# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the quarterly period ended June 30, 2013**

**OR**

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

**Commission File Number 1-5231**

# McDONALD'S CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

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

**(630) 623-3000**
(Registrant's Telephone Number, Including Area Code)

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

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

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

Large accelerated filer ☒ Accelerated filer ☐

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

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

**999,645,751**
(Number of shares of common stock outstanding as of June 30, 2013)

McDONALD'S CORPORATION

INDEX

## PART I – FINANCIAL INFORMATION

**Item 1. Financial Statements**

**CONDENSED CONSOLIDATED BALANCE SHEET**

| In millions, except per share data | (unaudited) June 30, 2013 | December 31, 2012 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and equivalents | **$ 2,278.4** | $ 2,336.1 |
| Accounts and notes receivable | **1,301.9** | 1,375.3 |
| Inventories, at cost, not in excess of market | **107.8** | 121.7 |
| Prepaid expenses and other current assets | **944.0** | 1,089.0 |
| **Total current assets** | **4,632.1** | 4,922.1 |
| **Other assets** | | |
| Investments in and advances to affiliates | **1,239.8** | 1,380.5 |
| Goodwill | **2,778.6** | 2,804.0 |
| Miscellaneous | **1,522.5** | 1,602.7 |
| **Total other assets** | **5,540.9** | 5,787.2 |
| **Property and equipment** | | |
| Property and equipment, at cost | **38,176.3** | 38,491.1 |
| Accumulated depreciation and amortization | **(13,895.9)** | (13,813.9) |
| **Net property and equipment** | **24,280.4** | 24,677.2 |
| **Total assets** | **$ 34,453.4** | $ 35,386.5 |
| **Liabilities and shareholders' equity** | | |
| **Current liabilities** | | |
| Accounts payable | **$ 805.2** | $ 1,141.9 |
| Income taxes | **281.7** | 298.7 |
| Other taxes | **378.1** | 370.7 |
| Accrued interest | **159.9** | 217.0 |
| Accrued payroll and other liabilities | **1,180.1** | 1,374.8 |
| **Total current liabilities** | **2,805.0** | 3,403.1 |
| **Long-term debt** | **13,369.8** | 13,632.5 |
| **Other long-term liabilities** | **1,497.1** | 1,526.2 |
| **Deferred income taxes** | **1,610.8** | 1,531.1 |
| **Shareholders' equity** | | |
| Preferred stock, no par value; authorized—165.0 million shares; issued—none | **—** | — |
| Common stock, $.01 par value; authorized—3.5 billion shares; issued 1,660.6 million shares | **16.6** | 16.6 |
| Additional paid-in capital | **5,920.6** | 5,778.9 |
| Retained earnings | **40,402.4** | 39,278.0 |
| Accumulated other comprehensive income | **29.2** | 796.4 |
| Common stock in treasury, at cost; 661.0 and 657.9 million shares | **(31,198.1)** | (30,576.3) |
| **Total shareholders' equity** | **15,170.7** | 15,293.6 |
| **Total liabilities and shareholders' equity** | **$ 34,453.4** | $ 35,386.5 |

See Notes to condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF NET INCOME (UNAUDITED)**

| In millions, except per share data | Quarters Ended June 30, 2013 | 2012 | Six Months Ended June 30, 2013 | 2012 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Sales by Company-operated restaurants | **$ 4,761.4** | $ 4,673.5 | **$ 9,206.8** | $ 9,105.7 |
| Revenues from franchised restaurants | **2,322.4** | 2,242.4 | **4,482.3** | 4,356.8 |
| **Total revenues** | **7,083.8** | 6,915.9 | **13,689.1** | 13,462.5 |
| **Operating costs and expenses** | | | | |
| Company-operated restaurant expenses | **3,919.5** | 3,823.8 | **7,645.5** | 7,478.2 |
| Franchised restaurants—occupancy expenses | **399.1** | 376.2 | **794.3** | 750.9 |
| Selling, general & administrative expenses | **607.0** | 617.3 | **1,203.5** | 1,209.8 |
| Other operating (income) expense, net | **(39.5)** | (56.4) | **(101.4)** | (96.0) |
| **Total operating costs and expenses** | **4,886.1** | 4,760.9 | **9,541.9** | 9,342.9 |
| **Operating income** | **2,197.7** | 2,155.0 | **4,147.2** | 4,119.6 |
| Interest expense | **129.8** | 130.0 | **257.9** | 258.9 |
| Nonoperating (income) expense, net | **8.0** | 15.1 | **12.6** | 3.3 |
| **Income before provision for income taxes** | **2,059.9** | 2,009.9 | **3,876.7** | 3,857.4 |
| Provision for income taxes | **663.4** | 662.9 | **1,210.0** | 1,243.7 |
| **Net income** | **$ 1,396.5** | $ 1,347.0 | **$ 2,666.7** | $ 2,613.7 |
| **Earnings per common share-basic** | **$ 1.39** | $ 1.33 | **$ 2.66** | $ 2.57 |
| **Earnings per common share-diluted** | **$ 1.38** | $ 1.32 | **$ 2.64** | $ 2.54 |
| **Dividends declared per common share** | **$ 0.77** | $ 0.70 | **$ 1.54** | $ 1.40 |
| **Weighted average shares outstanding-basic** | **1,001.4** | 1,013.8 | **1,002.1** | 1,016.0 |
| **Weighted average shares outstanding-diluted** | **1,008.7** | 1,023.9 | **1,009.9** | 1,027.1 |

See Notes to condensed consolidated financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

| In millions | Quarters Ended June 30, 2013 | Quarters Ended June 30, 2012 | Six Months Ended June 30, 2013 | Six Months Ended June 30, 2012 |
|---|---|---|---|---|
| Net income | **$1,396.5** | $1,347.0 | $2,666.7 | $2,613.7 |
| Other comprehensive income (loss), net of tax | | | | |
| **Foreign currency translation adjustments:** | | | | |
| Gain (loss) recognized in accumulated other comprehensive income (AOCI), including net investment hedges | **(363.1)** | (526.6) | **(749.5)** | (174.1) |
| **Foreign currency translation adjustments-net of tax benefit (expense) of $7.7, $(6.6), $(51.9) and $(15.9)** | **(363.1)** | (526.6) | **(749.5)** | (174.1) |
| **Cash flow hedges:** | | | | |
| Gain (loss) recognized in AOCI | **(22.1)** | 11.4 | **(30.3)** | 4.9 |
| Reclassification of (gain) loss to net income | **21.6** | 0.1 | **12.3** | 3.1 |
| **Cash flow hedges-net of tax benefit (expense) of $0.1, ($5.1), $2.8 and $(3.2)** | **(0.5)** | 11.5 | **(18.0)** | 8.0 |
| **Defined benefit pension plans:** | | | | |
| Gain (loss) recognized in AOCI | **(1.1)** | 0.0 | **0.1** | (0.6) |
| Reclassification of (gain) loss to net income | **0.1** | 0.7 | **0.2** | 1.8 |
| **Defined benefit pension plans-net of tax benefit (expense) of $0.3, $0.0, $0.0 and $0.8** | **(1.0)** | 0.7 | **0.3** | 1.2 |
| Total other comprehensive income (loss), net of tax | **(364.6)** | (514.4) | **(767.2)** | (164.9) |
| **Comprehensive income** | **$1,031.9** | $ 832.6 | **$1,899.5** | $2,448.8 |

See Notes to condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

| In millions | Quarters Ended June 30, 2013 | Quarters Ended June 30, 2012 | Six Months Ended June 30, 2013 | Six Months Ended June 30, 2012 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Net income | **$ 1,396.5** | $ 1,347.0 | **$ 2,666.7** | $ 2,613.7 |
| Adjustments to reconcile to cash provided by operations | | | | |
| Charges and credits: | | | | |
| Depreciation and amortization | **390.9** | 365.9 | **782.0** | 730.6 |
| Deferred income taxes | **(28.1)** | 12.8 | **(5.3)** | 35.4 |
| Share-based compensation | **23.4** | 21.2 | **46.2** | 47.7 |
| Other | **19.5** | 21.2 | **86.5** | (27.7) |
| Changes in working capital items | **(292.4)** | (285.0) | **(379.4)** | (283.1) |
| **Cash provided by operations** | **1,509.8** | 1,483.1 | **3,196.7** | 3,116.6 |
| **Investing activities** | | | | |
| Capital expenditures | **(599.4)** | (712.0) | **(1,233.6)** | (1,300.4) |
| Sales and purchases of restaurant businesses and property sales | **4.1** | 53.2 | **49.6** | 62.9 |
| Other | **39.2** | (26.8) | **103.4** | (45.5) |
| **Cash used for investing activities** | **(556.1)** | (685.6) | **(1,080.6)** | (1,283.0) |
| **Financing activities** | | | | |
| Short-term borrowings and long-term financing issuances and repayments | **599.1** | 903.2 | **(23.3)** | 1,170.4 |
| Treasury stock purchases | **(432.6)** | (770.6) | **(772.0)** | (1,583.2) |
| Common stock dividends | **(771.1)** | (709.3) | **(1,543.3)** | (1,421.6) |
| Proceeds from stock option exercises | **65.5** | 65.3 | **178.4** | 149.7 |
| Excess tax benefit on share-based compensation | **20.8** | 21.9 | **73.2** | 68.6 |
| Other | **(6.7)** | (4.2) | **(6.9)** | (9.0) |
| **Cash used for financing activities** | **(525.0)** | (493.7) | **(2,093.9)** | (1,625.1) |
| **Effect of exchange rates on cash and cash equivalents** | **(19.6)** | (108.3) | **(79.9)** | (59.6) |
| Cash and equivalents increase (decrease) | **409.1** | 195.5 | **(57.7)** | 148.9 |
| Cash and equivalents at beginning of period | **1,869.3** | 2,289.1 | **2,336.1** | 2,335.7 |
| **Cash and equivalents at end of period** | **$ 2,278.4** | $ 2,484.6 | **$ 2,278.4** | $ 2,484.6 |

See Notes to condensed consolidated financial statements.

**Basis of Presentation**

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements contained in the Company's December 31, 2012 Annual Report on Form 10‑K. In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation have been included. The results for the quarter and six months ended June 30, 2013 do not necessarily indicate the results that may be expected for the full year.

**Restaurant Information**

The following table presents restaurant information by ownership type:

| Restaurants at June 30, | 2013 | 2012 |
|---|---|---|
| Conventional franchised | **19,965** | 19,580 |
| Developmental licensed | **4,479** | 4,042 |
| Foreign affiliated | **3,663** | 3,641 |
| Total Franchised | **28,107** | 27,263 |
| Company-operated | **6,627** | 6,472 |
| Systemwide restaurants | **34,734** | 33,735 |

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

**Per Common Share Information**

Diluted earnings per common share is calculated using net income divided by diluted weighted-average shares. Diluted weighted-average shares include weighted-average shares outstanding plus the dilutive effect of share-based compensation, calculated using the treasury stock method, of 7.3 million shares and 10.1 million shares for the quarters 2013 and 2012, respectively, and 7.8 million shares and 11.1 million shares for the six months 2013 and 2012, respectively. Stock options that would have been antidilutive and therefore were not included in the calculation of diluted weighted-average shares totaled 4.9 million shares and 4.7 million shares for the quarters 2013 and 2012, respectively, and 4.8 million shares and 4.7 million shares for the six months 2013 and 2012, respectively.

**Fair Value Measurements**

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

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

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

| In millions | Level 1 | Level 2 | Carrying Value |
|---|---|---|---|
| *June 30, 2013* | | | |
| Investments | $ 180.8 | | $ 180.8 |
| Derivative assets | 141.0 | $ 83.2 | 224.2 |
| **Total assets at fair value** | **$ 321.8** | **$ 83.2** | **$ 405.0** |
| | | | |
| Derivative liabilities | | $ (101.8) | $ (101.8) |
| **Total liabilities at fair value** | | **$ (101.8)** | **$ (101.8)** |

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

At June 30, 2013, the fair value of the Company's debt obligations was estimated at $14.5 billion, compared to a carrying amount of $13.4 billion. The fair value was based upon quoted market prices, Level 2, within the valuation hierarchy. The carrying amounts of cash and equivalents and notes receivable approximate fair value.

