange for, any right to benefits pursuant to this Section 4.1(c).

(d) For purposes of determining Executive's eligibility under the Company's Post-Retirement Medical Plan or any other plan or arrangement providing retiree medical benefits, Executive shall be credited with a length of service that includes both the period of Executive's actual service and Executive's Severance Period. Executive shall also be treated for purposes of the Company's Post-Retirement Medical Plan as having already attained the age that Executive will attain upon the conclusion of Executive's Severance Period.

(e) If Executive has a Termination of Employment and has completed at least eight (8) years of service towards his entitlement to paid sabbatical leave under the Company's policies concerning sabbatical leave (and has not yet taken such sabbatical leave), Executive shall receive an additional amount, in a lump sum payment, equal to eight (8) weeks of Executive's Base Salary, payable at the same time Executive receives the payment described in Section 4.1(c)(iii).

(f) If Executive is a participant in the Executive Retention Replacement Plan, Executive shall receive the greater of, but not both of: (i) the aggregate benefits provided under this Agreement determined without regard to this Section 4.1(f); or (ii) the aggregate benefits provided under the Executive Retention Replacement Plan plus the tax Gross-up Payments provided under Article V of this Agreement, to the extent that such tax Gross-up Payments are applicable to the benefits provided to the Executive under the Executive Retention Replacement Plan. The value of such benefits shall be determined based on the present value of the benefits provided under each of this Agreement or the Executive Retention Replacement Plan as of the Termination Date.

If Executive has a Termination of Employment that would entitle Executive to benefits under this Section 4.1 but Executive fails to timely deliver an executed Non-Competition and Release Agreement to the Company (or having timely delivered an executed Non-Competition and Release Agreement, Executive rescinds such agreement during the rescission period set forth in the Non-Competition and Release Agreement), the Company's sole obligation to Executive under Articles II and IV shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date.

4.2. <u>If by the Company for Cause</u>. If the Company terminates Executive's employment for Cause during the Post-Change Employment Period, the Company's sole obligation to Executive under Articles II and IV shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date.

4.3. <u>If by Executive Other Than for Good Reason</u>. If Executive terminates employment during the Post-Change Employment Period other than for Good Reason, Disability or death, the Company's sole obligation to Executive under Articles II and IV shall be to pay Executive a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date.

4.4. <u>If by the Company for Disability</u>. If the Company terminates Executive's employment by reason of Executive's Disability during the Post-Change Employment Period, the Company's sole obligation to Executive under Articles II and IV shall be as follows:

(a) to pay Executive a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date; and

(b) to provide Executive disability and other benefits after the Termination Date that are not less than the most favorable of such benefits then available under Plans of the Company to disabled peer executives of the Company or, if more favorable, those such benefits provided by the Company at any time during the 12-month period immediately preceding the Effective Date.

4.5. If Upon Death. If Executive's employment is terminated by reason of Executive's death during the Post-Change Employment Period, the Company's sole obligations to Executive under Articles II and IV shall be as follows:

(a) to pay Executive's estate or Beneficiary a lump-sum cash amount equal to all Accrued Obligations; and

(b) to provide Executive's estate or Beneficiary survivor and other benefits that are not less than the most favorable survivor and other benefits then available under Plans of the Company to the estates or the surviving families of peer executives of the Company or, if more favorable, those such benefits provided by the Company at any time during the 12-month period immediately preceding the Effective Date.

ARTICLE V.
CERTAIN ADDITIONAL PAYMENTS BY THE COMPANY

5.1. Gross-up for Certain Taxes.

(a) If it is determined (by the reasonable computation of the Company's independent auditors, which determinations shall be certified to by such auditors and set forth in a written certificate ("Company Certificate") delivered to the Executive) that any benefit received or deemed received by the Executive from the Company pursuant to this Agreement or otherwise (collectively, the "Potential Parachute Payments") is or will become subject to any excise tax under Section 4999 of the Code or any similar tax payable under any United States federal, state, local or other law (such excise tax and all such similar taxes collectively, "Excise Taxes"), then the Company shall, no later than the last day of the calendar year following the calendar year in which Executive pays such Excise Taxes, pay the Executive an amount (the "Gross-up Payment") equal to the product of:

(i) the amount of such Excise Taxes

multiplied by

(ii) the Gross-up Multiple (as defined in Section 5.4).

The Gross-up Payment is intended to compensate the Executive for the Excise Taxes and any federal, state, local or other income or excise taxes or other taxes payable by the Executive with respect to the Gross-up Payment. For all purposes of this Article V, Executive shall be deemed to be subject to the highest effective marginal rate of Taxes.

The Executive or the Company may at any time request the preparation and delivery to the Executive of a Company Certificate. The Company shall, in addition to complying with Section 5.2, cause all determinations and certifications under the Article to be made as soon as reasonably possible and in adequate time to permit the Executive to prepare and file the Executive's individual tax returns on a timely basis.

