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, 2011

OR

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

Commission File Number 1-5231

McDONALD'S CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

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

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

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

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

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

Large accelerated filer ☒ Accelerated filer ☐

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

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

1,031,751,682
(Number of shares of common stock outstanding as of June 30, 2011)

McDONALD'S CORPORATION

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEET

In millions, except per share data	(unaudited) June 30, 2011	December 31, 2010
Assets		
Current assets		
Cash and equivalents	**$ 2,070.0**	$ 2,387.0
Accounts and notes receivable	**1,249.1**	1,179.1
Inventories, at cost, not in excess of market	**115.0**	109.9
Prepaid expenses and other current assets	**591.3**	692.5
Total current assets	**4,025.4**	4,368.5
Other assets		
Investments in and advances to affiliates	**1,355.6**	1,335.3
Goodwill	**2,725.4**	2,586.1
Miscellaneous	**1,710.8**	1,624.7
Total other assets	**5,791.8**	5,546.1
Property and equipment		
Property and equipment, at cost	**36,229.5**	34,482.4
Accumulated depreciation and amortization	**(13,213.7)**	(12,421.8)
Net property and equipment	**23,015.8**	22,060.6
Total assets	**$ 32,833.0**	$ 31,975.2
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings	**$ 896.8**	
Accounts payable	**709.9**	$ 943.9
Income taxes	**235.0**	111.3
Other taxes	**310.7**	275.6
Accrued interest	**177.0**	200.7
Accrued payroll and other liabilities	**1,296.8**	1,384.9
Current maturities of long-term debt	**322.6**	8.3
Total current liabilities	**3,948.8**	2,924.7
Long-term debt	**11,062.8**	11,497.0
Other long-term liabilities	**1,548.2**	1,586.9
Deferred income taxes	**1,320.4**	1,332.4
Shareholders' equity		
Preferred stock, no par value; authorized – 165.0 million shares; issued – none		
Common stock, $.01 par value; authorized – 3.5 billion shares; issued 1,660.6 million shares	**16.6**	16.6
Additional paid-in capital	**5,362.1**	5,196.4
Retained earnings	**35,165.0**	33,811.7
Accumulated other comprehensive income	**1,544.4**	752.9
Common stock in treasury, at cost; 628.9 and 607.0 million shares	**(27,135.3)**	(25,143.4)
Total shareholders' equity	**14,952.8**	14,634.2
Total liabilities and shareholders' equity	**$ 32,833.0**	$ 31,975.2

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

In millions, except per share data	Quarters Ended June 30, 2011	Quarters Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Revenues				
Sales by Company-operated restaurants	**$4,697.4**	$4,013.4	**$ 8,850.1**	$ 7,816.5
Revenues from franchised restaurants	**2,208.0**	1,932.1	**4,166.9**	3,739.1
Total revenues	**6,905.4**	5,945.5	**13,017.0**	11,555.6
Operating costs and expenses				
Company-operated restaurant expenses	**3,806.8**	3,214.8	**7,223.5**	6,325.7
Franchised restaurants - occupancy expenses	**373.0**	334.3	**727.3**	673.6
Selling, general & administrative expenses	**588.0**	564.9	**1,151.6**	1,111.2
Impairment and other charges (credits), net	**2.4**	6.8	**2.4**	37.6
Other operating (income) expense, net	**(53.9)**	(20.6)	**(102.8)**	(111.9)
Total operating costs and expenses	**4,716.3**	4,100.2	**9,002.0**	8,036.2
Operating income	**2,189.1**	1,845.3	**4,015.0**	3,519.4
Interest expense	**121.8**	108.1	**241.9**	219.1
Nonoperating (income) expense, net	**0.9**	1.9	**7.8**	8.1
Income before provision for income taxes	**2,066.4**	1,735.3	**3,765.3**	3,292.2
Provision for income taxes	**656.2**	509.5	**1,146.1**	976.6
Net income	**$1,410.2**	$1,225.8	**$ 2,619.2**	$ 2,315.6
Earnings per common share-basic	**$ 1.36**	$ 1.14	**$ 2.52**	$ 2.16
Earnings per common share-diluted	**$ 1.35**	$ 1.13	**$ 2.49**	$ 2.13
Dividends declared per common share	**$ 0.61**	$ 0.55	**$ 1.22**	$ 1.10
Weighted-average shares outstanding-basic	**1,035.6**	1,072.1	**1,039.0**	1,074.1
Weighted-average shares outstanding-diluted	**1,047.7**	1,085.9	**1,051.4**	1,088.1