**Financial Instruments and Hedging Activities**

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

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

| | Derivative Assets | | Derivative Liabilities | |
|---|---|---|---|---|
| **In millions** | **June 30, 2013** | December 31, 2012 | **June 30, 2013** | December 31, 2012 |
| Total derivatives designated as hedging instruments | **$ 75.6** | $ 85.1 | **$ (88.5)** | $ (35.8) |
| Total derivatives not designated as hedging instruments | **148.6** | 133.3 | **(13.3)** | (6.8) |
| Total derivatives | **$ 224.2** | $ 218.4 | **$(101.8)** | $ (42.6) |

The following table presents the pretax amounts affecting income and other comprehensive income ("OCI") for the six months ended June 30, 2013 and 2012, respectively:

| | Gain (Loss) Recognized in Accumulated OCI | | Gain (Loss) Reclassified into Income from Accumulated OCI | | Gain (Loss) Recognized in Income on Derivative[1] | |
|---|---|---|---|---|---|---|
| **In millions** | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| Cash Flow Hedges | **$ (38.0)** | $ 6.8 | **$ (17.2)** | $ (4.4) | **$ (4.7)** | $ (4.6) |
| Net Investment Hedges | **$252.1** | $ 61.2 | **$ —** | $ — | | |
| Undesignated derivatives | | | | | **$ (12.1)** | $ (17.8) |

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

- ***Fair Value Hedges***

The Company enters into fair value hedges which convert a portion of its fixed-rate debt into floating-rate debt by use of interest rate swaps. At June 30, 2013, $2.0 billion of the Company's outstanding fixed-rate debt was effectively converted. For the six months ended June 30, 2013, the Company recognized a $30.2 million loss on fair value interest rate swaps, which was exactly offset by a corresponding gain in the fair value of the hedged debt instruments.

- ***Cash Flow Hedges***

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

To protect against the reduction in value of forecasted foreign currency cash flows (such as royalties denominated in foreign currencies), the Company uses foreign currency forwards and foreign currency options to hedge a portion of anticipated exposures. The hedges cover the next 19 months for certain exposures and are denominated in various currencies. As of June 30, 2013, the Company had derivatives outstanding with an equivalent notional amount of $744.9 million that hedged a portion of forecasted foreign currency denominated royalties.

The Company uses cross-currency swaps to hedge the risk of cash flows associated with certain foreign currency denominated debt, including forecasted interest payments, and has elected cash flow hedge accounting. The hedges cover periods up to 53 months and have an equivalent notional amount of $318.9 million.

The Company manages its exposure to energy-related transactions in certain markets by entering into commodity forwards and has elected cash flow hedge accounting. The hedges cover periods up to 22 years and have an equivalent gross notional amount of $903.2 million, comprised of offsetting purchases and sales of energy.

Based on market conditions at June 30, 2013, the $17.2 million in cumulative cash flow hedging gains, after tax, is not expected to have a significant effect on earnings over the next 12 months.

- ***Net Investment Hedges***

The Company primarily uses foreign currency denominated debt (third party and intercompany) to hedge its investments in certain foreign subsidiaries and affiliates. Realized and unrealized translation adjustments from these hedges are included in shareholders' equity in the foreign currency translation component of OCI and offset translation adjustments on the underlying net assets of foreign subsidiaries and affiliates, which also are recorded in OCI. As of June 30, 2013, $7.8 billion of intercompany foreign currency denominated debt, $4.2 billion of the Company's third party foreign currency denominated debt and $860.5 million of derivatives were designated to hedge investments in certain foreign subsidiaries and affiliates.

- ***Credit Risk***

The Company is exposed to credit-related losses in the event of non-performance by its derivative counterparties. The Company did not have significant exposure to any individual counterparty at June 30, 2013 and has master agreements that contain netting arrangements. For financial reporting purposes, the Company presents gross derivative balances in the financial statements and supplementary data, including for counterparties subject to netting arrangements.

**Segment Information**

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

| | **Quarters Ended June 30,** | | **Six Months Ended June 30,** | |
|---|---|---|---|---|
| **In millions** | **2013** | 2012 | **2013** | 2012 |
| **Revenues** | | | | |
| U.S. | **$2,282.4** | $2,242.3 | **$ 4,370.9** | $ 4,344.6 |
| Europe | **2,837.1** | 2,741.2 | **5,423.5** | 5,276.7 |
| APMEA | **1,589.5** | 1,547.9 | **3,183.2** | 3,104.5 |
| Other Countries & Corporate | **374.8** | 384.5 | **711.5** | 736.7 |
| **Total revenues** | **$7,083.8** | $6,915.9 | **$13,689.1** | $13,462.5 |
| **Operating Income** | | | | |
| U.S. | **$ 967.9** | $ 972.1 | **$ 1,812.6** | $ 1,843.4 |
| Europe | **850.8** | 807.2 | **1,558.9** | 1,506.5 |
| APMEA | **354.7** | 358.8 | **736.6** | 742.7 |
| Other Countries & Corporate | **24.3** | 16.9 | **39.1** | 27.0 |
| **Total operating income** | **$2,197.7** | $2,155.0 | **$ 4,147.2** | $ 4,119.6 |

**Subsequent Events**

The Company evaluated subsequent events through the date the financial statements were issued and filed with the Securities and Exchange Commission. On July 18, 2013, McDonald's Board of Directors declared a quarterly cash dividend of $0.77 per share of common stock, payable on September 17, 2013, to shareholders of record at the close of business on September 3, 2013. There were no other subsequent events that required recognition or disclosure.

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

**Overview**

The Company franchises and operates McDonald's restaurants. Of the 34,734 restaurants in 119 countries at June 30, 2013, 28,107 were licensed to franchisees (including 19,965 franchised to conventional franchisees, 4,479 licensed to developmental licensees and 3,663 licensed to foreign affiliates ("affiliates") – primarily Japan) and 6,627 were operated by the Company. Under our conventional franchise arrangement, franchisees provide a portion of the capital required by initially investing in the equipment, signs, seating and décor of their restaurant businesses, and by reinvesting in the business. The Company owns the land and building or secures long-term leases for both Company-operated and conventional franchised restaurant sites. This maintains long-term occupancy rights, helps control related costs and assists in alignment with franchisees. In certain circumstances, the Company participates in reinvestment for conventional franchised restaurants. Under our developmental license arrangement, licensees provide capital for the entire business, including the real estate interest, and the Company has no capital invested. In addition, the Company has an equity investment in a limited number of affiliates that invest in real estate and operate and/or franchise restaurants within a market.

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

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

The business is managed as distinct geographic segments. Significant reportable segments include the United States ("U.S."), Europe, and Asia/Pacific, Middle East and Africa ("APMEA"). In addition, throughout this report we present "Other Countries & Corporate," which includes operations in Canada and Latin America, as well as Corporate activities. For the six months ended June 30, 2013, the U.S., Europe and APMEA segments accounted for 32%, 40% and 23% of total revenues, respectively.

**Strategic Direction and Financial Performance**

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

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

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

Global comparable sales increased 1.0% for the quarter and were flat for the six months. The overall challenging environment, namely flat to declining informal eating out markets, diminishing ability to raise menu prices, ongoing cost pressures and heightened competitive activity, continued to pressure performance. On a consolidated basis, comparable guest counts decreased 1.2% for the six months. Comparable sales are driven by changes in guest counts and average check, which are affected by changes in pricing and product mix. Generally, the goal is to achieve a balanced contribution from both guest counts and average check.

Looking ahead, we expect the overall challenging environment to persist, pressuring comparable sales performance and negatively impacting results for the remainder of the year. Despite the challenges inherent in the external environment, we are differentiating the McDonald's experience by uniting consumer insights, innovation and execution.

U.S. comparable sales increased 1.0% for the quarter and decreased 0.1% for the six months. New product introductions across the four key growth categories of chicken, beef, breakfast and beverages, ongoing support for the Dollar Menu and greater accessibility to McDonald's classic core favorites supported the segment's sales performance. Sales results were also negatively impacted by the comparison against prior year promotional activity. Moving forward, U.S. business initiatives are designed to satisfy evolving customer expectations through a balanced approach to value, variety and convenience. Additionally, ongoing restaurant reimaging and customer service initiatives continue to be a priority in enhancing the customer experience.

In Europe, comparable sales decreased 0.1% and 0.6% for the quarter and six months, respectively, as negative results in Germany and France were partly offset by solid performance in the U.K. and Russia. Looking ahead, Europe remains focused on reigniting momentum with enhanced premium beverage and menu items and everyday affordability options across all dayparts. In addition, Europe continues to focus on enhancing the customer experience through ongoing restaurant reimaging and technology initiatives.

In APMEA, comparable sales decreased 0.3% and 1.9% for the quarter and six months, respectively, primarily due to negative results in Japan and China, partly offset by positive performance in many other markets. Australia also had a negative impact on the quarter. APMEA remains focused on driving performance by offering comprehensive value platforms, accelerating growth at breakfast, modernizing the customer experience through ongoing restaurant reimaging, and broadening accessibility through service and convenience initiatives and new restaurant development.

**Second Quarter and Six Months 2013 Operating Results Included:**

- Global comparable sales increased 1.0% for the quarter and were flat for the six months.
- Consolidated revenues increased 2% (2% in constant currencies) for the quarter and six months.
- Consolidated operating income increased 2% (3% in constant currencies) for the quarter and increased 1% (1% in constant currencies) for the six months.
- Diluted earnings per share were $1.38 for the quarter and $2.64 for the six months, up 5% (6% in constant currencies) and 4% (5% in constant currencies), respectively. Foreign currency translation negatively impacted diluted earnings per share by $0.02 for the quarter and six months.
- For the six months, the Company paid total dividends of $1.5 billion and repurchased 8.1 million shares for $786.0 million.

**Outlook**

The Company expects the dynamics of the current environment to persist, namely flat to declining informal eating out markets, diminishing ability to raise menu prices, ongoing cost pressures and heightened competitive activity. As a result, the Company expects our results for the remainder of the year to remain challenged. While the Company does not provide specific guidance on earnings per share, the following information is provided to assist in forecasting the Company's future results.

- Changes in Systemwide sales are driven by comparable sales and net restaurant unit expansion. The Company expects net restaurant additions to add approximately 2.5 percentage points to 2013 Systemwide sales growth (in constant currencies), most of which will be due to the 1,135 net traditional restaurants added in 2012.
- The Company does not generally provide specific guidance on changes in comparable sales. However, as a perspective, assuming no change in cost structure, a 1 percentage point increase in comparable sales for either the U.S. or Europe would increase annual diluted earnings per share by about 4 cents.
- With about 75% of McDonald's grocery bill comprised of 10 different commodities, a basket of goods approach is the most comprehensive way to look at the Company's commodity costs. For the full year 2013, the total basket of goods cost is expected to increase 1.5-2.5% in the U.S. and 2.0-3.0% in Europe.
- The Company expects full-year 2013 selling, general and administrative expenses to remain relatively flat in constant currencies, with fluctuations expected between the quarters.
- Based on current interest and foreign currency exchange rates, the Company expects interest expense for the full year 2013 to increase approximately 2-3% compared with 2012.
- A significant part of the Company's operating income is generated outside the U.S., and about 35% of its total debt is denominated in foreign currencies. Accordingly, earnings are affected by changes in foreign currency exchange rates, particularly the Euro, British Pound, Australian Dollar and Canadian Dollar. Collectively, these currencies represent approximately 65% of the Company's operating income outside the U.S. If all four of these currencies moved by 10% in the same direction, the Company's annual diluted earnings per share would change by about 25 cents.
- The Company expects the effective income tax rate for the full-year 2013 to be 31% to 33%. Some volatility may be experienced between the quarters resulting in a quarterly tax rate that is outside the annual range.

- The Company expects capital expenditures for 2013 to be about $3.1 billion. Over half of this amount will be used to open new restaurants. The Company expects to open between 1,500 - 1,550 restaurants including about 500 restaurants in affiliated and developmental licensee markets, such as Japan and Latin America, where the Company does not fund any capital expenditures. The Company expects net additions of between 1,200 - 1,250 traditional restaurants. The remaining capital will be used to reinvest in existing locations, in part through reimaging. More than 1,600 restaurants worldwide are expected to be reimaged, including locations in affiliated and developmental licensee markets that require no capital investment from the Company.