(b) Limitation on Gross-up Payment. Notwithstanding any other provision of this Article V, if the aggregate After-Tax Amount (defined below) of the Potential Parachute Payments and Gross-up Payment that, but for this Section (b), would be payable to Executive does not exceed 110% of the After-Tax Floor Amount (defined below), then no Gross-up Payment shall be made to Executive and the aggregate amount of Potential Parachute Payments payable to Executive shall be reduced (but not below the Floor Amount, defined below) to the largest amount which would both (i) not cause any Excise Tax to be payable by Executive and (ii) not cause any Potential Parachute Payments to become nondeductible by the Company by reason of Section 280G of the Code (or any successor provision).

(c) For purposes of this Agreement:

(i) "After-Tax Amount" means the portion of a specified amount that would remain after payment of all Taxes paid or payable by Executive in respect of such specified amount;

(ii) "Floor Amount" means the greatest pre-tax amount of Potential Parachute Payments that could be paid to Executive without causing Executive to become liable for any Excise Taxes in connection therewith; and

(iii) "After-Tax Floor Amount" means the After-Tax Amount of the Floor Amount.

5.2. Determination by the Executive.

(a) If the Company shall fail to deliver a Company Certificate to the Executive (and to pay to the Executive the amount of the Gross-up Payment, if any) within fourteen (14) days after receipt from the Executive of a written request for a Company Certificate, or if at any time following receipt of a Company Certificate the Executive disputes the amount of the Gross-up Payment set forth therein, the Executive may elect to demand the payment of the amount which the Executive, in accordance with an opinion of counsel to the Executive ("Executive Counsel Opinion") (as defined in Section 5.5, below), determines to be the Gross-up Payment. Any such demand by the Executive shall be made by delivery to the Company of a written notice which specifies the Gross-up Payment determined by the Executive and an Executive Counsel Opinion regarding such Gross-up Payment (such written notice and opinion collectively, the "Executive's Gross-Up Determination"). Within fourteen (14) days after delivery of the Executive's Gross-Up Determination to the Company, the Company shall either (1) pay the Executive the Gross-up Payment set forth in the Executive's Gross-Up Determination (less the portion of such amount, if any, previously paid to the Executive by the Company) or (2) deliver to the Executive a Company Certificate specifying the Gross-up Payment determined by the Company's independent auditors, together with an opinion of the Company's counsel ("Company Counsel Opinion" (as defined in Section 5.5, below)), and pay the Executive the Gross-up Payment specified in such Company Certificate. If for any reason the Company fails to comply with clause (2) of the preceding sentence, the Gross-up Payment specified in the Executive's Gross-Up Determination shall be final, binding and controlling for all purposes.

(b) If the Executive does not make a request for, and the Company does not deliver to the Executive, a Company Certificate, the Company shall be deemed to have determined that no Gross-up Payment is due; provided that the absence of such request by Executive or the issuance of a Company Certificate shall not preclude Executive from making such request at any future date.

5.3. Additional Gross-up Amounts. If, despite the initial conclusion of the Company and/or the Executive that certain payments are either not subject to Excise Taxes or not to be counted in determining whether other payments are subject to Excise Taxes (any such item, a "Non-Parachute Item"), it is later determined (pursuant to the subsequently-enacted provisions of the Code, final regulations or published rulings of the IRS, final judgment of a court of competent jurisdiction or the Company's independent auditors) that any of the Non-Parachute Items are subject to Excise Taxes, or are to be counted in determining whether any payments are subject to Excise Taxes, with the result that the amount of Excise Taxes payable by the Executive is greater or the amount of the Excise Taxes due are greater for any other reason than the amount determined by the Company or the Executive pursuant to Section 5.1 or 5.2, as applicable, then the Company shall pay the Executive an amount (which shall also be deemed a Gross-up Payment) equal to the product of:

(a) the sum of (1) such additional Excise Taxes, and (2) any interest, fines, penalties, expenses or other costs incurred by the Executive as a result of having taken a position in accordance with a determination made pursuant to Section 5.1

multiplied by

(b) the Gross-up Multiple.

5.4. Gross-up Multiple. The Gross-up Multiple shall equal a fraction, the numerator of which is one (1.0), and the denominator of which is one (1.0) minus the sum, expressed as a decimal fraction, of the effective marginal rates of all federal, state, local and other income and other taxes and any Excise Taxes applicable to the Gross-up Payment; provided that, if such sum exceeds 0.8, it shall be deemed equal to 0.8 for purposes of this computation. (If different effective marginal rates of tax are applicable to various portions of a Gross-up Payment, the weighted average of such rates shall be used.)

5.5. Opinion of Counsel. "Executive Counsel Opinion" means a legal opinion of nationally recognized executive compensation counsel that there is a reasonable basis to support a conclusion that the Gross-up Payment determined by the Executive has been calculated in accord with this Article and applicable law. "Company Counsel Opinion" means a legal opinion of nationally recognized executive compensation counsel that (a) there is a reasonable basis to support a conclusion that the Gross-up Payment set forth in the Company Certificate has been calculated in accord with this Article and applicable law, and (b) there is no reasonable basis for the calculation of the Gross-up Payment determined by the Executive.