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

In millions	Quarters Ended June 30, 2011	Quarters Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Operating activities				
Net Income	**$ 1,410.2**	$ 1,225.8	**$ 2,619.2**	$ 2,315.6
Adjustments to reconcile to cash provided by operations				
Charges and credits:				
Depreciation and amortization	**350.1**	311.5	**689.2**	629.4
Deferred income taxes	**38.7**	(0.3)	**25.7**	(6.6)
Share-based compensation	**20.1**	18.8	**44.1**	44.7
Impairment and other charges (credits), net	**2.4**	6.8	**2.4**	37.6
Other	**(42.3)**	56.2	**(52.0)**	92.4
Changes in working capital items	**(136.4)**	(370.1)	**(132.7)**	(441.7)
Cash provided by operations	**1,642.8**	1,248.7	**3,195.9**	2,671.4
Investing activities				
Property and equipment expenditures	**(590.4)**	(394.5)	**(1,099.1)**	(796.3)
Sales and purchases of restaurant businesses and property sales	**207.5**	35.9	**198.7**	70.7
Other	**(70.2)**	(32.1)	**(71.9)**	(55.5)
Cash used for investing activities	**(453.1)**	(390.7)	**(972.3)**	(781.1)
Financing activities				
Short-term borrowings and long-term financing issuances and repayments	**86.0**	224.0	**515.3**	273.2
Treasury stock purchases	**(748.0)**	(881.2)	**(2,118.6)**	(1,358.4)
Common stock dividends	**(632.0)**	(589.1)	**(1,267.1)**	(1,181.1)
Proceeds from stock option exercises	**124.2**	95.2	**185.9**	255.9
Excess tax benefit on share-based compensation	**35.6**	22.8	**57.4**	63.7
Other	**8.8**	6.0	**(10.6)**	16.0
Cash used for financing activities	**(1,125.4)**	(1,122.3)	**(2,637.7)**	(1,930.7)
Effect of exchange rates on cash and cash equivalents	**65.8**	(77.5)	**97.1**	(90.1)
Cash and equivalents increase (decrease)	**130.1**	(341.8)	**(317.0)**	(130.5)
Cash and equivalents at beginning of period	**1,939.9**	2,007.3	**2,387.0**	1,796.0
Cash and equivalents at end of period	**$ 2,070.0**	$ 1,665.5	**$ 2,070.0**	$ 1,665.5

See Notes to condensed consolidated financial statements.

Basis of Presentation

The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements contained in the Company's December 31, 2010 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, 2011 do not necessarily indicate the results that may be expected for the full year.

The results of operations of McDonald's restaurant businesses purchased and sold were not material, on either an individual or aggregate basis, to the condensed consolidated financial statements for periods prior to purchase and sale.

Restaurant Information

The following table presents restaurant information by ownership type:

Restaurants at June 30,	**2011**	2010
Conventional franchised	**19,279**	19,059
Developmental licensed	**3,748**	3,327
Foreign affiliated	**3,571**	3,823
Franchised	**26,598**	26,209
Company-operated	**6,345**	6,257
Systemwide restaurants	**32,943**	32,466

Comprehensive Income

The following table presents the components of comprehensive income for the quarters and six months ended June 30, 2011 and 2010:

	Quarters Ended June 30,		**Six Months Ended June 30,**	
In millions	**2011**	2010	**2011**	2010
Net Income	**$1,410.2**	$1,225.8	**$2,619.2**	$ 2,315.6
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of hedging	**289.9**	(806.1)	**773.6**	(1,048.9)
Cash flow hedging adjustments	**(0.5)**	14.3	**(4.0)**	21.8
Pension liability adjustment	**0.8**		**21.9**	0.8
Total other comprehensive income (loss)	**290.2**	(791.8)	**791.5**	(1,026.3)
Total comprehensive income	**$1,700.4**	$ 434.0	**$3,410.7**	$ 1,289.3

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 12.1 million shares and 13.8 million shares for the second quarter 2011 and 2010, respectively, and 12.4 million shares and 14.0 million shares for the six months ended June 30, 2011 and 2010, respectively. There were no antidilutive stock options excluded in the diluted weighted-average shares calculation for the second quarter and six months ended June 30, 2011 and 2010.