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

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

## CONSOLIDATED OPERATING RESULTS

| Dollars in millions, except per share data | Quarter Ended June 30, 2013 | | Six Months Ended June 30, 2013 | |
|---|---|---|---|---|
| | Amount | Increase/ (Decrease) | Amount | Increase/ (Decrease) |
| **Revenues** | | | | |
| Sales by Company-operated restaurants | $ 4,761.4 | 2% | $ 9,206.8 | 1% |
| Revenues from franchised restaurants | 2,322.4 | 4 | 4,482.3 | 3 |
| **Total revenues** | 7,083.8 | 2 | 13,689.1 | 2 |
| **Operating costs and expenses** | | | | |
| Company-operated restaurant expenses | 3,919.5 | 3 | 7,645.5 | 2 |
| Franchised restaurants—occupancy expenses | 399.1 | 6 | 794.3 | 6 |
| Selling, general & administrative expenses | 607.0 | (2) | 1,203.5 | (1) |
| Other operating (income) expense, net | (39.5) | 30 | (101.4) | (6) |
| **Total operating costs and expenses** | 4,886.1 | 3 | 9,541.9 | 2 |
| **Operating income** | 2,197.7 | 2 | 4,147.2 | 1 |
| Interest expense | 129.8 | 0 | 257.9 | 0 |
| Nonoperating (income) expense, net | 8.0 | (47) | 12.6 | n/m |
| **Income before provision for income taxes** | 2,059.9 | 2 | 3,876.7 | 0 |
| Provision for income taxes | 663.4 | 0 | 1,210.0 | (3) |
| **Net income** | $ 1,396.5 | 4% | $ 2,666.7 | 2% |
| **Earnings per common share-basic** | $ 1.39 | 5% | $ 2.66 | 4% |
| **Earnings per common share-diluted** | $ 1.38 | 5% | $ 2.64 | 4% |

n/m Not meaningful

**Impact of Foreign Currency Translation**

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

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

| | | | Currency Translation (Cost) |
|---|---|---|---|
| **Quarters Ended June 30,** | **2013** | 2012 | **2013** |
| Revenues | **$ 7,083.8** | $ 6,915.9 | **$ (2.5)** |
| Company-operated margins | **841.9** | 849.7 | **(0.5)** |
| Franchised margins | **1,923.3** | 1,866.2 | **(8.8)** |
| Selling, general & administrative expenses | **607.0** | 617.3 | **(0.8)** |
| Operating income | **2,197.7** | 2,155.0 | **(13.3)** |
| Net income | **1,396.5** | 1,347.0 | **(12.8)** |
| Earnings per share-diluted | **$ 1.38** | $ 1.32 | **$(0.02)** |

| | | | Currency Translation (Cost) |
|---|---|---|---|
| **Six Months Ended June 30,** | **2013** | 2012 | 2013 |
| Revenues | **$13,689.1** | $13,462.5 | **$ (8.5)** |
| Company-operated margins | **1,561.3** | 1,627.5 | **(1.3)** |
| Franchised margins | **3,688.0** | 3,605.9 | **(20.8)** |
| Selling, general & administrative expenses | **1,203.5** | 1,209.8 | **(1.5)** |
| Operating income | **4,147.2** | 4,119.6 | **(29.1)** |
| Net income | **2,666.7** | 2,613.7 | **(24.1)** |
| Earnings per share-diluted | **$ 2.64** | $ 2.54 | **$(0.02)** |

Foreign currency translation had a negative impact on consolidated operating results for the quarter and six months.

**Net Income and Diluted Earnings per Common Share**

For the quarter, net income increased 4% (5% in constant currencies) to $1,396.5 million and diluted earnings per share increased 5% (6% in constant currencies) to $1.38. Foreign currency translation had a negative impact of $0.02 on diluted earnings per share.

For the six months, net income increased 2% (3% in constant currencies) to $2,666.7 million and diluted earnings per share increased 4% (5% in constant currencies) to $2.64. Foreign currency translation had a negative impact of $0.02 on diluted earnings per share.

For the quarter and six months, net income and diluted earnings per share growth in constant currencies were positively impacted by higher franchised margin dollars and a lower effective income tax rate, partly offset by lower Company-operated margin dollars. A decrease in diluted weighted average shares outstanding also contributed to the growth in diluted earnings per share in both periods.

During the quarter, the Company paid a quarterly dividend of $0.77 per share or $771.1 million, bringing the total dividends paid for the six months to $1,543.3 million. In addition, the Company repurchased 4.4 million shares of its stock for $431.7 million, bringing total purchases for the six months to 8.1 million shares or $786.0 million.

**Revenues**

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

**REVENUES**
*Dollars in millions*

| **Quarters Ended June 30,** | **2013** | 2012 | Inc/ (Dec) | Inc/ (Dec) Excluding Currency Translation |
|---|---|---|---|---|
| *Company-operated sales* | | | | |
| U.S. | **$ 1,164.0** | $ 1,152.4 | 1% | 1% |
| Europe | **2,058.0** | 1,994.6 | 3 | 3 |
| APMEA | **1,333.6** | 1,302.4 | 2 | 1 |
| Other Countries & Corporate | **205.8** | 224.1 | (8) | (7) |
| Total | **$ 4,761.4** | $ 4,673.5 | 2% | 2% |
| *Franchised revenues* | | | | |
| U.S. | **$ 1,118.4** | $ 1,089.9 | 3% | 3% |
| Europe | **779.1** | 746.6 | 4 | 3 |
| APMEA | **255.9** | 245.5 | 4 | 9 |
| Other Countries & Corporate | **169.0** | 160.4 | 5 | 9 |
| Total | **$ 2,322.4** | $ 2,242.4 | 4% | 4% |
| *Total revenues* | | | | |
| U.S. | **$ 2,282.4** | $ 2,242.3 | 2% | 2% |
| Europe | **2,837.1** | 2,741.2 | 3 | 3 |
| APMEA | **1,589.5** | 1,547.9 | 3 | 3 |
| Other Countries & Corporate | **374.8** | 384.5 | (3) | 0 |
| Total | **$ 7,083.8** | $ 6,915.9 | 2% | 2% |

| **Six Months Ended June 30,** | **2013** | 2012 | Inc/ (Dec) | Inc/ (Dec) Excluding Currency Translation |
|---|---|---|---|---|
| *Company-operated sales* | | | | |
| U.S. | **$ 2,235.7** | $ 2,242.0 | 0% | 0% |
| Europe | **3,920.4** | 3,829.2 | 2 | 3 |
| APMEA | **2,665.2** | 2,608.9 | 2 | 1 |
| Other Countries & Corporate | **385.5** | 425.6 | (9) | (9) |
| Total | **$ 9,206.8** | $ 9,105.7 | 1% | 1% |
| *Franchised revenues* | | | | |
| U.S. | **$ 2,135.2** | $ 2,102.6 | 2% | 2% |
| Europe | **1,503.1** | 1,447.5 | 4 | 3 |
| APMEA | **518.0** | 495.6 | 5 | 9 |
| Other Countries & Corporate | **326.0** | 311.1 | 5 | 8 |
| Total | **$ 4,482.3** | $ 4,356.8 | 3% | 3% |
| *Total revenues* | | | | |
| U.S. | **$ 4,370.9** | $ 4,344.6 | 1% | 1% |
| Europe | **5,423.5** | 5,276.7 | 3 | 3 |
| APMEA | **3,183.2** | 3,104.5 | 3 | 2 |
| Other Countries & Corporate | **711.5** | 736.7 | (3) | (1) |
| Total | **$ 13,689.1** | $ 13,462.5 | 2% | 2% |

Consolidated revenues increased 2% (2% in constant currencies) for the quarter and six months, driven by expansion. For the quarter and six months, comparable sales and guest counts were pressured by challenging economic and IEO industry conditions.

- In the U.S., the increase in revenues for the quarter was driven by expansion and positive comparable sales performance. Expansion drove results for the six months. Innovative new menu options in key growth categories, ongoing support for the Dollar Menu and greater accessibility to McDonald's classic core favorites helped support performance. Sales results for the quarter were negatively impacted by the comparison against prior year promotional activity.
- In Europe, the constant currency increase in revenues for the quarter and six months was driven by expansion, primarily in Russia (which is entirely Company-operated). Revenue growth was also impacted by positive comparable sales in the U.K. and Russia, mostly offset by weaker performance in Germany and France.
- In APMEA, the constant currency increase in revenues for the quarter and six months was driven by expansion, partly offset by negative comparable sales, primarily in China. Results in China reflected the impact of Avian influenza, which diminished through the quarter.

The following table presents the percent change in comparable sales for the quarter and six months ended June 30, 2013 and 2012:

**COMPARABLE SALES**

| | **Increase/ (Decrease)** | | | |
|---|---|---|---|---|
| | **Quarters Ended June 30,** | | **Six Months Ended June 30, *** | |
| | **2013** | 2012 | **2013** | 2012 |
| U.S. | **1.0%** | 3.6% | **(0.1)%** | 6.1% |
| Europe | **(0.1)** | 3.8 | **(0.6)** | 4.4 |
| APMEA | **(0.3)** | 0.9 | **(1.9)** | 3.2 |
| Other Countries & Corporate | **6.6** | 9.1 | **6.1** | 10.2 |
| Total | **1.0%** | 3.7% | **0.0 %** | 5.4% |

* On a consolidated basis, comparable guest counts decreased 1.2% and increased 3.0% for the six months 2013 and 2012, respectively.

The following table presents the percent change in Systemwide sales for the quarter and six months ended June 30, 2013:

**SYSTEMWIDE SALES**

| | **Quarter Ended June 30, 2013** | | **Six Months Ended June 30, 2013** | |
|---|---|---|---|---|
| | Inc/ (Dec) | Increase Excluding Currency Translation | Inc/ (Dec) | Increase Excluding Currency Translation |
| U.S. | 2% | 2% | 1% | 1% |
| Europe | 3 | 3 | 3 | 2 |
| APMEA | (2) | 5 | (3) | 3 |
| Other Countries & Corporate | 5 | 10 | 4 | 10 |
| Total | 2% | 4% | 1% | 3% |

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

**FRANCHISED SALES**
*Dollars in millions*

| Quarters Ended June 30, | 2013 | 2012 | Inc/ (Dec) | Increase Excluding Currency Translation |
|---|---|---|---|---|
| U.S. | **$ 8,083.5** | $ 7,920.1 | 2% | 2% |
| Europe | **4,384.8** | 4,240.7 | 3 | 2 |
| APMEA | **3,100.0** | 3,203.5 | (3) | 6 |
| Other Countries & Corporate | **2,091.8** | 1,955.4 | 7 | 12 |
| Total* | **$ 17,660.1** | $ 17,319.7 | 2% | 4% |

| Six Months Ended June 30, | 2013 | 2012 | Inc/ (Dec) | Increase Excluding Currency Translation |
|---|---|---|---|---|
| U.S. | **$ 15,460.1** | $ 15,297.6 | 1% | 1% |
| Europe | **8,449.4** | 8,226.5 | 3 | 2 |
| APMEA | **6,336.6** | 6,629.2 | (4) | 4 |
| Other Countries & Corporate | **4,069.8** | 3,844.5 | 6 | 12 |
| Total* | **$ 34,315.9** | $ 33,997.8 | 1% | 3% |

* Sales from developmental licensed restaurants or foreign affiliated markets where the Company earns a royalty based on a percent of sales were $3,646.5 million and $3,662.1 million for the quarters 2013 and 2012, respectively, and $7,372.9 million and $7,554.0 million for the six months 2013 and 2012, respectively. Results were negatively impacted by the weaker Yen, which reduced Japan's sales contribution for both periods in 2013. The remaining balance of franchised sales is derived from conventional franchised restaurants where the Company earns rent and royalties based primarily on a percent of sales.

**Restaurant Margins**

**FRANCHISED AND COMPANY-OPERATED RESTAURANT MARGINS**
*Dollars in millions*

| Quarters Ended June 30, | Percent 2013 | Percent 2012 | Amount 2013 | Amount 2012 | Inc/ (Dec) | Inc/ (Dec) Excluding Currency Translation |
|---|---|---|---|---|---|---|
| *Franchised* | | | | | | |
| U.S. | **84.1%** | 84.3% | **$ 940.7** | $ 918.8 | 2 % | 2 % |
| Europe | **78.6** | 79.3 | **612.4** | 592.2 | 3 | 2 |
| APMEA | **87.6** | 88.7 | **224.3** | 217.7 | 3 | 8 |
| Other Countries & Corporate | **86.3** | 85.7 | **145.9** | 137.5 | 6 | 10 |
| Total | **82.8%** | 83.2% | **$1,923.3** | $1,866.2 | 3 % | 4 % |
| *Company-operated* | | | | | | |
| U.S. | **18.7%** | 19.8% | **$ 217.9** | $ 228.2 | (5)% | (5)% |
| Europe | **19.4** | 19.3 | **399.6** | 384.6 | 4 | 4 |
| APMEA | **14.3** | 15.3 | **190.8** | 198.6 | (4) | (5) |
| Other Countries & Corporate | **16.3** | 17.0 | **33.6** | 38.3 | (12) | (11) |
| Total | **17.7%** | 18.2% | **$ 841.9** | $ 849.7 | (1)% | (1)% |

| Six Months Ended June 30, | Percent 2013 | Percent 2012 | Amount 2013 | Amount 2012 | Inc/ (Dec) | Inc/ (Dec) Excluding Currency Translation |
|---|---|---|---|---|---|---|
| *Franchised* | | | | | | |
| U.S. | **83.5%** | 83.9% | **$1,783.9** | $1,763.2 | 1 % | 1 % |
| Europe | **77.9** | 78.6 | **1,170.3** | 1,137.9 | 3 | 2 |
| APMEA | **87.7** | 88.6 | **454.2** | 439.3 | 3 | 8 |
| Other Countries & Corporate | **85.8** | 85.3 | **279.6** | 265.5 | 5 | 9 |
| Total | **82.3%** | 82.8% | **$3,688.0** | $3,605.9 | 2 % | 3 % |
| *Company-operated* | | | | | | |
| U.S. | **18.1%** | 19.3% | **$ 404.7** | $ 432.9 | (7)% | (7)% |
| Europe | **18.1** | 18.4 | **711.3** | 706.3 | 1 | 1 |
| APMEA | **14.4** | 16.1 | **384.9** | 419.0 | (8) | (9) |
| Other Countries & Corporate | **15.7** | 16.3 | **60.4** | 69.3 | (13) | (12) |
| Total | **17.0%** | 17.9% | **$1,561.3** | $1,627.5 | (4)% | (4)% |

Franchised margin dollars increased $57.1 million or 3% (4% in constant currencies) for the quarter and increased $82.1 million or 2% (3% in constant currencies) for the six months.

