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July 27, 2011

U.S. Securities and Exchange Commission
100 F Street, NE
Washington DC 20549-1090

RE: File Reference No. 4-600

Request for comments on *Exploring a Possible Method of Incorporation*

McDonald's Corporation appreciates the opportunity to comment on the U.S. Securities and Exchange Commission's ("Commission") May 26th Staff Paper which explores a possible method of incorporating International Financial Reporting Standards ("IFRS") into the U.S. financial reporting system.

McDonald's continues to support the ideal of achieving high quality accounting standards that are substantially similar across the globe. Since we do not believe that IFRS is a better set of accounting standards than U.S. GAAP, we believe the framework outlined in the staff paper provides a well-balanced approach to incorporating IFRS into U.S. GAAP. Rather than a full and complete adoption of IFRS, we believe the outlined approach will result in globally accepted accounting standards that meet the needs of investors and issuers in today's global capital markets. Outlined below are specific comments relating to the framework, transition, benefits and risks of adopting the proposed method.

Framework

McDonald's supports the objective in the framework to incorporate IFRS into U.S. GAAP with an approach that combines elements of convergence and endorsement. This approach would allow the Financial Accounting Standards Board ("FASB") the opportunity to change U.S. GAAP over a defined period by endorsing, and thereby incorporating, individual IFRSs into U.S. GAAP. We are supportive of an approach that allows the FASB the ability to modify or supplement IFRSs when doing so would be in the public interest or necessary for the protection of investors. We also feel that it is important for the FASB to actively share its standard setting perspectives with the International Accounting Standards Board ("IASB") prior to the IASB finalizing new standards in order to minimize U.S. modifications to those standards.

McDonald's also supports the concept in the framework that the Commission would maintain its oversight of the FASB as the designated U.S. national standard setter. As a U.S.-based Corporation subject to U.S. securities laws, we appreciate the opportunity to voice our concerns and provide feedback to not only the IASB, but also to the FASB during the standard setting process.

Transition

McDonald's supports the transition plan outlined in the framework. We believe the categorized approach with multi-step implementation over a period of several years provides companies the appropriate amount of time necessary to comply with the revised accounting standards. It is very important to provide sufficient time for all parties (e.g., preparers, auditors, academics, lenders, investors) to transition to the new standards, especially with the ongoing major convergence projects. Furthermore, we believe it is critical that an extensive outreach to constituents is performed to understand all issues regarding the phase in of revised standards including those impacting information technology systems and processes to minimize transition costs.

In contrast, we believe that a one-time, all-inclusive adoption of IFRS would lead to significant challenges. In addition to the financial and human capital resource constraints, the one-time adoption approach could lead to

U.S. constituent and investor confusion. The transition plan outlined in the staff paper will help to minimize these unintended consequences through gradual implementation and detailed disclosures about the changes.

Most importantly, we support the practical recommendation within the framework that would allow for prospective application of new requirements whenever possible. Prospective application of certain aspects of IFRS such as componentization helps to ensure that the costs incurred to incorporate IFRS into U.S. GAAP do not significantly outweigh the benefits obtained.

Benefits / Risks

With proper execution, we believe the proposed strategy provides the benefit of reduced overall burden and transition costs while still developing and promoting high-quality globally accepted accounting standards. Although there is some concern that the FASB may modify certain aspects of IFRS as it endorses new or existing standards, we believe this approach is prudent for the protection of the investment community and capital markets. It is important that the FASB continue the current due process of exposing changes in standards before they are implemented.

The methodology adopted by the European Union and Australian Accounting Standard Board demonstrates that a separate standard setting body can effectively review and incorporate IFRS in a timely manner while reducing the risk of less comparable results among jurisdictions. As one of the largest capital markets, it is critical that the FASB thoroughly evaluate new standards to ensure they meet the needs of all interested parties prior to incorporating them into U.S. GAAP.

McDonald's also believes there are benefits in maintaining U.S. GAAP as the statutory basis for financial reporting in the United States. Maintaining U.S. GAAP alleviates any complexities and costs associated with modifying contracts, agreements and other regulatory documents that often refer to U.S. GAAP.

Summary Comment

In summary, we believe the approach discussed in the Commission's staff paper outlines an appropriate methodology to promote high-quality globally accepted accounting standards. The framework lays out a logical, pragmatic approach to integrating IFRS into U.S. GAAP that should ease the transition for U.S. issuers while also establishing a strong foundation for future standard setting processes.

McDonald's appreciates the opportunity to express our opinion on this matter. We would be pleased to discuss our comments in greater detail, if requested.

Sincerely,

/s/ Kevin M. Ozan
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Corporate Senior Vice
President – Controller