Fair Value Measurements

The Company measures certain financial assets and liabilities at fair value on a recurring basis, and certain non-financial assets and liabilities on a nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

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

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

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

Certain of the Company's derivatives are valued using various pricing models or discounted cash flow analyses that incorporate observable market parameters, such as interest rate yield curves, option volatilities and currency rates, classified as Level 2 within the valuation hierarchy. Derivative valuations incorporate credit risk adjustments that are necessary to reflect the probability of default by the counterparty or the Company.

- ***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 by the valuation hierarchy as defined in the fair value guidance:

In millions	**Level 1**	**Level 2**	**Level 3**	**Carrying Value**
June 30, 2011				
Cash equivalents	$ 307.5			$ 307.5
Investments	151.8*			151.8
Derivative assets	127.3*	$ 81.0		208.3
Total assets at fair value	**$ 586.6**	**$ 81.0**		**$ 667.6**
Derivative liabilities		$ (15.8)		$ (15.8)
Total liabilities at fair value		**$ (15.8)**		**$ (15.8)**
December 31, 2010				
Cash equivalents	$ 722.5			$ 722.5
Investments	131.6*			131.6
Derivative assets	104.4*	$ 88.5		192.9
Total assets at fair value	$ 958.5	$ 88.5		$ 1,047.0
Derivative liabilities		$ (8.4)		$ (8.4)
Total liabilities at fair value		$ (8.4)		$ (8.4)

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

- ***Non-Financial Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis***

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (e.g., when there is evidence of impairment). At June 30, 2011, no material fair value adjustments or fair value measurements were required for non-financial assets or liabilities.

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

At June 30, 2011, the fair value of the Company's debt obligations was estimated at $13.4 billion, compared to a carrying amount of $12.3 billion. This fair value was estimated using various pricing models or discounted cash flow analyses that incorporated quoted market prices, and is similar to Level 2 within the valuation hierarchy. The carrying amount for both 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 interest rates and foreign currency fluctuations. The Company uses foreign currency denominated debt and derivative instruments to mitigate the impact of these changes. The Company does not use derivatives with a level of complexity or with a risk higher than the exposures to be hedged and does not hold or issue derivatives for trading purposes.

The Company documents its risk management objective and strategy for undertaking hedging transactions, as well as all relationships between hedging instruments and hedged items. The Company's derivatives that are designated as hedging instruments consist mainly of interest rate exchange agreements, forward foreign currency exchange agreements and foreign currency options. Interest rate exchange agreements are entered into to manage the interest rate risk associated with the Company's fixed and floating-rate borrowings. Forward foreign currency exchange agreements and foreign currency options are entered into to mitigate the risk that forecasted foreign currency cash flows (such as royalties denominated in foreign currencies) will be adversely affected by changes in foreign currency exchange rates. Certain foreign currency denominated debt is used, in part, to protect the value of the Company's investments in certain foreign subsidiaries and affiliates from changes in foreign currency exchange rates.

The Company also enters into certain derivatives that are not designated as hedging instruments. The Company has entered into equity derivative contracts to mitigate market-driven changes in certain of its supplemental benefit plan liabilities. Changes in the fair value of these derivatives are recorded in selling, general & administrative expenses together with the changes in the supplemental benefit plan liabilities. In addition, the Company uses forward foreign currency exchange agreements and foreign currency exchange agreements to mitigate the change in fair value of certain foreign currency denominated assets and liabilities. Since these derivatives are not designated as hedging instruments, the changes in the fair value of these hedges are recognized immediately in nonoperating (income) expense together with the currency gain or loss from the hedged balance sheet position. A portion of the Company's foreign currency options (more fully described in the Cash Flow Hedging Strategy section) are undesignated as hedging instruments as the underlying foreign currency royalties are earned.

All derivative instruments designated as hedging instruments are classified as fair value, cash flow or net investment hedges. All derivatives (including those not designated as hedging instruments) are recognized on the Consolidated balance sheet at fair value and classified based on the instruments' maturity date. Changes in the fair value measurements of the derivative instruments are reflected as adjustments to other comprehensive income (OCI) and/or current earnings.