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

Company-operated margin dollars decreased $7.8 million or 1% (1% in constant currencies) for the quarter and decreased $66.2 million or 4% (4% in constant currencies) for the six months, reflecting soft comparable sales performance, which impacted our ability to overcome cost pressures.

- In the U.S., the Company-operated margin percent for the quarter and six months decreased primarily due to higher labor, occupancy and other operating costs.
- In Europe, the Company-operated margin percent increased for the quarter and decreased for the six months. While positive comparable sales performance in the U.K. and Russia benefited margins for both periods, higher labor, commodity costs and depreciation related to reimaging pressured results.
- In APMEA, the Company-operated margin percent for the quarter and six months decreased primarily due to new restaurant openings, mainly in China, and higher crew labor throughout the segment. Similar to other markets, new restaurants in China initially open with lower margins that grow significantly over time.

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

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

| | **Quarters Ended June 30,** | | **Six Months Ended June 30,** | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| Food & paper | **33.7%** | 34.1% | **33.8%** | 34.2% |
| Payroll & employee benefits | **25.7** | 25.4 | **26.0** | 25.5 |
| Occupancy & other operating expenses | **22.9** | 22.3 | **23.2** | 22.4 |
| Total expenses | **82.3%** | 81.8% | **83.0%** | 82.1% |
| Company-operated margins | **17.7%** | 18.2% | **17.0%** | 17.9% |

### Selling, General & Administrative Expenses

Selling, general and administrative expenses decreased 2% (2% in constant currencies) for the quarter and decreased 1% (1% in constant currencies) for the six months due to lower incentive-based compensation, mostly offset by higher employee costs. In addition, 2012 included costs related to the Worldwide Owner/Operator Convention.

For the six months, selling, general and administrative expenses as a percent of revenues decreased to 8.8% for 2013 compared with 9.0% for 2012, and as a percent of Systemwide sales was 2.8% for 2013 and 2012.

### Other Operating (Income) Expense, Net

**OTHER OPERATING (INCOME) EXPENSE, NET**
*Dollars in millions*

| | **Quarters Ended June 30,** | | **Six Months Ended June 30,** | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| Gains on sales of restaurant businesses | **$ (31.4)** | $ (25.3) | **$ (84.1)** | $ (41.0) |
| Equity in earnings of unconsolidated affiliates | **(24.9)** | (33.6) | **(43.6)** | (74.0) |
| Asset dispositions and other (income) expense, net | **16.8** | 2.5 | **26.3** | 19.0 |
| Total | **$ (39.5)** | $ (56.4) | **$ (101.4)** | $ (96.0) |

Gains on sales of restaurant businesses increased for the six months primarily in Australia, and to a lesser extent, Europe.

The decrease in equity in earnings of unconsolidated affiliates for the six months reflected lower operating results, primarily in Japan.

Asset dispositions and other expense increased for the quarter partly due to lower gains on unconsolidated partnership dissolutions in the U.S.

**Operating Income**

**OPERATING INCOME**
*Dollars in millions*

| Quarters Ended June 30, | 2013 | 2012 | Inc/ (Dec) | Increase Excluding Currency Translation |
|---|---|---|---|---|
| U.S. | **$ 967.9** | $ 972.1 | 0 % | 0 % |
| Europe | **850.8** | 807.2 | 5 | 5 |
| APMEA | **354.7** | 358.8 | (1) | 3 |
| Other Countries & Corporate | **24.3** | 16.9 | 43 | 73 |
| Total | **$ 2,197.7** | $ 2,155.0 | 2 % | 3 % |

| Six Months Ended June 30, | 2013 | 2012 | Inc/ (Dec) | Inc/ (Dec) Excluding Currency Translation |
|---|---|---|---|---|
| U.S. | **$ 1,812.6** | $ 1,843.4 | (2)% | (2)% |
| Europe | **1,558.9** | 1,506.5 | 3 | 3 |
| APMEA | **736.6** | 742.7 | (1) | 2 |
| Other Countries & Corporate | **39.1** | 27.0 | 44 | 85 |
| Total | **$ 4,147.2** | $ 4,119.6 | 1 % | 1 % |

Operating income increased $42.7 million or 2% (3% in constant currencies) for the quarter and $27.6 million or 1% (1% in constant currencies) for the six months.

- In the U.S., operating results were relatively flat for the quarter and decreased for the six months as higher franchised margin dollars were more than offset by lower Company-operated margin dollars and lower other operating income.
- In Europe, constant currency operating results for the quarter and six months were driven by higher franchised and Company-operated margin dollars. The six months were also positively impacted by higher gains on sales of restaurants.
- In APMEA, constant currency operating results for the quarter and six months reflected higher franchised margin dollars and lower Company-operated margin dollars. The six months were also positively impacted by higher other operating income.

- ***Combined Operating Margin***

Combined operating margin is defined as operating income as a percent of total revenues. Combined operating margin was 30.3% and 30.6% for the six months 2013 and 2012, respectively.

**Interest Expense**

Interest expense was relatively flat for the quarter and six months.

**Nonoperating (Income) Expense, Net**

**NONOPERATING (INCOME) EXPENSE, NET**
*Dollars in millions*

| | Quarters Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| Interest Income | **$ (3.1)** | $ (6.5) | **$ (7.1)** | $(18.0) |
| Foreign currency and hedging activity | **5.6** | 7.1 | **6.1** | 7.6 |
| Other (income) expense, net | **5.5** | 14.5 | **13.6** | 13.7 |
| Total | **$ 8.0** | $15.1 | **$12.6** | $ 3.3 |

**Income Taxes**

The effective income tax rate was 32.2% and 33.0% for the quarters 2013 and 2012, respectively, and 31.2% and 32.2% for the six months 2013 and 2012, respectively. The 2013 effective income tax rate for the six months included a tax benefit of nearly $50 million, reflecting the retroactive impact of certain tax benefits as a result of the American Taxpayer Relief Act of 2012.

**Cash Flows and Financial Position**

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

Cash provided by operations totaled $3.2 billion and exceeded capital expenditures by $2.0 billion for the six months 2013. Cash provided by operations increased $80.1 million compared with the six months 2012.

Cash used for investing activities totaled $1.1 billion for the six months 2013, a decrease of $202.4 million compared with the six months 2012, primarily due to the maturity of certain short-term time deposits and lower capital expenditures.

Cash used for financing activities totaled $2.1 billion for the six months 2013, an increase of $468.8 million compared with the six months 2012, reflecting lower debt issuances and higher debt repayments, partly due to timing. The increase was partly offset by lower treasury stock purchases.

Debt obligations at June 30, 2013 totaled $13.4 billion compared with $13.6 billion at December 31, 2012. The decrease was primarily due to the effect of changes in foreign currency exchange rates.

## Risk Factors and Cautionary Statement Regarding Forward-Looking Statements

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

Our business and execution of our strategic plan, the Plan to Win, are subject to risks. The most important of these is whether we can remain relevant and a brand customers trust. Meeting customer expectations is complicated by the risks inherent in our global operating environment. Our business model is built around growing comparable sales to realize margin leverage, and we expect unfavorable economic conditions in many markets to continue to pressure our financial performance, with continued flat or contracting IEO segments in many markets, broad-based consumer caution and price sensitivity, reduced pricing power and intensifying competitive activity. Given these conditions and persistent cost pressures, we expect our results for the remainder of 2013 to remain challenged.

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

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

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

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

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

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

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

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

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

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

- The impact of changes in our debt levels on our credit ratings, interest expense, availability of acceptable counterparties, ability to obtain funding on favorable terms or our operating or financial flexibility, especially if lenders impose new operating or financial covenants.

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

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

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

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

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

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

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

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

## Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

## Item 4. Controls and Procedures

An evaluation was conducted under the supervision and with the participation of the Company’s management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company’s disclosure controls and procedures as of June 30, 2013. Based on that evaluation, the CEO and CFO concluded that the Company’s disclosure controls and procedures were effective as of such date to ensure that information required to be disclosed in the reports that it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Such officers also confirm that there was no change in the Company’s internal control over financial reporting during the quarter ended June 30, 2013 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

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

### Item 1A. Risk Factors

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

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

**Issuer Purchases of Equity Securities***

The following table presents information related to repurchases of common stock the Company made during the three months ended June 30, 2013:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) |
|---|---|---|---|---|
| April 1 - 30, 2013 | 1,245,395 | $ 100.67 | 1,245,395 | $ 8,772,382,719 |
| May 1 - 31, 2013 | 1,791,170 | 100.75 | 1,791,170 | 8,591,928,401 |
| June 1 - 30, 2013 | 1,285,197 | 97.97 | 1,285,197 | 8,466,021,258 |
| Total | 4,321,762 | $ 99.90 | 4,321,762 | |

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

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

## Item 6. Exhibits

| Exhibit Number | | Description |
|---|---|---|
| (3) | (a) | Restated Certificate of Incorporation, effective as of June 14, 2012, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2012. |
| | (b) | By-Laws, as amended and restated with effect as of July 19, 2012, incorporated herein by reference from Form 8-K, filed July 20, 2012. |
| (4) | | Instruments defining the rights of security holders, including Indentures:* |
| | (a) | Senior Debt Securities Indenture, incorporated herein by reference from Exhibit (4)(a) of Form S-3 Registration Statement (File No. 333-14141), filed October 15, 1996. |
| | (b) | Subordinated Debt Securities Indenture, incorporated herein by reference from Exhibit (4)(b) of Form S-3 Registration Statement (File No. 333-14141), filed October 15, 1996. |
| (10) | | Material Contracts |
| | (a) | Directors' Deferred Compensation Plan, effective as of January 1, 2008, incorporated herein by reference from Form 8-K, filed December 4, 2007.** |
| | (b) | McDonald's Excess Benefit and Deferred Bonus Plan, effective January 1, 2011, as amended and restated March 22, 2010, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2010.** |
| | (c) | McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective as of September 1, 2001, incorporated herein by reference from Form 10-K, for the year ended December 31, 2001.** |
| | | (i) First Amendment to the McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective as of January 1, 2002, incorporated herein by reference from Form 10-K, for the year ended December 31, 2002.** |
| | | (ii) Second Amendment to the McDonald's Corporation Supplemental Profit Sharing and Savings Plan, effective January 1, 2005, incorporated herein by reference from Form 10-K, for the year ended December 31, 2004.** |
| | (d) | 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) | McDonald's Corporation Executive Retention Replacement Plan, effective as of December 31, 2007 (as amended and restated on December 31, 2008), incorporated herein by reference from Form 10-K, for the year ended December 31, 2008.** |
| | (g) | McDonald's Corporation Amended and Restated 2001 Omnibus Stock Ownership Plan, effective July 1, 2008, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2009.** |
| | | (i) First amendment to the McDonald's Corporation Amended and Restated 2001 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-K, for the year ended December 31, 2008.** |
| | | (ii) Second Amendment to the McDonald's Corporation Amended and Restated 2001 Omnibus Stock Ownership Plan as amended, effective February 9, 2011, incorporated herein by reference from Form 10-K, for the year ended December 31, 2010.** |
| | (h) | McDonald's Corporation 2012 Omnibus Stock Ownership Plan, effective June 1, 2012, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2012.** |
| | (i) | McDonald's Corporation 2009 Cash Incentive Plan, effective as of May 27, 2009, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2009.** |
| | (j) | McDonald's Corporation Target Incentive Plan, effective January 1, 2013, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2013.** |
| | (k) | McDonald's Corporation Cash Performance Unit Plan, effective February 13, 2013, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2013.** |

| Exhibit Number | | Description |
|---|---|---|
| | (l) | Form of Executive Stock Option Grant Agreement in connection with the Amended and Restated 2001 Omnibus Stock Ownership Plan, as amended, incorporated herein by reference from Form 10-K, for the year ended December 31, 2011.** |
| | (m) | Form of Executive Performance-Based Restricted Stock Unit Award Agreement in connection with the Amended and Restated 2001 Omnibus Stock Ownership Plan, as amended, incorporated herein by reference from Form 10‑K, for the year ended December 31, 2011.** |
| | (n) | Form of Executive Stock Option Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2013.** |
| | (o) | Form of Executive Performance-Based Restricted Stock Unit Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2013.** |
| | (p) | Form of Special CPUP Performance-Based Restricted Stock Unit Award Agreement in connection with the 2012 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2013.** |
| | (q) | McDonald’s Corporation Severance Plan, effective January 1, 2008, incorporated by reference from Form 8-K, filed December 4, 2007.** |
| | | (i) First Amendment of McDonald’s Corporation Severance Plan, effective as of October 1, 2008, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2008.** |
| | | (ii) Second Amendment of McDonald’s Corporation Severance Plan, effective as of December 5, 2011, incorporated herein by reference from Form 10-K, for the year ended December 31, 2011.** |
| | (r) | Form of McDonald's Corporation Tier I Change of Control Employment Agreement, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2008.** |
| | (s) | Amended Assignment Agreement between Timothy Fenton and the Company, dated January 2008, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2008.** |
| | | (i) 2009 Amendment to the Amended Assignment Agreement between Timothy Fenton and the Company, effective as of January 1, 2009, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2009.** |
| | (t) | Description of Restricted Stock Units granted to Andrew J. McKenna, filed herewith.** |
| | (u) | Terms of the Restricted Stock Units granted pursuant to the Company’s Amended and Restated 2001 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-K, for the year ended December 31, 2010.** |
| | (v) | Executive Supplement describing the special terms of equity compensation awards granted to certain executive officers, pursuant to the Company’s Amended and Restated 2001 Omnibus Stock Ownership Plan, as amended, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2011.** |
| | (w) | Separation Agreement between Janice Fields and the Company dated May 15, 2013, filed herewith.** |
| | (x) | Later Date Agreement between Janice Fields and the Company dated May 15, 2013, filed herewith.** |
| (12) | | Computation of Ratios. |