5.6. Amount Increased or Contested. The Executive shall notify the Company in writing of any claim by the IRS or other taxing authority that, if successful, would require the payment by the Company of a Gross-up Payment. Such notice shall include the nature of such claim and the date on which such claim is due to be paid. The Executive shall give such notice as soon as practicable, but no later than ten (10) business days, after the Executive first obtains actual knowledge of such claim; provided, however, that any failure to give or delay in giving such notice shall affect the Company's obligations under this Article only if and to the extent that such failure results in actual prejudice to the Company. The Executive shall not pay such claim less than thirty (30) days after the Executive gives such notice to the Company (or, if sooner, the date on which payment of such claim is due). If the Company notifies the Executive in writing before the expiration of such period that it desires to contest such claim, the Executive shall:

(a) give the Company any information that it reasonably requests relating to such claim;

(b) take such action in connection with contesting such claim as the Company reasonably requests in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(c) cooperate with the Company in good faith to contest such claim; and

(d) permit the Company to participate in any proceedings relating to such claim;

provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including related interest and penalties, imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing, the Company shall control all proceedings in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner. The Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify the Executive, on an after-tax basis, for any Excise Tax or Taxes, including related interest or penalties, imposed with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of Taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. The Company's control of the contest shall be limited to issues with respect to which a Gross-up Payment would be payable. The Executive shall in Executive's discretion be entitled to settle or contest, as the case may be, any other issue raised by the IRS or other taxing authority.

5.7. Refunds. If, after the receipt by the Executive of an amount paid or advanced by the Company pursuant to Section 5.1, 5.3 and/or 5.6, the Executive becomes entitled to receive any refund with respect to such claim or amount, the Executive shall (subject to the Company's complying with the requirements of Section 5.6) promptly pay the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount paid or advanced by the Company pursuant to Section 5.1, 5.3 and/or 5.6, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such determination before the earlier of (a) the expiration of thirty (30) days after such determination; or (b) the date such determination becomes final and non-appealable, then such advance shall be forgiven and shall not be required to be repaid and the Company shall pay Executive an amount sufficient to provide Executive with an After-Tax Amount equal to any amount of Taxes and Excise Taxes which Executive shall incur with respect to such amount being forgiven. Any contest of a denial of refund shall be controlled by Section 5.6.

ARTICLE VI.

EXPENSES AND INTEREST

6.1. Legal Fees and Other Expenses.

(a) If Executive incurs legal fees or other expenses (including expert witness and accounting fees) on or after the Effective Date, in an effort to enforce this Agreement, or to secure, preserve, establish entitlement to, or obtain benefits under this Agreement (including the fees and other expenses of Executive's legal counsel in connection with the delivery of an Executive Counsel Opinion), the Company shall, regardless of the outcome of such effort, reimburse Executive on a current basis (in accordance with Section 6.1(b)) for such reasonable fees and expenses, and shall also pay Executive an additional payment such that, after payment of all Taxes and Excise Taxes on such amount, there remains a balance sufficient to pay all such fees and other expenses.

(b) Reimbursement of legal fees and expenses and Gross-up Payments shall be made monthly within ten (10) days after Executive's written submission of a request for reimbursement together with evidence that such fees and expenses were incurred; provided, however, that the reimbursement of legal fees and expenses shall be paid no later than the last day of the calendar year after such fees and expenses are incurred and the payment of the Gross-up Payments shall be paid no later than the last day of the calendar year following the calendar year in which the Executive pays the taxes to which the Gross-up Payments relate.

(c) If Executive does not prevail (after exhaustion of all available judicial remedies) in respect of a claim by Executive or by the Company hereunder, and the Company establishes before a court of competent jurisdiction, by clear and convincing evidence, that Executive had no reasonable basis for his claim hereunder, or for his response to the Company's claim hereunder, or acted in bad faith, no further reimbursement for legal fees and expenses shall be due to Executive in respect of such claim and Executive shall refund any amounts previously reimbursed hereunder with respect to such claim.

(d) If there is a dispute between the Executive and the Company as to Executive's rights to reimbursement of legal or other fees and expenses under this Agreement or the amount of such reimbursement, any amount of reimbursement requested by Executive and accompanied by legal opinion of nationally recognized executive compensation counsel that such amount should be paid under the Agreement shall be final, binding and controlling on the Company unless and to the extent the Company establishes otherwise by clear and convincing evidence.

6.2. Interest. If the Company does not pay any amount due to Executive under this Agreement within five (5) business days after such amount first became due and owing, interest shall accrue on such amount from the date it became due and owing until the date of payment at an annual rate equal to 200 basis points above the base commercial lending rate published in The Wall Street Journal in effect from time to time during the period of such nonpayment.

ARTICLE VII.
NO SET-OFF OR MITIGATION

7.1. No Set-Off by Company. Executive's right to receive when due the payments and other benefits provided for under this Agreement is absolute, unconditional and not subject to set-off, counterclaim or legal or equitable defense. Time is of the essence in the performance by the Company of its obligations under this Agreement. Any claim which the Company may have against Executive, whether for a breach of this Agreement or otherwise, shall be brought in a separate action or proceeding and not as part of any action or proceeding brought by Executive to enforce any rights against the Company under this Agreement.