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

	Derivative Assets			Derivative Liabilities		
In millions	*Balance Sheet Classification*	**June 30, 2011**	December 31, 2010	*Balance Sheet Classification*	**June 30, 2011**	December 31, 2010
Derivatives designated as hedging instruments						
Foreign currency	Prepaid expenses and other current assets	**$ 2.5**	$ 7.5	Accrued payroll and other liabilities	**$ (2.6)**	$ (4.6)
Interest rate	Prepaid expenses and other current assets	**3.0**	0.5			
Foreign currency	Miscellaneous other assets	**0.3**				
Interest rate	Miscellaneous other assets	**56.5**	72.1	Other long-term liabilities	**(1.0)**	(0.3)
Total derivatives designated as hedging instruments		**$ 62.3**	$ 80.1		**$ (3.6)**	$ (4.9)
Derivatives not designated as hedging instruments						
Foreign currency	Prepaid expenses and other current assets	**$ 16.0**	$ 6.0	Accrued payroll and other liabilities	**$ (12.2)**	$ (3.8)
Equity	Prepaid expenses and other current assets	**127.3**	104.4			
Foreign currency	Miscellaneous other assets	**2.7**	2.7			
Total derivatives not designated as hedging instruments		**$ 146.0**	$ 113.1		**$ (12.2)**	$ (3.8)
Total derivatives [1]		**$ 208.3**	$ 193.2		**$ (15.8)**	$ (8.7)

(1) The fair value of derivatives is presented on a gross basis. Accordingly, the 2010 total asset and liability fair values do not agree with the values provided in the Fair Value Measurements note because that disclosure reflects netting adjustments related to specific counterparties of $0.3 million.

The following table presents the pretax amounts affecting income and OCI for the six months ended June 30, 2011 and 2010, respectively:

In millions

Derivatives in Fair Value Hedging Relationships	(Gain) Loss Recognized in Income on Derivative		Hedged Items in Fair Value Hedging Relationships	(Gain) Loss Recognized in Income on Related Hedged Items	
	2011	2010		**2011**	2010
Interest rate	**$ 13.8**	$ (15.1)	Fixed-rate debt	**$ (13.8)**	$ 15.1

Derivatives in Cash flow Hedging Relationships	(Gain) Loss Recognized in Accumulated OCI on Derivative (Effective Portion)		(Gain) Loss Reclassified from Accumulated OCI into Income (Effective Portion)		(Gain) Loss Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing and Ineffective Portion)	
	2011	2010	**2011**	2010	**2011**	2010
Foreign currency	**$ 5.4**	$ (40.7)	**$ 0.2**	$ (6.4)	**$ 6.8**	$ 15.4
Interest rate[1]			**(1.1)**	(0.3)		0.4
Total	**$ 5.4**	$ (40.7)	**$ (0.9)**	$ (6.7)	**$ 6.8**	$ 15.8

Net Investment Hedging Relationships	(Gain) Loss Recognized in Accumulated OCI on Derivative (Effective portion)		(Gain) Loss Reclassified from Accumulated OCI into Income (Effective Portion)		Derivatives Not Designated as Hedging Instruments	(Gain) Loss Recognized in Income on Derivative	
	2011	2010	**2011**	2010		**2011**	2010
Foreign currency denominated debt	**$ 266.5**	$ (225.7)			Foreign currency	**$ (0.1)**	$(14.3)
Foreign currency derivatives[2]	**9.4**	4.3	**$ 8.2**		Equity[3]	**(11.6)**	(5.5)
Total	**$ 275.9**	$ (221.4)	**$ 8.2**	$ -	Total	**$(11.7)**	$(19.8)

(Gains) losses recognized in income on derivatives are recorded in nonoperating (income) expense unless otherwise noted.

(1) The amount of (gain) loss reclassified from accumulated OCI into income is recorded in Interest expense.

(2) The amount of (gain) loss reclassified from accumulated OCI into income is recorded in Impairment and other charges (credits), net.

(3) The amount of (gain) loss recognized in income on the derivatives used to hedge the supplemental benefit plan liabilities is recorded in Selling, general & administrative expenses.

- ***Fair Value Hedging Strategy***

The Company enters into fair value hedges to reduce the exposure to changes in the fair value of certain liabilities. The fair value hedges the Company enters into consist of interest rate exchange agreements which convert a portion of its fixed-rate debt into floating-rate debt. All of the Company’s interest rate exchange agreements meet the shortcut method requirements. Accordingly, changes in the fair value of the interest rate exchange agreements are exactly offset by changes in the fair value of the underlying debt. No ineffectiveness has been recorded to net income related to interest rate exchange agreements designated as fair value hedges for the six month period ended June 30, 2011. A total of $2.1 billion of the Company’s outstanding fixed-rate debt was effectively converted to floating-rate debt resulting from the use of interest rate exchange agreements.