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

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

** Denotes compensatory plan.

SIGNATURE

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

McDONALD'S CORPORATION
(Registrant)

/s/ Peter J. Bensen

July 31, 2013

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

**Exhibit 10(t)**

In recognition of his responsibilities as non-executive Chairman and upon the recommendation of the Governance Committee of the Board of Directors (“Board”) of McDonald's Corporation (the “Company”), the Compensation Committee of the Board awarded Andrew J. McKenna a grant of 8,637 restricted stock units (“RSUs”) on June 14, 2013. Each RSU represents the right to receive, on the settlement date, one share of the Company's common stock or, at the Company's discretion, cash equal to the fair market value thereof. The RSUs will be settled on the later of (i) one year from the date of grant or (ii) Mr. McKenna's retirement from the Board. The RSUs will immediately be settled upon Mr. McKenna's death or if his service on the Board terminates because he becomes disabled.

Mr. McKenna also received previous grants of RSUs, on the same terms as described herein, as follows: 9,474 RSUs in 2012, 10,434 RSUs in 2011, 12,453 RSUs in 2010, 14,388 RSUs in 2009, 14,222 RSUs in 2008, 17,000 RSUs in 2007, 15,000 RSUs in 2006 and 10,000 RSUs in 2005. The prior grants are disclosed in Exhibit 10(n) to Form 10-Q filed with the Securities and Exchange Commission (“SEC”) on August 6, 2012; Exhibit 10(o) to Form 10-Q filed with the SEC on August 5, 2011; Exhibit 10(p) to Form 10-Q filed with the SEC on August 5, 2010; Exhibit 10(q) to Forms 10-Q filed with the SEC on August 6, 2009, August 6, 2008 and August 6, 2007, respectively, and on Forms 8-K filed with the SEC on May 31, 2006 and May 16, 2005, respectively.

**Exhibit 10(w)**

TO: Janice Fields

The following states the terms of our Agreement regarding your separation from McDonald's. Your termination will be treated as a Covered Termination under the McDonald's Corporation Severance Plan. (This Agreement will be referred to as the "First Agreement.").

**SEPARATION FROM SERVICE DATE**

Your date of "separation from service" for purposes of Section 409A of the Internal Revenue Code of 1986, amended (the "Code") was December 31, 2012; however, you remained employed by McDonald's Corporation ("McDonald's") until March 1, 2013.

**PAYMENTS**

You have received or will receive the following payments:

- Your December 31, 2012 paycheck, which included your salary through December 31, 2012, and any accrued but unused vacation days as of your separation from service date.
- Company Car Allowance for January 1, 2013 to March 1, 2013, to be paid to you as a lump sum on July 1, 2013.

All payments to you, as set forth in this First Agreement, have been issued or will be issued in accordance with, and subject to any withholding required by, all local, state, and federal laws.

**TARGET INCENTIVE PLAN (TIP)**

You received your 2012 Target Incentive Plan (TIP) payment on or about March 1, 2013. Your TIP was administered consistent with the Target Incentive Plan documents. Your IPF for your 2012 TIP was 100%.

**CASH PERFORMANCE UNIT PLAN (CPUP)**

You received a payout under the 2010-2012 CPUP. The amount of this payout was determined by the Compensation Committee at the end of the CPUP performance cycle. You received this payment in the normal CPUP payment cycle in March 2013.

**OFFICER FINANCIAL COUNSELING**

You are eligible to receive Officer Financial Counseling Services reimbursements in accordance with the Executive Financial Counseling and Life Planning Program provided services were rendered and reimbursement submitted after January 1, 2013 and prior to March 1, 2013. You will be reimbursed up to $10,000 for any eligible amounts on or after July 1, 2013, but no later than December 31, 2013.

**OFFICER ANNUAL PHYSICAL**

You were eligible to receive your annual executive physical for calendar year 2013 in accordance with the terms of the Executive Physical Program, provided your physical was completed prior to March 1, 2013. If the physical was not taken, no cash payout will be made.

**CONTINUATION OF HEALTH COVERAGE**

You acknowledge that you received medical and dental coverage under the McDonald's medical and dental benefit programs in which you participated through December 31, 2012. You were entitled to elect to continue your coverage under the medical and dental benefit programs of McDonald's or its subsidiaries that you participated in at the time of your separation from service (*i.e.*, starting January 1, 2013) for 18 months (or longer if required by law). This is known as COBRA coverage. If you filed a timely election to take COBRA coverage, you have to pay the applicable employee cost under the plan in which you were enrolled, and McDonald's will pay the remainder of the cost of your COBRA coverage through December 2013. You will only be able to take the COBRA coverage if you pay the applicable employee cost on a monthly basis. You may not have your share of these costs withheld from your cash severance nor contributed to any cafeteria or flexible spending account. After December 2013, any further COBRA coverage to which you may be entitled will continue only if you pay the full cost. The cost will be 102% of both the employee and the employer premium costs under the applicable plans. If you fail to pay your COBRA premium by the end of the month for which the premium is due, your coverage will terminate as of the last day of the month for which your last premium was paid. McDonald's will not pay any portion of the cost of COBRA coverage beyond December 2013, regardless of whether you or your eligible dependents have an additional qualifying event under COBRA. Notwithstanding the foregoing, if COBRA coverage is no longer required to be provided under the federal laws governing COBRA, all payments for COBRA coverage under the Plan will also end. Further information about COBRA coverage was provided by the Plan Administrator. Upon the expiration of your COBRA coverage, you may elect McDonald's Retiree Medical benefits at your cost, provided you meet and satisfy all of the requirements of McDonald's Retiree Medical Plan, as in effect from time to time. In any event, Retiree Medical Benefits will be available only for as long as McDonald's maintains such a plan for retirees, and McDonald's reserves the right to amend or terminate the Retiree Medical Plan at any time, in its sole discretion.

**GENERAL RELEASE**

In exchange for the payments and benefits set forth in this First Agreement, you are waiving and releasing all claims and causes of action you have or may have, known or unknown, suspected or unsuspected, accrued or unaccrued, fixed or contingent, against McDonald's, arising from or relating to acts or omissions on or before the date you sign this First Agreement. ("McDonald's," as used in this release and throughout this First Agreement, is defined in the final paragraph **(SUCCESSORS; DEFINITION OF "McDONALD'S")** of this First Agreement.)

The claims you are releasing include, but are not limited to, any and all claims and causes of action that McDonald's: (a) has discriminated against you on the basis of age (or any other claim or right arising under the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq. ("ADEA")), race, color, sex (including sexual harassment), national origin, ancestry, disability, religion, sexual orientation, marital status, parental status, veteran status, military status, citizenship status, genetic information, source of income, entitlement to benefits, or any other status protected by local, state or federal laws, constitutions, regulations, ordinances or executive orders; (b) has violated its personnel policies, handbooks or any covenant of good faith and fair dealing or breached any written, oral or implied contract of employment between you and McDonald's; (c) has violated public policy or common law, including but not limited to claims for: personal injury; invasion of privacy; retaliatory or wrongful discharge; whistle blowing; negligent hiring, retention or supervision; defamation; intentional or negligent infliction of emotional distress and/or mental anguish; intentional interference with contract; negligence; detrimental reliance; loss of consortium to you or any member of your family; and/or promissory estoppel; (d) is in any way obligated for any reason to pay you damages, expenses, litigation costs (including attorneys' fees), wages, bonuses, commissions, disability, retirement or welfare benefits, vacation pay and sick pay, compensatory damages, penalties, liquidated damages, punitive damages, other payments, and/or interest; (e) has any obligations or owes any compensation or payments to you in connection with any ideas, information, inventions, processes, procedures, systems, methods, intellectual property or other materials that you may have developed, produced, created, designed, modified, improved, enhanced or revised during your employment with McDonald's or disclosed to McDonald's, including without limitation any trademarks, service marks, trade dress, copyrights, patents and/or trade secrets, (collectively referred to in this First Agreement as "Materials"); and (f) has violated any other federal, state or local law, including but not limited to Title VII of the Civil Rights Act of 1964, as amended in 1991 ("Title VII"), the Civil Rights Act of 1866, as amended (42 U.S.C. Section 1981), the Civil Rights Act of 1991, as amended (42 U.S.C. Section 1981a), the Americans with Disabilities Act, as amended ("ADA"), the Employee Retirement Income Security Act, as amended, the Family and Medical Leave Act, as amended, the Uniformed Services Employment and Reemployment Rights Act ("USERRA"), the Genetic Information Nondiscrimination Act ("GINA"), the Fair Labor Standards Act, the Equal Pay Act, the National Labor Relations Act, the Fair Credit Reporting Act, the Immigration Reform Control Act, the Occupational Safety and Health Act, the Sarbanes-Oxley Act, the Employee Polygraph Protection Act, and the Worker Adjustment and Retraining Notification Act ("WARN Act"), any state or federal consumer protection and/or trade practices act, the Illinois Human Rights Act, the Illinois Wage Payment and Collection Act, the Illinois Equal Wage Act, the Illinois Equal Pay Act of 2003, the Illinois Minimum Wage Law, the Illinois Worker Adjustment and Retraining Notification Act ("Illinois WARN Act"), the anti-retaliation provisions of the Illinois Workers Compensation Act, and the Illinois Whistleblower Act. YOU UNDERSTAND BY SIGNING THIS AGREEMENT, YOU ARE GIVING UP ALL CLAIMS AGAINST McDONALD'S, except as otherwise provided below. You agree that this First Agreement provides benefits to you that are above and beyond anything to which you are otherwise entitled.

The claims you are releasing include, but are not limited to, the continuing or future effects of any act or omission by McDonald's through the date of this First Agreement, even if you are first affected or are first aware of the effect after the date you sign this First Agreement. Without limiting the generality of the foregoing, the claims you are releasing include any claim that any future nonpayment or difference in amount, timing or duration of wages, salaries, bonuses, benefits (such as under the Profit Sharing and Savings Plan, Long Term Incentive Plans, Insurance Plans, TIP Plan, stock option and restricted stock unit plans, and Cash Performance Unit Plan) or other compensation is discriminatory under the ADEA, Title VII, the ADA and the Rehabilitation Act of 1973, all as amended or modified in operation by the Lilly Ledbetter Fair Pay Act of 2009, and all such claims under all federal, state and local law, as heretofore or hereafter amended or modified in operation.

Except as otherwise provided below, you have given up all claims against McDonald's and do not have a basis to sue McDonald's. If, despite this, you sue McDonald's in any forum or proceeding, you agree to pay all of McDonald's costs and litigation expenses (including but not limited to reasonable attorney's fees) in that suit. This is in addition to McDonald's right to other remedies in such a case. Excepted from this release and this promise is any action by you to enforce the terms of this First Agreement. In addition, excepted from this release and this promise is a good faith challenge by you to the validity of the release provision of this First Agreement under the ADEA. Also excluded from this First Agreement are any claims or rights which cannot be waived by law, including without limitation the right to file a charge of discrimination with an administrative agency and the right to participate in an investigation or proceeding conducted by an administrative agency. You are waiving, however, your right to any monetary recovery or other relief in connection with such a charge filed by you or anyone else. You hereby assign to McDonald's all your right, title and interest in any monetary recovery or other relief obtained in any proceeding.

You are releasing and waiving all claims on behalf of yourself, your beneficiaries under any employee benefit plans or arrangements, agents, executors, representatives, guardians ad litem, heirs, successors and assigns, and anyone acting for you or on your behalf.

Notwithstanding anything to the contrary herein, you are not releasing any claim to enforce the terms of this Agreement.