7.2. No Mitigation. Executive shall not have any duty to mitigate the amounts payable by the Company under this Agreement by seeking new employment or self-employment following termination. Except as specifically otherwise provided in this Agreement, all amounts payable pursuant to this Agreement shall be paid without reduction regardless of any amounts of salary, compensation or other amounts which may be paid or payable to Executive as the result of Executive's employment by another employer or self-employment.

ARTICLE VIII.
CONFIDENTIALITY

8.1. Confidential Information.

(a) Executive acknowledges that it is the policy of the Company to maintain as secret and confidential all Confidential Information, and that Confidential Information has been and will be developed at substantial cost and effort to the Company. Executive acknowledges that he will have access to Confidential Information with respect to the Company which information is a valuable and unique asset of the Company and that disclosure of such Confidential Information would cause irreparable damage to the Company's business and operations.

(b) Executive acknowledges that (i) Confidential Information is, as between the Company and Executive, the exclusive property of the Company, (ii) whatever Executive creates in the performance of duties in the course of Executive's employment, including ideas, developments, writings, improvements, designs, graphic and musical works (the "Work Product") is the property of the Company, and (iii) to the extent that any of the Work Product is capable of protection by copyright, it is created within the scope of Executive's employment and is work made for hire. To the extent that any such Work Product may not be a work made for hire, Executive hereby assigns to the Company all rights in such Work Product. To the extent that any of the Work Product is an invention, Executive hereby assigns to the Company all right, title, and interest in and to inventions, improvements, discoveries, or ideas conceived or invented by Executive during the term of Executive's employment (the "Inventions"). The Company acknowledges that this Agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on Executive's own time, unless the Invention (x) relates to the business of the Company or to the Company's actual or demonstrably anticipated research or development, or (y) results from any work performed by Executive for the Company. Executive agrees to execute any documents at any time reasonably required by the Company in connection with the registration of copyright, the assignment or securing of patent protection for any Invention, or other perfection of the Company's ownership of the Work Product.

(c) Both during Executive's employment by the Company and at any time after the Termination Date, Executive:

(i) shall not, directly or indirectly, divulge, furnish or make accessible to any Person, except:

(A) to the extent Executive reasonably and in good faith believes that such actions are related to, and required by, Executive's performance of his duties under this Agreement; or

(B) as may be compelled by applicable law or administrative regulation; provided that Executive, to the extent not prohibited from doing so by applicable law or administrative regulation, shall give the Company written notice of the information to be so disclosed pursuant to clause (B) of this sentence as far in advance of its disclosure as is practicable, shall cooperate with the Company in its efforts to protect the information from disclosure, and shall limit Executive's disclosure of such information to the minimum disclosure required by law or administrative regulation (unless the Company agrees in writing to a greater level of disclosure);

(ii) shall not use for his own benefit in any manner, any Confidential Information;

(iii) shall not cause any such Confidential Information to become publicly known; and

(iv) shall take all reasonable steps to safeguard such Confidential Information and to protect it against disclosure, misuse, loss and theft.

(d) For purposes of this Agreement, Confidential Information represents trade secrets subject to protection under the Uniform Trade Secrets Act, or to any comparable protection afforded by other applicable laws.

8.2. <u>Reasonableness of Restrictive Covenants</u>.

(a) Executive acknowledges that the covenants contained in Section 8.1 are reasonable in the scope of the activities restricted, and that such covenants are reasonably necessary to protect the Company's legitimate interests in its Confidential Information. Executive further acknowledges such covenants are essential elements of this Agreement and that, but for such covenants, the Company would not have entered into this Agreement.

(b) The Company and Executive have each consulted with their respective legal counsel and have been advised concerning the reasonableness and propriety of such covenants.

8.3. <u>Right to Injunction, Survival of Undertakings</u>.

(a) In recognition of the confidential nature of the Confidential Information, and in recognition of the necessity of the limited restrictions imposed by Section 8.1, the parties agree that it would be impossible to measure solely in money the damages which the Company would suffer if Executive were to breach any of his obligations under such Section. Executive acknowledges that any breach of any provision of such Section would irreparably injure the Company. Accordingly, Executive agrees that if he breaches any of the provisions of such Section, the Company shall be entitled, in addition to any other remedies to which the Company may be entitled under this Agreement or otherwise, to an injunction to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of such provisions, and Executive hereby waives any right to assert any claim or defense that the Company has an adequate remedy at law for any such breach.

(b) If a court determines that any of the covenants included in this Article VIII is unenforceable in whole or in part, such court shall have the power to modify the provision, as necessary, so as to cause such covenant as so modified to be enforceable.

(c) All of the provisions of this Article VIII shall survive any Termination of Employment without regard to (i) the reasons for such termination, or (ii) the expiration of the Agreement Term.

8.4. If Executive breaches the restrictive covenants contained in this Article VIII, such violation shall be remedied as provided herein, but shall not affect the Company's obligation to pay benefits or otherwise fulfill its obligations under this Agreement except and to the extent that such violation is the basis for Executive’s Termination with Cause.

ARTICLE IX.
NON-EXCLUSIVITY OF RIGHTS

9.1. Waiver of Certain Other Rights. To the extent that payments are made to Executive pursuant to Section 4.1(a) or 4.1(b), Executive hereby waives the right to receive severance payments or severance benefits under any other severance Plan, agreement or Policy of the Company, including but not limited to, any benefits to which Executive shall become entitled under an Executive retention agreement.