- ***Cash Flow Hedging Strategy***

The Company enters into cash flow hedges to reduce the exposure to variability in certain expected future cash flows. The types of cash flow hedges the Company enters into include interest rate exchange agreements, forward foreign currency exchange agreements and foreign currency options.

To protect against the reduction in value of forecasted foreign currency cash flows (such as royalties denominated in foreign currencies), the Company uses forward foreign currency exchange agreements and foreign currency options to hedge a portion of anticipated exposures.

When the U.S. dollar strengthens against foreign currencies, the decline in present value of future foreign denominated royalties is offset by gains in the fair value of the forward foreign currency exchange agreements and/or foreign currency options. Conversely, when the U.S. dollar weakens, the increase in the present value of future foreign denominated royalties is offset by losses in the fair value of the forward foreign currency exchange agreements and/or foreign currency options.

Although the fair value changes in the foreign currency options may fluctuate over the period of the contract, the Company's total loss on a foreign currency option is limited to the upfront premium paid for the contract. However, the potential gains on a foreign currency option are unlimited as the settlement value of the contract is based upon the difference between the exchange rate at inception of the contract and the spot exchange rate at maturity. In limited situations, the Company uses foreign currency option collars, which limit the potential gains and lower the upfront premium paid, to protect against currency movements.

The hedges cover the next 18 months for certain exposures and are denominated in various currencies. As of June 30, 2011, the Company had derivatives outstanding with an equivalent notional amount of $305.4 million that were used to hedge a portion of forecasted foreign currency denominated royalties.

The Company excludes the time value of foreign currency options, as well as the discount or premium points on forward foreign currency exchange agreements, from its effectiveness assessment on its cash flow hedges. As a result, changes in the fair value of the derivatives due to these components, as well as the ineffectiveness of the hedges, are recognized in earnings currently. The effective portion of the gains or losses on the derivatives is reported in the deferred hedging adjustment component of OCI in shareholders' equity and reclassified into earnings in the same period or periods in which the hedged transaction affects earnings.

The Company recorded after tax adjustments related to cash flow hedges to the deferred hedging adjustment component of accumulated OCI in shareholders' equity. The Company recorded a net decrease of $4.0 million for the six months ended June 30, 2011 and a net increase of $21.8 million for the six months ended June 30, 2010. Based on interest rates and foreign currency exchange rates at June 30, 2011, no significant amount of the $11.0 million in cumulative deferred hedging gains, after tax, at June 30, 2011, will be recognized in earnings over the next 12 months as the underlying hedged transactions are realized.

- ***Hedge of Net Investment in Foreign Operations Strategy***

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, 2011, a total of $5.1 billion of the Company's outstanding foreign currency denominated debt was 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 the counterparties to its hedging instruments. The counterparties to these agreements consist of a diverse group of financial institutions. The Company continually monitors its positions and the credit ratings of its counterparties and adjusts positions as appropriate. The Company did not have significant exposure to any individual counterparty at June 30, 2011 and has master agreements that contain netting arrangements. Some of these agreements also require each party to post collateral if credit ratings fall below, or aggregate exposures exceed, certain contractual limits. At June 30, 2011, neither the Company nor its counterparties were required to post collateral on any derivative position, other than on hedges of certain of the Company's supplemental benefit plan liabilities where its counterparties were required to post collateral on their liability positions.

Impairment and Other Charges (Credits), Net

The Company recorded after tax impairment charges of $35.3 million for the six months ended June 30, 2010 related to its share of strategic restaurant closing costs in Japan. These charges primarily consisted of asset writeoffs and lease termination costs.

Recently Issued Accounting Standards

In May 2011, the Financial Accounting Standards Board (FASB) issued an update to Topic 820 - Fair Value Measurements and Disclosures of the Accounting Standards Codification. This update provides guidance on how fair value accounting should be applied where its use is already required or permitted by other standards and does not extend the use of fair value accounting. The Company will adopt this guidance effective January 1, 2012 as required and does not expect the adoption to have a significant impact to its consolidated financial statements.