**NON-DISPARAGEMENT AND LIMITATIONS ON PUBLICATIONS**
You will not disrupt, interfere with, cause any disturbance to or disparage McDonald's business or, directly or indirectly, by any means or in any medium (including, without limitation, social media, such as blogging, tweeting and posting on social media sites), and whether in your own name, anonymously, using a pseudonym or otherwise, do, say, write, confirm or otherwise communicate or publish to any person or entity, by word, action, omission or otherwise, anything that could reasonably be expected to cast a bad light on McDonald's, its business or any of its current and former directors, officers, agents, suppliers, franchisees and employees ("McDonald's Related Persons") in their capacities as such or disparage or cause damage to the reputation, brand, name, business, products and services of McDonald's or any McDonald's Related Persons. In the event that you communicate via social media about McDonald's or otherwise make public statements about McDonald's, you further agree that such communications will clearly state or otherwise make clear that you are not employed by and do not represent McDonald's, and will be clearly identified as representing or otherwise make clear that they represent your personal views and not those of McDonald's. Should you determine that you have any question about whether something you plan to communicate comports with the provisions of this First Agreement, you will get the prior written consent of McDonald's General Counsel, Gloria Santona, or her successor before making such communication. Notwithstanding the foregoing, nothing herein shall prohibit you from making truthful statements when required by court order or other legal body having jurisdiction.

Without limiting the generality of the foregoing, you further agree that, you shall not, for three (3) years following your termination date publish any articles or books about McDonald's, its business or any McDonald's-Related Person, or grant an interview to any representative of the public media about McDonald's, without the prior written consent of McDonald's General Counsel, Gloria Santona, or her successor.

**TRADE SECRETS**
You acknowledge that during your employment you have formulated, established and otherwise had access to and knowledge of McDonald's trade secrets and confidential business information, including but not limited to, special information about relationships and distributors, vendors, suppliers, manufacturers, franchisees, employees and customers, as well as special and confidential knowledge about McDonald's relating to pricing, business and financial affairs, advertising, marketing, sales, expansion plans, new store sites and strategies for McDonald's business, including various technical items and equipment used or contemplated for use in McDonald's business. You further acknowledge that the preservation of a continuing business relationship between McDonald's and its customers, franchisees, suppliers and manufacturers is of critical importance to the continued business success of McDonald's and that it is the policy of McDonald's to safeguard as confidential the identity and special needs of certain customers, franchisees, suppliers, manufacturers, representatives and key employees. In view of the foregoing, you agree that until such items and data become public through no act or omission by you or wrongful act or omission of any other person, you will not disclose to any person or entity or use for any purpose whatsoever any trade secrets or confidential information concerning the business, or any customer, representative, agent or employee of McDonald's that was obtained by you in the course of your employment with McDonald's. You further acknowledge that upon separation from your employment, you did not take with you, but left with McDonald's, all records (including electronic data) and papers and all matters of whatever nature that contained secret or confidential information of McDonald's. For purposes of this First Agreement, the terms "trade secrets" and "confidential information" include non-public processes, methods, techniques, systems, formulae, patents, models, devices, compilations, customer lists, financial information, development plans, supplier lists and any non-public information of whatever nature that gives to McDonald's an opportunity to obtain an advantage over competitors who do not know or use such information or data or any information that would be harmful to McDonald's if disclosed. Without limiting the generality of the foregoing, you further agree that you will not write, confirm or otherwise communicate or publish to any person or entity any of McDonald's trade secrets or confidential information, including, without limitation while using social media (e.g., blogging, tweeting, and postings on social networking sites). Should there be any question about whether something you plan to communicate comports with the provisions of this First Agreement, you will get the prior written consent of McDonald's General Counsel, Gloria Santona, or her successor.

**RECEIPT OF PAY AND BENEFITS TO DATE; NO RETALIATION**
You agree that you have received all salary and benefits due to you to date, have not been denied the opportunity to take any family and medical leave which you have requested and have not been retaliated against because you have sought any salary, benefits or leave or because you have opposed or reported any practice you believe is unlawful, provided any information or caused information to be provided, assisted in any investigation by any branch of federal, state or local government or by McDonald's, or have filed, caused to be filed, participated or assisted in any administrative or judicial proceedings to enforce your rights under any statute or law. All pay earned by you, including vacation pay, has been paid or is included in the amounts referred to in the Payments section above.

**COMPLIANCE WITH OLDER WORKER BENEFIT PROTECTION ACT; KNOWING AND VOLUNTARY AGREEMENT AND RELEASE**

You have participated in negotiating the terms of this First Agreement, have read it and understand it fully. You acknowledge that you have been advised by this First Agreement to consult with an attorney prior to executing this First Agreement and that you have been represented by counsel in connection with the drafting of this Agreement and your decision whether to enter into this Agreement. You further acknowledge that you have been given at least 21 days to consider the terms of this First Agreement, that you have been able to use this period, or as much of this period as you desire, and that you are now executing this First Agreement voluntarily with the express intention of making a binding legal agreement, including giving up all claims against McDonald's as provided herein. You forever waive any relief not explicitly set forth in this document.

**REMEDIES FOR BREACH**

Should you materially breach this First Agreement, McDonald's shall be entitled to recover the entire value of any consideration you have received pursuant to this First Agreement and shall be relieved of any obligation to pay further consideration. It is agreed that this is not a penalty but an agreed upon remedy that results from a failure of consideration upon a material breach of this First Agreement.

**ATTORNEY'S FEES; SAVINGS CLAUSE**

You agree to pay all costs and attorneys' fees incurred by McDonald's in enforcing this First Agreement should you materially violate any provision of it, without in any way limiting McDonald's right to recover damages and other legal and equitable relief. McDonald's agrees to pay all costs and attorneys' fees incurred by you in enforcing this First Agreement should McDonalds materially violate any provision of it, without in any way limiting your right to recover damages and other legal and equitable relief. Should any provision of this First Agreement be found void or unenforceable by any court of law, the remaining provisions shall continue in full force and effect.

**ARBITRATION OF CERTAIN DISPUTES**

All disputes, claims, and causes of action relating to, arising under or involving the interpretation or application of this First Agreement, except any claims for temporary or permanent injunctive relief by McDonald's shall be resolved solely and exclusively by final, binding and confidential arbitration before a single arbitrator pursuant to the rules of the American Arbitration Association applicable to employment disputes. The only exception is that McDonald's or you may bring claims for temporary or permanent injunctive relief in court. The parties understand and agree that this paragraph waives their right to a jury trial on these claims. In any such arbitration, the waiver, release and covenant not to sue contained in this First Agreement will be fully applicable and enforceable. Likewise, although you have released and have no basis for any claim relating to or arising from your employment or separation from employment with McDonald's, including but not limited to claims of discrimination or unlawful termination, any such claims shall be resolved solely and exclusively by the same arbitration procedure.

**RIGHT TO REVOKE**

This First Agreement may be revoked by delivering a written notice of revocation to Carrie Reuter, McDonald's Corporation, 2915 Jorie Boulevard, Dept. 146, Oak Brook, Illinois 60523, no later than the close of business on the seventh day after you sign it. Revocations delivered by mail must be postmarked by the seventh day after signing this First Agreement. Any revocation must be accompanied by repayment of all consideration already tendered under the terms of this First Agreement.

**LATER DATE RELEASE**

Provided you deliver to McDonald's and do not revoke that certain Later Date Agreement ("Later Date Agreement"), a copy of which is attached hereto, by which you will provide a general release to McDonald's covering the period from this First Agreement to the date you sign the Later Date Agreement, you will also receive certain payments and other benefits, as set forth in the Later Date Agreement, as consideration for that Later Date Agreement. The payments and other benefits referred to in the Later Date Agreement will not be provided unless you sign, deliver to McDonald's and do not revoke the Later Date Agreement. This First Agreement will remain in full force and effect after you enter into the Later Date Agreement and will remain in full force and effect if you do not enter into or revoke the Later Date Agreement.

**ENTIRE AGREEMENT**

This First Agreement contains the full agreement between you and McDonald's and completely supersedes any prior written or oral agreements or representations concerning the subject matter thereof, with the exception of McDonald's Directors and Officers Liability Insurance Program, McDonald's Standards of Business Conduct, McDonald's Corporation Severance Plan, the Amended and Restated 2001 Omnibus Stock Ownership Plan, including any award agreement under this plan, as well as the Global Prospectus, dated February 8, 2012. Any oral representation or modification concerning this First Agreement shall be of no force or effect.

**SUCCESSORS; DEFINITION OF “McDONALD'S”**

This First Agreement shall be binding on you, your heirs, successors and assigns. “McDonald's” as used in this First Agreement, includes McDonald's Corporation, McDonald's USA, LLC, all of their respective subsidiaries, affiliates and related entities and companies, and their current and former directors, officers, agents, employees, insurers and attorneys, and all employee benefit plans and arrangements and their administrators, trustees and other fiduciaries, and all successors and assigns of all of the foregoing.

| | |
|---|---|
| /s/ Janice Fields | April 26, 2013 |
| Janice Fields | Date |
| /s/ Richard Floersch | May 15, 2013 |
| McDonald's | Date |

**Exhibit 10(x)**

# LATER DATE AGREEMENT

TO: Janice Fields

The following states the terms of our Agreement regarding your separation from McDonald's. Your termination will be treated as a Covered Termination under the McDonald's Corporation Severance Plan. (This Agreement will be referred to as the "Later Date Agreement"). You will not be entitled to enter into this Later Date Agreement unless you have entered into, have not revoked, and have complied in all material respects with the First Agreement, and the First Agreement is in full force and effect. Further, in the event you sign and do not revoke the First Amendment, the First Agreement will remain in full force and effect whether or not you enter into this Later Date Agreement; the First Agreement will remain in full force and effect after you sign this Later Date Agreement or if you do not sign or revoke this Later Date Agreement.

**TERMINATION DATE**

Your date of termination was March 1, 2013; provided however, that the date of your "separation from service" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") was December 31, 2012.

**PAYMENTS**

You will receive the following payments provided you have signed and not revoked this Later Date Agreement:

- Fifty-two (52) weeks severance at your base salary as of the date of your separation from service payable to you in a lump sum on July 1, 2013.
- Your base salary from January 1, 2013 through March 1, 2013, payable to you in a lump sum on July 1, 2013.
- Eight (8) weeks severance pay at your base salary as of the date of your separation from service in lieu of sabbatical payable to you in a lump sum on July 1, 2013.
- Accrued but unused vacation as of your termination date payable to you in a lump sum on July 1, 2013.

All other pay earned by you has been included in your severance pay. All payments to you, as set forth in this Later Date Agreement, will be issued in accordance with, and subject to any withholding required by all local, state, and federal laws.

**TARGET INCENTIVE PLAN (TIP)**

You will receive your 2013 Target Incentive Plan (TIP) payment on or about March 1, 2014. Your 2013 TIP will be pro-rated to your date of termination and administered consistent with the Target Incentive Plan documents. Your IPF for your 2013 TIP will be 100%.

**TRANSITION ASSISTANCE**

McDonald's agrees to provide you with up to Twelve (12) months of transition assistance to assist you in securing a new job. Payment for transition assistance will be made directly to the service provider. No payment will be made to you in lieu of utilization of transition assistance. Transition assistance will be provided by the firm of Challenger, Gray & Christmas, Inc. Transition assistance must be commenced by May 1, 2013.

**STOCK OPTIONS**

All stock option awards held by you at your termination date shall be treated in accordance with the terms of McDonald's Corporation Amended and Restated 2001 Omnibus Stock Ownership Plan, as amended, any applicable stock option grant agreement and the prospectus, including the executive supplement, you received at the time of each award (collectively, the “Grant Materials”). Your stock options that have vested in accordance with the terms of the Grant Materials but have not yet become exercisable will continue to become exercisable pursuant to the original vesting schedule as if you remained an employee (or on the date of your death, if earlier). Notwithstanding anything to the contrary in this Later Date Agreement, for purposes of your stock options, your reason for Termination is Special Circumstances/Company Initiated Termination and your stock options will be treated in accordance with the applicable provisions of the Grant Materials. The chart below indicates when your options became or will become exercisable and the last day to exercise each of your option grants.

| Grant Date(s) | Number of Options | Date(s) When Options Became or Will Become Exercisable | Last Date to Exercise (If the last date to exercise is a weekend or a US holiday, the last date will be the previous business day.) |
|---|---|---|---|
| 2/11/2009 | 6,437 | February 11, 2013 | 3/1/2016 |
| 2/10/2010 | 9,127 | February 10, 2013 | 3/1/2016 |
| 2/10/2010 | 9.127 | February 10, 2014 | 3/1/2016 |
| 2/9/2011 | 8,297 | February 9, 2013 | 3/1/2016 |
| 2/9/2011 | 8,297 | February 9, 2014 | 3/1/2016 |
| 2/9/2011 | 8,297 | February 9, 2015 | 3/1/2016 |
| 2/8/2012 | 11,371 | February 8, 2013 | 3/1/2016 |
| 2/8/2012 | 11,369 | February 8, 2014 | 3/1/2016 |
| 2/8/2012 | 11,369 | February 8, 2015 | 3/1/2016 |
| 2/8/2012 | 11,369 | February 8, 2016 | 3/1/2016 |

**RESTRICTED STOCK UNITS (RSUs)**

Your outstanding RSUs will settle on the dates listed in the chart below (or on the date of your death, if sooner) based on McDonald's actual achievement of the applicable performance conditions. The foregoing will supersede any provisions to the contrary in the Grant Materials of the RSUs granted to you. The RSUs will be paid out in accordance with the terms of the applicable Grant Materials, in the form of shares of McDonald's stock (or cash in McDonald's sole discretion).

| Grant Date | Number of RSUs Granted | Settlement Date |
|---|---|---|
| 2/9/2011 | 4,742 | 2/9/2014 |
| 2/8/2012 | 3,899 | 2/8/2015 |

**REFERENCE**

We will provide the attached mutually agreed upon reference letter in response to any reference requests by parties outside McDonald's and McDonald's operators, provided that all reference requests are directed only to Steve Russell-US SVP, Chief People Officer, or his successor. McDonald's will not be responsible for references given by anyone other than Steve Russell, or his successor.