9.2. Other Rights. Except as expressly provided in Section 9.1, this Agreement shall not prevent or limit Executive’s continuing or future participation in any benefit, bonus, incentive or other Plans provided by the Company and for which Executive may qualify, nor shall this Agreement limit or otherwise affect such rights as Executive may have under any other agreements with the Company. Amounts which are vested benefits or which Executive is otherwise entitled to receive under any Plan and any other payment or benefit required by law at or after the Termination Date shall be payable in accordance with such Plan or applicable law except as expressly modified by this Agreement.

9.3. Executive Employment Contract. It is not the intent of this Agreement to supersede the Company’s Executive Retention Replacement Plan. Upon a Termination of Employment that causes Executive to be entitled to severance benefits under this Agreement and under the Executive Retention Replacement Plan, the provisions of Section 4.1(f) shall control.

ARTICLE X.
MISCELLANEOUS

10.1. No Assignability. This Agreement is personal to Executive and, without the prior written consent of the Company, shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive’s legal representatives.

10.2. Successors. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company or any Parent Corporation of any successor (whether direct or indirect) by purchase, merger, consolidation or otherwise to all or substantially all of the business assets of the Company, to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Any successor to the business or assets of the Company which assumes or agrees to perform this Agreement by operation of law, contract, or otherwise shall be jointly and severally liable with the Company under this Agreement as if such successor were the Company.

10.3. Payments to Beneficiary. If Executive dies before receiving amounts to which Executive is entitled under this Agreement, such amounts shall be paid in a lump sum to one or more beneficiaries designated in writing by Executive (each, a “Beneficiary”), or if none is so designated, to Executive’s estate.

10.4. Non-Alienation of Benefits. Benefits payable under this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, before actually being received by Executive, and any such attempt to dispose of any right to benefits payable under this Agreement shall be void.

10.5. No Deference. Unless otherwise expressly provided in this Agreement, no determination pursuant to, or interpretation of, this Agreement made by the board of directors (or any committee thereof) of the Company or any Successor Corporation following a Change of Control or Imminent Change Date shall be entitled to any presumptive validity or other deference in connection with any judicial or administrative proceeding relating to or arising under this Agreement.

10.6. Severability. If any one or more Articles, Sections or other portions of this Agreement are declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any Article, Section or other portion not so declared to be unlawful or invalid. Any Article, Section or other portion so declared to be unlawful or invalid shall be construed so as to effectuate the terms of such Article, Section or other portion to the fullest extent possible while remaining lawful and valid.

10.7. Amendments. This Agreement shall not be amended or modified at any time except by written instrument executed by the Company and Executive. The Company shall not amend or terminate this Agreement in any manner following the Effective Date or during any Imminent Change Period without the prior written consent of the Executive.

10.8. Notices. All notices and other communications under this Agreement shall be in writing and delivered by hand, by nationally-recognized delivery service that promises overnight delivery, or by first-class registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:

at Executive's most recent home address on file with the Company.

If to the Company:

McDonald's Corporation
One McDonald's Plaza
Oak Brook, IL 60523
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing. Notice and communications shall be effective when actually received by the addressee.

10.9. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

10.10. Governing Law. This Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois without regard to its choice of law principles.

10.11. Captions. The captions of this Agreement are not a part of the provisions hereof and shall have no force or effect.

10.12. Number and Gender. Wherever appropriate, the singular shall include the plural, the plural shall include the singular, and the masculine shall include the feminine.

10.13. Tax Withholding. The Company may withhold from any amounts payable under this Agreement any Taxes that are required to be withheld pursuant to any applicable law or regulation.

10.14. No Waiver. Executive's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. A waiver of any provision of this Agreement shall not be deemed a waiver of any other provision, and any waiver of any default in any such provision shall not be deemed a waiver of any later default thereof or of any other provision.

10.15. Entire Agreement; Waiver of Consent. This Agreement contains the entire understanding of the Company and Executive with respect to its subject matter set forth herein and Executive acknowledges and agrees that this Agreement supersedes the Original Agreement with respect to any Change of Control occurring on or after the Agreement Date.

10.16. Company Subsidiaries and Successors. References in the Agreement to employment by "the Company" shall be deemed to include employment by (1) any entity in which the Company directly or through intervening subsidiaries owns 100% of the total combined voting power or value of all classes of stock, or, in the case of an unincorporated entity, 100% interest in the capital and profits and (2) any successor or assign of the Company pursuant to Section 10.2, and any obligation of the Company hereunder shall be deemed satisfied if and to the extent an entity described in clause (1) or (2) of this sentence performs such obligation.

IN WITNESS WHEREOF, Executive and the Company have executed this Change of Control Employment Agreement as of the date first above written.

EXECUTIVE

____

McDONALD'S CORPORATION

By: ______________________________

Title: ______________________________

ANNEX A

FORM OF

NON-COMPETITION AND RELEASE AGREEMENT

This agreement, release and waiver (the "Agreement"), made as of the ____ day of __________, ______, is made by and between McDonald's Corporation and (together with all successors thereto, the "Company") and __________ ("Executive").