In June 2011, the FASB issued an update to Topic 220 - Comprehensive Income of the Accounting Standards Codification. The update is intended to increase the prominence of other comprehensive income in the financial statements. The guidance requires that the Company presents components of comprehensive income in either one continuous statement or two separate but consecutive statements and no longer permits the presentation of comprehensive income in the Consolidated statement of shareholders' equity. The Company will adopt this new guidance effective January 1, 2012, as required.

Segment Information

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

	Quarters Ended June 30,		**Six Months Ended June 30,**	
In millions	**2011**	2010	**2011**	2010
Revenues				
U.S.	**$2,168.7**	$2,076.9	**$ 4,094.5**	$ 3,953.6
Europe	**2,822.5**	2,326.1	**5,262.5**	4,571.5
APMEA	**1,509.7**	1,211.2	**2,910.2**	2,402.5
Other Countries & Corporate	**404.5**	331.3	**749.8**	628.0
Total	**$6,905.4**	$5,945.5	**$13,017.0**	$11,555.6
Operating Income				
U.S.	**$ 952.0**	$ 895.1	**$ 1,745.0**	$ 1,704.5
Europe	**833.4**	673.6	**1,508.7**	1,274.6
APMEA	**365.6**	273.5	**713.6**	545.6
Other Countries & Corporate	**38.1**	3.1	**47.7**	(5.3)
Total	**$2,189.1**	$1,845.3	**$ 4,015.0**	$ 3,519.4

Debt Financing

Short-term borrowings consist of commercial paper and outstanding balances on line of credit agreements at certain subsidiaries outside the U.S., denominated in various currencies at local market rates of interest. At December 31, 2010, Short-term borrowings and Current maturities of long-term debt included a reclassification to Long-term debt of $1.2 billion as they were supported by a line of credit agreement expiring in March 2012, more than 12 months from the balance sheet date. As of June 30, 2011, this reclassification can no longer be made since the line of credit expires within 12 months of the balance sheet date. This line of credit remained unused at June 30, 2011 and December 31, 2010.

Subsequent Events

The Company evaluated subsequent events through the date the financial statements were issued and filed with the Securities and Exchange Commission. There were no subsequent events that required recognition or disclosure.

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

Overview

The Company franchises and operates McDonald's restaurants. Of the 32,943 restaurants in 117 countries at June 30, 2011, 26,598 were licensed to franchisees (including 19,279 franchised to conventional franchisees, 3,748 licensed to developmental licensees and 3,571 licensed to foreign affiliates (affiliates) – primarily Japan) and 6,345 were operated by the Company. Under our conventional franchise arrangement, franchisees provide a portion of the capital required by initially investing in the equipment, signs, seating and décor of their restaurant businesses, and by reinvesting in the business over time. The Company owns the land and building or secures long-term leases for both Company-operated and conventional franchised restaurant sites. This maintains long-term occupancy rights, helps control related costs and assists in alignment with franchisees. In certain circumstances, the Company participates in reinvestment for conventional franchised restaurants. Under our developmental license arrangement, licensees provide capital for the entire business, including the real estate interest, and the Company has no capital invested. In addition, the Company has an equity investment in a limited number of affiliates that invest in real estate and operate and/or franchise restaurants within a market.

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

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

The business is managed as distinct geographic segments. Significant reportable segments include the United States (U.S.), Europe, and Asia/Pacific, Middle East and Africa (APMEA). In addition, throughout this report we present "Other Countries & Corporate" that includes operations in Canada and Latin America, as well as Corporate activities. The U.S., Europe and APMEA segments account for 31%, 40% and 22% 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 deliver consistent, 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 – which concentrates on being better, not just bigger – provides a common framework for our global business yet allows for local adaptation. Through the focus on the five elements of our Plan to Win – 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 seven years. This Plan, combined with financial discipline, has delivered strong results for our shareholders.

The Company's growth priorities under the Plan to Win include: optimizing the menu with the right 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 and value initiatives. The combination of all of these efforts successfully resonated with consumers, driving increases in comparable sales and customer visits in most countries despite a challenging global economy and a relatively flat Informal Eating Out (IEO) market. As a result, every area of the world contributed to global comparable sales, which increased 5.6% for the quarter and 4.9% for the six months 2011.