**COOPERATION WITH McDONALD'S**

You agree that you will reasonably cooperate with McDonald's in any pending or future investigations, charges, complaints, lawsuits or other claims in the event that McDonald's reasonably determines that you may have information or may be a witness relating to the investigation, charge, complaint, lawsuit or other claim.

**GENERAL RELEASE**

In exchange for the payments and benefits set forth in this Later Date Agreement, you are waiving and releasing all claims and causes of action you have or may have, known or unknown, suspected or unsuspected, accrued or unaccrued, fixed or contingent, against McDonald's, arising from or relating to acts or omissions from the date you signed the First Agreement in connection with your separation from service through the date you sign this Later Date Agreement. (“McDonald's,” as used in this release and throughout this Later Date Agreement, is defined in the final paragraph **(SUCCESSORS; DEFINITION OF “McDONALD'S”)** of this Later Date Agreement.)

You acknowledge that except as already provided in the First Agreement you have already released all claims against McDonald's arising from or related to the decision to terminate your employment with McDonald's, in your First Agreement with McDonald's, among other matters released in your First Agreement. That general release in your First Agreement will remain in full force and effect after you enter into this Later Date Agreement or if you do not enter into or revoke this Later Date Agreement.

The claims you are releasing include, but are not limited to, any and all claims and causes of action that, since the date you signed the First Agreement, McDonald's: (a) has discriminated against you on the basis of age (or any other claim or right arising under the Age Discrimination in Employment Act, 29 U.S.C. §§ 621 et seq. ("ADEA")), race, color, sex (including sexual harassment), national origin, ancestry, disability, religion, sexual orientation, marital status, parental status, veteran status, military status, citizenship status, genetic information, source of income, entitlement to benefits, or any other status protected by local, state or federal laws, constitutions, regulations, ordinances or executive orders; (b) has violated its personnel policies, handbooks or any covenant of good faith and fair dealing or breached any written, oral or implied contract of employment between you and McDonald's; (c) has violated public policy or common law, including but not limited to claims for: personal injury; invasion of privacy; retaliatory or wrongful discharge; whistle blowing; negligent hiring, retention or supervision; defamation; intentional or negligent infliction of emotional distress and/or mental anguish; intentional interference with contract; negligence; detrimental reliance; loss of consortium to you or any member of your family; and/or promissory estoppel; (d) is in any way obligated for any reason to pay you damages, expenses, litigation costs (including attorneys' fees), wages, bonuses, commissions, disability, retirement or welfare benefits, vacation pay and sick pay, compensatory damages, penalties, liquidated damages, punitive damages, other payments, and/or interest; (e) has any obligations or owes any compensation or payments to you in connection with any ideas, information, inventions, processes, procedures, systems, methods, intellectual property or other materials that you may have developed, produced, created, designed, modified, improved, enhanced or revised during your employment with McDonald's or disclosed to McDonald's, including without limitation any trademarks, service marks, trade dress, copyrights, patents and/or trade secrets, (collectively referred to in this Later Date Agreement as "Materials"); and (f) has violated any other federal, state or local law, including but not limited to Title VII of the Civil Rights Act of 1964, as amended in 1991 ("Title VII"), the Civil Rights Act of 1866, as amended (42 U.S.C. Section 1981), the Civil Rights Act of 1991, as amended (42 U.S.C. Section 1981a), the Americans with Disabilities Act, as amended ("ADA"), the Employee Retirement Income Security Act, as amended, the Family and Medical Leave Act, as amended, the Uniformed Services Employment and Reemployment Rights Act ("USERRA"), the Genetic Information Nondiscrimination Act ("GINA"), the Fair Labor Standards Act, the Equal Pay Act, the National Labor Relations Act, the Fair Credit Reporting Act, the Immigration Reform Control Act, the Occupational Safety and Health Act, the Sarbanes-Oxley Act, the Employee Polygraph Protection Act, and the Worker Adjustment and Retraining Notification Act ("WARN Act"), any state or federal consumer protection and/or trade practices act, the Illinois Human Rights Act, the Illinois Wage Payment and Collection Act, the Illinois Equal Wage Act, the Illinois Equal Pay Act of 2003, the Illinois Minimum Wage Law, the Illinois Worker Adjustment and Retraining Notification Act ("Illinois WARN Act"), the anti-retaliation provisions of the Illinois Workers Compensation Act, and the Illinois Whistleblower Act. YOU UNDERSTAND BY SIGNING THIS AGREEMENT, YOU ARE GIVING UP ALL CLAIMS AGAINST McDONALD'S arising from or relating to acts or omissions since the date you signed the First Agreement except as otherwise provided herein or in the First Agreement. You agree that this Later Date Agreement provides benefits to you that are above and beyond anything to which you are otherwise entitled.

The claims you are releasing include, but are not limited to, the continuing or future effects of any act or omission by McDonald's from the date you signed the First Agreement through the date of this Later Date Agreement, even if you are first affected or are first aware of the effect after the date you sign this Later Date Agreement. Without limiting the generality of the foregoing, the claims you are releasing include any claim that any future nonpayment or difference in amount, timing or duration of wages, salaries, bonuses, benefits (such as under the Profit Sharing and Savings Plan, Long Term Incentive Plans, Insurance Plans, TIP Plan, stock option and restricted stock unit plans, and Cash Performance Unit Plan) or other compensation is discriminatory under the ADEA, Title VII, the ADA and the Rehabilitation Act of 1973, all as amended or modified in operation by the Lilly Ledbetter Fair Pay Act of 2009, and all such claims under all federal, state and local law, as heretofore or hereafter amended or modified in operation.

Except as provided below and in the First Agreement, you have given up all claims against McDonald's and do not have a basis to sue McDonald's. If, despite this, you sue McDonald's in any forum or proceeding, you agree to pay all of McDonald's costs and litigation expenses (including but not limited to reasonable attorney's fees) in that suit. This is in addition to McDonald's right to other remedies in such a case. Excepted from this release and this promise is any action by you to enforce the terms of the First Agreement or this Later Date Agreement. In addition, excepted from this release and this promise is a good faith challenge by you to the validity of the release provision of the First Agreement or this Later Date Agreement under the ADEA. Also excluded from this Later Date Agreement are any claims or rights which cannot be waived by law, including without limitation the right to file a charge of discrimination with an administrative agency and the right to participate in an investigation or proceeding conducted by an administrative agency. You are waiving, however, your right to any monetary recovery or other relief in connection with such a charge filed by you or anyone else. You hereby assign to McDonald's all your right, title and interest in any monetary recovery or other relief obtained in any proceeding.

You are releasing and waiving all claims on behalf of yourself, your beneficiaries under any employee benefit plans or arrangements, executors, representatives, guardians ad litem, heirs, successors and assigns, and anyone acting for you or on your behalf.

Notwithstanding anything to the contrary herein, you are not releasing any claim to enforce the terms of the First Agreement or this Later Date Agreement.

**RETURN OF McDONALD'S PROPERTY; DEDUCTIONS FROM PAY FOR MONEY OWED TO McDONALD'S**

You acknowledge that on or by your termination date you have returned to McDonald's all documents, manuals, office equipment, credit cards and other things belonging to McDonald's which you possessed or controlled. You authorize McDonald's to deduct from your paycheck or severance pay, any money owed McDonald's as a result of items which were not returned or for loans or advances you have received and which remain unpaid.

**NON-DISPARAGEMENT AND LIMITATIONS ON PUBLICATIONS**

You will not disrupt, interfere with, cause any disturbance to or disparage McDonald's business or, directly or indirectly, by any means or in any medium (including, without limitation, social media, such as blogging, tweeting and posting on social media sites), and whether in your own name, anonymously, using a pseudonym or otherwise, do, say, write, confirm or otherwise communicate or publish to any person or entity, by word, action, omission or otherwise, anything that could reasonably be expected to cast a bad light on McDonald's, its business or any of its current and former directors, officers, agents, suppliers, franchisees and employees ("McDonald's Related Persons") in their capacities as such or disparage or cause damage to the reputation, brand, name, business, products and services of McDonald's or any McDonald's Related Persons. In the event that you communicate via social media about McDonald's or otherwise make public statements about McDonald's, you further agree that, your communications will clearly state or otherwise make clear that you are not employed by and do not represent McDonald's, and will be clearly identified as representing or otherwise make clear that they represent your personal views and not those of McDonald's. Should you have any question about whether something you plan to communicate comports with the provisions of this agreement, you will get the prior written consent of McDonald's General Counsel, Gloria Santona, or her successor before making such communication. Notwithstanding the foregoing, nothing herein shall prohibit you from making truthful statements when required by court order or other legal body having jurisdiction. You agree to provide McDonald's prompt notice of any such court order or request and give McDonald's an opportunity to move, quash or otherwise challenge such court order to the extent reasonably practicable.

Without limiting the generality of the foregoing, you further agree that, you shall not, for three (3) years following your termination date publish any articles or books about McDonald's, its business or any McDonald's-Related Person, or grant an interview to any representative of the public media about McDonald's, without the prior written consent of McDonald's General Counsel, Gloria Santona, or her successor.

**NON-SOLICITATION OF EMPLOYEES; NON-INTERFERENCE WITH BUSINESS RELATIONSHIPS; CONFIDENTIALITY OF EMPLOYEE NAMES; NON DISTURBANCE**

You further agree that for a period of two (2) years from your date of termination, you will not (a) directly or indirectly solicit for employment any "salaried" employee of McDonald's, whether employed at the corporate office or in the field (including the restaurants); (b) directly or indirectly induce any vendor, supplier, franchisee, consultant or independent contractor or partner of McDonald's to reduce or curtail its relationship with McDonald's; or (c) release names of any McDonald's "salaried" employees to recruiters, headhunters or employment agencies. If at any time during this two (2) year period you contemplate extending an offer of employment, either directly or indirectly, to a McDonald's "salaried" employee, you agree to contact the Executive Vice President of Human Resources, or his/her successor, for approval. You agree that you will not now or in the future disrupt, damage, impair or interfere with McDonald's business.

**NON-COMPETE**

You acknowledge that McDonald's is engaged in a highly competitive business and has a compelling business need and interest in preventing release or disclosure of its confidential, proprietary and trade secret information as defined in this Later Date Agreement. Moreover, you acknowledge that McDonald's has highly valuable, long-term and near permanent relationships with certain customers, suppliers, manufacturers, franchisees, employees and service organizations which McDonald's has a legitimate interest in protecting and that you, by virtue of your position with McDonald's, have had access to these customers, suppliers, manufacturers, franchisees, employees and service organizations as well as the confidential, proprietary and trade secret information. You further acknowledge that McDonald's has developed substantial good will at substantial expense and over a substantial time. Accordingly, you agree that during your employment and for a period of two (2) years after your termination date (March 1, 2013), you will not either directly or indirectly, alone or in conjunction with any other party or entity, in the United States, perform any services, work or consulting for one or more Competitive Companies. Competitive Companies shall mean any company in the ready-to-eat restaurant industry anywhere in the United States that exists today or may exist at any time during such two (2) year period. Examples of Competitive Companies include, but are not limited to: YUM Brands, Inc., (including but not limited to Taco Bell, Pizza Hut and Kentucky Fried Chicken), Burger King, Wendy's, Culver's, In-N-Out Burger, Sonic, Hardee's, Checker's, Arby's, Long John Silver's, Jack-in-the-Box, Popeye's Chicken, Chick-fil-A, Domino's Pizza, Chipotle, Q-doba, Panera Bread, Papa John's, Potbelly, Subway, Quiznos, Dunkin' Brands, Seven-Eleven, Tim Horton's, Starbucks, Jamba Juice, and their respective organizations, partnerships, ventures, sister companies, franchisees or any organization in which they have an interest. For the avoidance of doubt and without limiting the generality of the foregoing, Competitive Companies does not include food or food service companies that are not also in the ready-to eat restaurant industry, and also does not include restaurants or restaurant companies that are not in the ready-to-eat restaurant industry (by way of example and not limitation, restaurants or restaurant companies only in the sit-down service or fine dining industries). You agree to consult with Rich Floersch, EVP, Chief Human Resources Officer, or his successor, for clarification as to whether or not McDonald's views a prospective employer, consulting client or other business relationship of yours, in the ready-to-eat industry not listed above, as a competitor.