WHEREAS, the Company and the Executive have previously entered into a Change of Control Employment Agreement, dated as of __________, 2008 ("Change of Control Agreement");

NOW THEREFORE, in consideration for receiving benefits and severance under Section 4.1 of the Change of Control Agreement and in consideration of the representations, covenants and mutual promises set forth in this Agreement, the parties agree as follows:

1. Defined Terms. When used herein, unless otherwise specified, terms shall have the same definitions as provided in the Change of Control Agreement.

2. Release. Except with respect to the Company's obligations under the Change of Control Agreement, the Executive, and Executive's heirs, executors, assigns, representatives, agents, legal representatives, and personal representatives, hereby releases, acquits and forever discharges the Company, its Subsidiaries, the Surviving Corporation and their respective directors, officers, agents, servants, employees, attorneys, shareholders, successors, assigns and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys' fees, damages and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed, arising out of or in any way related to agreements, events, acts or conduct at any time prior to the day prior to execution of this Agreement, including but not limited to: any and all such claims and demands directly or indirectly arising out of or in any way connected with the Executive's employment with the Company; the Executive's termination of employment with the Company; claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, sabbatical benefits, severance benefits, or any other form of compensation or equity; claims pursuant to any federal, state, local law, statute, ordinance or cause of action including, but not limited to, the federal Civil Rights Act of 1964, as amended; the federal Age Discrimination in Employment Act of 1967, as amended; the federal Americans with Disabilities Act of 1990; tort law; contract law; wrongful discharge; discrimination; fraud; defamation; harassment; emotional distress; or breach of the implied covenant of good faith and fair dealing. This Release does not apply to any compensation or benefits to which the Executive may be entitled under this Agreement or the Change of Control Agreement or to any rights to indemnification under by-laws or other agreements of the Company or any other Employer.

3. No Inducement. Executive agrees that no promise or inducement to enter into this Agreement has been offered or made except as set forth in this Agreement, that the Executive is entering into this Agreement without any threat or coercion and without reliance on any statement or representation made on behalf of the Company or by any person employed by or representing the Company, except for the written provisions and promises contained in this Agreement.

4. Confidential Information.

(a) Executive acknowledges that it is the policy of the Company to maintain as secret and confidential all Confidential Information, and that Confidential Information has been and will be developed at substantial cost and effort to the Company. Executive acknowledges that he will have access to Confidential Information with respect to the Company which information is a valuable and unique asset of the Company and that disclosure of such Confidential Information would cause irreparable damage to the Company's business and operations.

(b) Executive acknowledges that (i) Confidential Information is, as between the Company and Executive, the exclusive property of the Company, (ii) whatever Executive creates in the performance of duties in the course of Executive's employment, including ideas, developments, writings, improvements, designs, graphic and musical works (the "Work Product") is the property of the Company, and (iii) to the extent that any of the Work Product is capable of protection by copyright, it is created within the scope of Executive's employment and is work made for hire. To the extent that any such Work Product may not be a work made for hire, Executive hereby assigns to the Company all rights in such Work Product. To the extent that any of the Work Product is an invention, Executive hereby assigns to the Company all right, title, and interest in and to inventions, improvements, discoveries, or ideas conceived or invented by Executive during the term of Executive's employment (the "Inventions"). The Company acknowledges that this Agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on Executive's own time, unless the Invention (x) relates to the business of the Company or to the Company's actual or demonstrably anticipated research or development, or (y) results from any work performed by Executive for the Company. Executive agrees to execute any documents at any time reasonably required by the Company in connection with the registration of copyright, the assignment or securing of patent protection for any Invention, or other perfection of the Company's ownership of the Work Product.

(c) Both during Executive's employment by the Company and at any time after the Termination Date, Executive:

(i) shall not, directly or indirectly, divulge, furnish or make accessible to any Person confidential information, except:

(A) to the extent Executive reasonably and in good faith believes that such actions are related to, and required by, Executive's performance of his duties under this Agreement; or

(B) as may be compelled by applicable law or administrative regulation; provided that Executive, to the extent not prohibited from doing so by applicable law or administrative regulation, shall give the Company written notice of the information to be so disclosed pursuant to clause (B) of this sentence as far in advance of its disclosure as is practicable, shall cooperate with the Company in its efforts to protect the information from disclosure, and shall limit Executive's disclosure of such information to the minimum disclosure required by law or administrative regulation (unless the Company agrees in writing to a greater level of disclosure);

(ii) shall not use for his own benefit in any manner, any Confidential Information;

(iii) shall not cause any such Confidential Information to become publicly known; and

(iv) shall take all reasonable steps to safeguard such Confidential Information and to protect it against disclosure, misuse, loss and theft.

(d) For purposes of this Agreement, Confidential Information represents trade secrets subject to protection under the Uniform Trade Secrets Act, or to any comparable protection afforded by other applicable laws.

5. Non-Solicitation. During the period beginning on the Agreement Date and ending on the first anniversary of the Termination Date, Executive shall not, directly or indirectly:

(a) other than in connection with the good-faith performance of his duties as an officer of the Company, encourage any employee of the Company and/or its Subsidiaries to terminate his or her relationship with the Company and/or its Subsidiaries;

(b) solicit the employment or engagement as a consultant or adviser of any employee of the Company and/or its Subsidiaries (other than by the Company or its Subsidiaries) or cause or encourage any Person to do any of the foregoing;

(c) establish (or take preliminary steps to establish) a business with, or encourage others to establish (or take preliminary steps to establish) a business with, any employee of the Company and/or its Subsidiaries; or

(d) interfere with the relationship of the Company and/or its Subsidiaries with, or endeavor to entice away from the Company and/or its Subsidiaries, any Person who or which at any time (whether before or after Executive's Termination Date) was or is an employee, customer, vendor or supplier of, or maintained a business relationship (whether as a franchisee or otherwise) with, the Company and/or its Subsidiaries.

6. Non-Competition Covenant. Executive covenants that during the period beginning on the Termination Date and ending on the first anniversary of the Termination Date, Executive shall not:

(i) directly or indirectly, in any capacity, engage or participate in, or become employed by or render advisory or consulting services in connection with any Prohibited Business, provided that nothing in this clause (i) shall preclude Executive from performing services on behalf of an investment banking or commercial banking, auditing or consulting firm so long as he or she is not engaged in rendering services to or soliciting business of a Prohibited Business; or

(ii) make any financial investment, whether in the form of equity or debt, or own any interest, directly or indirectly, in any Prohibited Business, provided that nothing in this clause (ii) shall restrict Executive from making any investment not in excess of 5% of the Common Stock in any company whose stock is listed on a national securities exchange or actively traded in the over-the-counter market if such investment does not give Executive the right or ability to control or influence the policy decisions of any Prohibited Business.

For purposes of this Section, "Prohibited Business" shall mean any Person and any branches, offices or operations thereof, which is a direct and material competitor of the Company or any of its Subsidiaries in any country of the world or in any state of the United States, which is one of the ten (10) or fewer Persons designated as a Prohibited Business on Exhibit 1 to this Agreement at the time this Agreement is executed.

7. Reasonableness of Restrictive Covenants.

(a) Executive acknowledges that the covenants contained in Sections 4, 5 and 6 are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect the Company's legitimate interests in its Confidential Information and in its relationships with its employees, customers and suppliers. Executive further acknowledges such covenants are essential elements of this Agreement and that, but for such covenants, the Company would not have entered into this Agreement.

(b) The Company and Executive have each consulted with their respective legal counsel and have been advised concerning the reasonableness and propriety of such covenants.

8. Right to Injunction, Survival of Undertakings.

(a) In recognition of the confidential nature of the Confidential Information, and in recognition of the necessity of the limited restrictions imposed by Sections 4, 5 and 6, the parties agree that it would be impossible to measure solely in money the damages which the Company would suffer if Executive were to breach any of his obligations under such Sections. Executive acknowledges that any breach of any provision of such Sections would irreparably injure the Company. Accordingly, Executive agrees that if he breaches any of the provisions of such Sections, the Company shall be entitled, in addition to any other remedies to which the Company may be entitled under this Agreement or otherwise, to an injunction to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of such provisions, and Executive hereby waives any right to assert any claim or defense that the Company has an adequate remedy at law for any such breach.

(b) If a court determines that any of the covenants included in Sections 4, 5 and 6 is unenforceable in whole or in part because of such covenant's duration or geographical or other scope, such court shall have the power to modify the duration or scope of such provision, as the case may be, so as to cause such covenant as so modified to be enforceable.

(c) All of the provisions of Sections 4, 5 and 6 shall survive any Termination of Employment without regard to (i) the reasons for such termination or (ii) the expiration of the Agreement Term.

(d) If Executive breaches the restrictive covenants contained in Sections 4, 5 and 6, such violation shall be remedied as provided herein, but shall not affect the Company's obligation to pay benefits or otherwise fulfill its obligations under this Agreement except and to the extent that such violation is the basis for Executive's Termination with Cause.

9. Compliance to Date. Executive hereby covenants and promises that he has not taken or caused to be taken, during a period of at least ninety (90) days prior to the Effective Date, any action that would violate the covenants contained in Sections 4, 5 and 6 of this Agreement.

10. Advice of Counsel; Time to Consider; Revocation. Executive acknowledges the following:

(i) Executive received a copy of this Agreement on __________, 200__.

(ii) Executive has read this Agreement and understands its legal and binding effect. Executive is acting voluntarily and of Executive's own free will in executing this Agreement.

(iii) Executive has been advised to seek and has had the opportunity to seek legal counsel in connection with this Agreement.

(iv) Executive was given [21/45] days (the "Consideration Period") to consider the terms of this Agreement before signing it.

(v) If Executive does not deliver a signed copy of this Agreement to the Company on or before the last day of the Consideration Period, this Agreement shall be void and Executive will not receive the benefits described in Section 4.1 of the Change of Control Agreement.

Executive understands that, if Executive timely signs this Agreement and delivers it to the Company, Executive may rescind this Agreement at any time within seven (7) days after signing it by delivering a written notice to the Company. Executive understands that this Agreement will not be effective until after the seven-day rescission period has expired.