**LICENSE TO RIGHT OF PUBLICITY**

You hereby grant to McDonald's the irrevocable, worldwide right to use, publish, display, edit, modify and distribute materials bearing your name, voice, image, likeness, statements attributable to you or any other identifiable representation of you in connection with or related to your employment with McDonald's (collectively, "your Likeness") in any form whatsoever now existing or developed in the future. You agree that all materials containing your Likeness are and shall remain the sole and exclusive property of McDonald's, and you hereby assign any proprietary right you may have in such materials to McDonald's. You hereby release and forever discharge McDonald's from any and all liability, claims and damages relating to the use of your Likeness and you waive any right you may have to inspect or approve the finished materials or any part or element thereof that incorporates your Likeness.

**ASSIGNMENT OF INTELLECTUAL PROPERTY**

You hereby assign to McDonald's all of your right, title and interest in and to any and all Confidential Information, works of authorship, inventions, ideas, improvements, discoveries, developments, designs, trademarks, trade names, service marks, logos and trade dress (collectively, "Intellectual Property"), and all proprietary and intellectual property rights with respect thereto (collectively, "Proprietary Rights"), whether or not patentable or registrable under trademark, copyright or other statutes, made or conceived or reduced to practice or learned by you as a result of your employment with McDonald's, either alone or jointly with others, during the period of your employment with McDonald's. You acknowledge that all original works of authorship which are made by you, solely or jointly with others, within the scope of your employment and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C., Section 101), and that even if it should be determined that such works do not qualify as "works made for hire," all of your right, title and interest thereto is nonetheless assigned to McDonald's by virtue of this Later Date Agreement. You recognize that this Later Date Agreement does not require assignment of: (i) any Intellectual Property which you made, conceived or learned prior to the commencement of your employment with McDonald's (which, to preclude any possible uncertainty, you have listed on Exhibit A attached hereto); or (ii) any Intellectual Property that you develop entirely on your own time without using McDonald's equipment, supplies, facilities, or trade secret information except for that Intellectual Property which either: (a) relates at the time of conception or reduction to practice to McDonald's business, or actual or demonstrably anticipated research or development of McDonald's; or (b) results from any work performed by you for McDonald's.

**ENFORCEMENT OF PROPRIETARY RIGHTS**

At McDonald's expense, you will reasonably assist McDonald's after your termination of employment to obtain and from time to time to enforce United States and foreign Proprietary Rights relating to Intellectual Property in any and all countries. To that end, you will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as McDonald's may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof.

**TRADE SECRETS**

You acknowledge that during your employment you have formulated, established and otherwise had access to and knowledge of McDonald's trade secrets and confidential business information, including but not limited to, special information about relationships and distributors, vendors, suppliers, manufacturers, franchisees, employees and customers, as well as special and confidential knowledge about McDonald's relating to pricing, business and financial affairs, advertising, marketing, sales, expansion plans, new store sites and strategies for McDonald's business, including various technical items and equipment used or contemplated for use in McDonald's business. You further acknowledge that the preservation of a continuing business relationship between McDonald's and its customers, franchisees, suppliers and manufacturers is of critical importance to the continued business success of McDonald's and that it is the policy of McDonald's to safeguard as confidential the identity and special needs of certain customers, franchisees, suppliers, manufacturers, representatives and key employees. In view of the foregoing, you agree that until such items and data become public through no act or omission by you or wrongful act or omission of any other person, you will not disclose to any person or entity or use for any purpose whatsoever any trade secrets or confidential information concerning the business, or any customer, representative, agent or employee of McDonald's that was obtained by you in the course of your employment with McDonald's. You further agree that upon separation from your employment, you will not take with you, but will leave with McDonald's, all records (including electronic data) and papers and all matters of whatever nature that contain secret or confidential information of McDonald's. For purposes of this Later Date Agreement, the terms "trade secrets" and "confidential information" include non-public processes, methods, techniques, systems, formulae, patents, models, devices, compilations, customer lists, financial information, development plans, supplier lists and any non-public information of whatever nature that gives to McDonald's an opportunity to obtain an advantage over competitors who do not know or use such information or data or any information that would be harmful to McDonald's if disclosed. Without limiting the generality of the foregoing, you further agree that you will not write, confirm or otherwise communicate or publish to any person or entity any of McDonald's trade secrets or confidential information, including, without limitation while using social media (e.g., blogging, tweeting, and postings on social networking sites).

Should you have any question about whether something you plan to communicate comports with the provisions of this Later Date Agreement, you will get the prior written consent of McDonald's General Counsel, Gloria Santona, or her successor prior to making such communication.

**RECEIPT OF PAY AND BENEFITS TO DATE; NO RETALIATION**

You acknowledge and agree that you have not applied for, nor are you eligible for, short term disability, long term disability, Worker's Compensation, or family and medical leave under applicable federal, state and local law, and you agree that you shall not apply or be eligible for them. You further agree that you have received all salary and benefits due to you to date, have not been denied the opportunity to take any family and medical leave which you have requested, and have not been retaliated against because you have sought any salary, benefits or leave or because you have opposed or reported any practice you believe is unlawful, provided any information or caused information to be provided, assisted in any investigation by any branch of federal, state or local government or by McDonald's, or have filed, caused to be filed, participated or assisted in any administrative or judicial proceedings to enforce your rights under any statute or law. All pay earned by you, including vacation pay, has been paid or is included in the amounts referred to in the Payments section above.

**COMPLIANCE WITH OLDER WORKER BENEFIT PROTECTION ACT; KNOWING AND VOLUNTARY AGREEMENT AND RELEASE**

You have participated in negotiating the terms of this Later Date Agreement, have read it and understand it fully. You acknowledge that you have been advised by this Later Date Agreement to consult with an attorney prior to executing this Later Date Agreement and that you have retained counsel in connection with the negotiation of this Later Date Agreement and in connection with your decision whether to enter into this Later Date Agreement. You further acknowledge that you have been given at least 21 days to consider the terms of this Later Date Agreement, that you have been able to use this period, or as much of this period as you desire, and that you are now executing this Later Date Agreement voluntarily with the express intention of making a binding legal agreement, including giving up all claims against McDonald's as provided herein. You forever waive any relief not explicitly set forth in this document.

**REMEDIES FOR BREACH**

Should you materially breach this Later Date Agreement, McDonald's shall be entitled to recover the entire value of any consideration you have received pursuant to this Later Date Agreement and shall be relieved of any obligation to pay further consideration. It is acknowledged that this is not a penalty but an agreed upon remedy that results from a failure of consideration upon a breach of the provisions of this Later Date Agreement.

**ATTORNEY'S FEES; SAVINGS CLAUSE**

You agree to pay all costs and attorneys' fees incurred by McDonald's in enforcing this Later Date Agreement should you materially violate any provision of it, without in any way limiting McDonald's right to recover damages and other legal and equitable relief. McDonald's agrees to pay all costs and attorneys' fees incurred by you in enforcing this Later Date Agreement should McDonald's materially violate any provision of it, without in any way limiting your right to recover damages and other legal and equitable relief. Should any provision of this Later Date Agreement be found void or unenforceable by any court of law, the remaining provisions shall continue in full force and effect.

**ARBITRATION OF CERTAIN DISPUTES**

All disputes, claims, and causes of action relating to, arising under or involving the interpretation or application of this Later Date Agreement, except any claims for temporary or permanent injunctive relief by McDonald's shall be resolved solely and exclusively by final, binding and confidential arbitration before a single arbitrator pursuant to the rules of the American Arbitration Association applicable to employment disputes. The only exception is that McDonald's or you may bring claims for temporary or permanent injunctive relief in court. The parties understand and agree that this paragraph waives their right to a jury trial on these claims. In any such arbitration, the waiver, release and covenant not to sue contained in this Later Date Agreement will be fully applicable and enforceable. Likewise, although you have released and have no basis for any claim relating to or arising from your employment or separation from employment with McDonald's, including but not limited to claims of discrimination or unlawful termination, any such claims shall be resolved solely and exclusively by the same arbitration procedure.

**RIGHT TO REVOKE**

This Later Date Agreement may be revoked by delivering a written notice of revocation to Carrie Reuter, McDonald's Corporation, 2915 Jorie Boulevard, Dept. 146, Oak Brook, Illinois 60523, no later than the close of business on the seventh day after you sign it. Revocations delivered by mail must be postmarked by the seventh day after signing this Later Date Agreement. Any revocation must be accompanied by repayment of all consideration already tendered under the terms of this Later Date Agreement.

Any revocation of this Later Date Agreement shall not affect the validity of the First Agreement, which shall remain in full force and effect, including but not limited to its general release in the event you signed and did not revoke it.

**ENTIRE AGREEMENT**

This Later Date Agreement, and the First Agreement (which will remain in full force and effect in the event you signed and did not revoke it whether or not this Later Date Agreement is signed) contain the full agreement between you and McDonald's and completely supersede any prior written or oral agreements or representations concerning the subject matter thereof, with the exception of McDonald's Directors and Officers Liability Insurance Program, McDonald's Standards of Business Conduct, McDonald's Corporation Severance Plan, the Amended and Restated 2001 Omnibus Stock Ownership Plan, including any award agreement under this plan, as well as the Global Prospectus, dated February 8, 2012. Any oral representation or modification concerning this Later Date Agreement or the First Agreement shall be of no force or effect.

**SUCCESSORS; DEFINITION OF "McDONALD'S"**

This Later Date Agreement shall be binding on you, your heirs, successors and assigns. "McDonald's" as used in this Later Date Agreement, includes McDonald's Corporation, McDonald's USA, LLC, all of their respective subsidiaries, affiliates and related entities and companies, and their current and former directors, officers, agents, employees, insurers and attorneys, and all employee benefit plans and arrangements and their administrators trustees and other fiduciaries, and all successors and assigns of all of the foregoing.

| | |
|---|---|
| /s/ Janice Fields | April 26, 2013 |
| Janice Fields | Date |
| /s/ Richard Floersch | May 15, 2013 |
| McDonald's | Date |

**Exhibit 12. Computation of Ratios**

**Ratio of Earnings to Fixed Charges**

*Dollars in millions*

| | Six Months Ended June 30, 2013 | Six Months Ended June 30, 2012 | Years Ended December 31, 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|
| **Earnings available for fixed charges** | | | | | | | |
| - Income from continuing operations before provision for Income taxes and cumulative effect of accounting changes | $3,876.7 | $3,857.4 | $8,079.0 | $8,012.2 | $7,000.3 | $6,487.0 | $6,158.0 |
| - Noncontrolling interest expense in operating results of majority-owned subsidiaries less equity in undistributed operating results of less than 50%-owned affiliates | 4.2 | 5.2 | 11.1 | 13.3 | 10.4 | 7.5 | 10.7 |
| - Income tax provision (benefit) of 50%-owned affiliates included in income from continuing operations before provision for income taxes | 16.4 | 34.5 | 64.0 | 65.5 | 28.7 | 47.7 | 30.0 |
| - Portion of rent charges (after reduction for rental income from subleased properties) considered to be representative of interest factors* | 185.5 | 176.1 | 358.1 | 339.4 | 315.4 | 302.8 | 321.3 |
| - Interest expense, amortization of debt discount and issuance costs, and depreciation of capitalized interest* | 271.5 | 274.7 | 550.1 | 520.5 | 479.1 | 504.5 | 556.8 |
| | $4,354.3 | $4,347.9 | $9,062.3 | $8,950.9 | $7,833.9 | $7,349.5 | $7,076.8 |
| **Fixed charges** | | | | | | | |
| - Portion of rent charges (after reduction for rental income from subleased properties) considered to be representative of interest factors* | $ 185.5 | $ 176.1 | $ 358.1 | $ 339.4 | $ 315.4 | $ 302.8 | $ 321.3 |
| - Interest expense, amortization of debt discount and issuance costs* | 263.1 | 268.8 | 532.8 | 503.0 | 461.5 | 486.9 | 539.7 |
| - Capitalized interest* | 7.5 | 6.8 | 16.1 | 14.0 | 12.0 | 11.9 | 12.5 |
| | $ 456.1 | $ 451.7 | $ 907.0 | $ 856.4 | $ 788.9 | $ 801.6 | $ 873.5 |
| **Ratio of earnings to fixed charges** | 9.55 | 9.63 | 9.99 | 10.45 | 9.93 | 9.17 | 8.10 |

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

**Exhibit 31.1.**

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

I, Donald Thompson, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of McDonald's Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2013

/s/ Donald Thompson
Donald Thompson
*President and Chief Executive Officer*

**Exhibit 31.2.**

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

I, Peter J. Bensen, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of McDonald's Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2013

/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 June 30, 2013 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2013

/s/ Donald Thompson

Donald Thompson

*President and Chief Executive Officer*

**Exhibit 32.2.**

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

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of McDonald’s Corporation (the “Company”), does hereby certify, to such officer’s knowledge, that the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2013

/s/ Peter J. Bensen

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