11. Severability. If all or any part of this Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other portion of this Agreement. Any section or a part of a section declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of the section to the fullest extent possible while remaining lawful and valid.

12. Amendment. This Agreement shall not be altered, amended, or modified except by written instrument executed by the Company and the Executive. A waiver of any portion of this Agreement shall not be deemed a waiver of any other portion of this Agreement.

13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same instrument.

14. Headings. The headings of this Agreement are not part of the provisions hereof and shall not have any force or effect.

15. Applicable Law. The provisions of this Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois without regard to its choice of law principles.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates specified below.

EXECUTIVE

____

Date: __________________________

McDONALD'S CORPORATION

By: ____________________________

Title: __________________________

Date: __________________________

ANNEX B

FORM OF

EXHIBIT 1 TO NON-COMPETITION AND RELEASE AGREEMENT

PROHIBITED BUSINESSES

EXHIBIT (10)(m)(i)

First Amendment of

McDonald's Corporation Severance Plan

The McDonald's Corporation Severance Plan (the "Plan") is hereby amended effective as of October 1, 2008 by adding the attached Schedule I to the Plan.

Except for this addition of Schedule I, the Plan shall remain in full force and effect.

Executed in multiple originals this 21st day of October, 2008.

McDONALD'S CORPORATION

By /s/ Richard Floersch
Its Corporate Executive Vice President and
Chief Human Resources Officer

Schedule I:

Severance Benefits for
Qualifying McOpCo Restaurant Managers & Shared Restaurant Support Employees

This Schedule sets forth the Severance Benefits under the Plan for each Qualifying Employee (1) who is salaried Restaurant Manager (including a salaried assistant manager) 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 (outplacement) of the Plan.

Exhibit 12

McDONALD'S CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
Dollars in Millions

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	Years Ended December 31, 2007	2006	2005	2004	2003
Earnings available for fixed charges							
- Income from continuing operations before provision for income taxes and cumulative effect of accounting changes	$ 4,760.9	$ 2,287.8[1]	$3,572.1[1]	$4,154.4[2]	$3,660.2	$3,217.0[3]	$2,349.4[4]
- Minority interest expense in operating results of majority-owned subsidiaries, including fixed charges related to redeemable preferred stock, less equity in undistributed operating results of less than 50%-owned affiliates	6.9	6.1	7.2	5.5	1.2	4.4	18.6
- Income tax provision (benefit) of 50% owned affiliates included in income from continuing operations before provision for income taxes	28.1	21.9	22.4	5.9	(3.5)	13.1	(28.6)
- Portion of rent charges (after reduction for rental income from subleased properties) considered to be representative of interest factors*	251.0	230.2	312.8	304.0	292.8	272.2	257.6
- Interest expense, amortization of debt discount and issuance costs, and depreciation of capitalized interest*	432.1	323.4	442.7	437.4	392.2	394.2	427.2
	$ 5,479.0	$ 2,869.4	$4,357.2	$4,907.2	$4,342.9	$3,900.9	$3,024.2
Fixed charges							
- Portion of rent charges (after reduction for rental income from subleased properties) considered to be representative of interest factors*	$ 251.0	$ 230.2	$ 312.8	$ 304.0	$ 292.8	$ 272.2	$ 257.6
-Interest expense, amortization of debt discount and issuance costs, and fixed charges related to redeemable preferred stock*	419.3	309.1	425.9	418.4	373.4	375.6	408.7
-Capitalized interest*	7.2	3.8	7.0	5.5	5.0	4.1	7.9
	$ 677.5	$ 543.1	$ 745.7	$ 727.9	$ 671.2	$ 651.9	$ 674.2
Ratio of earnings to fixed charges	8.09	5.28	5.84	6.74	6.47	5.98	4.49

* Includes amounts of the Registrant 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.

(1) Includes pretax charges of $1.7 billion primarily related to impairment in connection with the Company's sale of Latam to a developmental licensee.

(2) Includes pretax charges of $134.2 million primarily related to impairment.

(3) Includes pretax charges of $232.1 million consisting of $130.5 million related to impairment and $150.9 million related to the correction in the Company's lease accounting practices and policies as well as a $49.3 million gain relating to the sale of the Company's interest in a U.S. real estate partnership.

(4) Includes pretax charges of $407.6 million primarily related to the disposition of certain non-McDonald's brands and impairment.

Exhibit 31.1. Rule 13a-14(a) Certification of Chief Executive Officer

I, James A. Skinner, Vice Chairman and Chief Executive Officer of McDonald's Corporation, 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: November 6, 2008

/s/ James A. Skinner

James A. Skinner

Vice Chairman and Chief Executive Officer

Exhibit 31.2. Rule 13a-14(a) Certification of Chief Financial Officer

I, Peter J. Bensen, Corporate Executive Vice President and Chief Financial Officer of McDonald's Corporation, 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: November 6, 2008

/s/ Peter J. Bensen

Peter J. Bensen
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 September 30, 2008 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: November 6, 2008

/s/ James A. Skinner

James A. Skinner

Vice Chairman 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 September 30, 2008 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: November 6, 2008

/s/ Peter J. Bensen

Peter J. Bensen
Corporate Executive Vice President and
Chief Financial Officer