Growth in comparable sales is driven by the System's ability to optimize guest count growth, product mix shifts and menu price changes. Pricing actions reflect local market conditions, with a view to preserving margins, while continuing to drive guest counts and market share gains. The goal is to achieve comparable sales growth with a balanced contribution from guest counts and average check, which is affected by changes in pricing and product mix. In the current economic environment, our menu pricing strategy is focused on increasing prices in a manner that seeks to maintain guest count momentum while mitigating some of the impact of the inflationary cost increases affecting our Company-operated restaurants.

U.S. comparable sales increased 4.5% for the quarter and 3.7% for the six months driven by the McCafé line-up, featuring the new Frozen Strawberry Lemonade, classic core offerings, including Chicken McNuggets and the Big Mac, and breakfast, supported by the new Fruit & Maple Oatmeal. Ongoing U.S. priorities include building key categories from chicken and beef to beverages and breakfast, a focus on operational excellence and modernizing our restaurants with interior and exterior reimaging, as well as expanded hours and everyday value.

Europe's focus on premium menu offerings and unique food events, as well as the segment's ongoing restaurant modernization efforts, contributed to comparable sales growth of 5.9% for the quarter and 5.8% for the six months. Europe's strategic priorities include increasing local relevance by complementing our tiered menu with a variety of limited-time food events as well as new snack and dessert options, upgrading the customer and employee experience through service initiatives and ongoing restaurant reimaging and building brand transparency. While we have not seen any significant changes in consumer behavior as a result of government-initiated austerity measures, we continue to closely monitor consumer reactions and remain confident that our business model will continue to drive profitable growth.

APMEA's continued commitment to branded affordability, convenience initiatives, such as drive-thru, delivery and extended hours, and innovative marketing tie-ins contributed to comparable sales growth of 5.2% for the quarter and 4.2% for the six months. In addition, breakfast contributed to the results through a combination of compelling value and a focus on strong menu offerings. APMEA will continue to execute initiatives that best support our goal to be customers' first choice for eating out by focusing on menu variety, value, restaurant experience and convenience.

Operating Highlights Included:

- Global comparable sales increased 5.6% for the quarter and 4.9% for the six months.
- Consolidated operating income increased 19% (11% in constant currencies) for the quarter and 14% (9% in constant currencies) for the six months.
- Diluted earnings per share were $1.35 for the quarter and $2.49 for the six months, up 19% (11% in constant currencies) and 17% (11% in constant currencies), respectively. Foreign currency translation positively impacted diluted earnings per share $0.10 for the quarter and $0.12 for the six months.
- For the six months ended June 30, 2011, the Company repurchased 27.6 million shares for $2.1 billion and paid total dividends of $1.22 per share or $1.3 billion.

Outlook

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

- Changes in Systemwide sales are driven by comparable sales and net restaurant unit expansion. The Company expects net restaurant additions to add approximately 1.5 percentage points to 2011 Systemwide sales growth (in constant currencies), most of which will be due to the 541 net traditional restaurants added in 2010.
- 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 3 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 2011, the total basket of goods cost is expected to increase 4-4.5% in the U.S. and Europe.
- The Company expects full-year 2011 selling, general & administrative expenses to decrease about 2% in constant currencies. In addition, fluctuations will be experienced between quarters due in part to certain items in 2010, such as the Vancouver Winter Olympics in February, the biennial Worldwide Owner/Operator Convention in April and higher incentive compensation primarily recorded in the second half of 2010 based on performance.
- Based on current interest and foreign currency exchange rates, the Company expects interest expense for the full year 2011 to increase approximately 8-10% compared with 2010.

- A significant part of the Company's operating income is generated outside the U.S., and about 45% 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 20 cents.
- The Company expects the effective income tax rate for the full-year 2011 to be 31% to 32%. 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 2011 to be approximately $2.5 billion. About half of this amount will be used to open new restaurants. The Company expects to open about 1,100 restaurants including approximately 400 restaurants in foreign affiliated and developmental licensed markets, such as Japan and Latin America, where the Company does not fund any capital expenditures. The Company expects net additions of about 750 restaurants. The remaining capital will be used for reinvestment in existing restaurants. Over half of this reinvestment will be used to reimage approximately 2,200 locations worldwide, some of which will 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, 2011		Six Months Ended June 30, 2011	
	Amount	% Increase/ (Decrease)	Amount	% Increase/ (Decrease)
Revenues				
Sales by Company-operated restaurants	$4,697.4	17	$ 8,850.1	13
Revenues from franchised restaurants	2,208.0	14	4,166.9	11
Total revenues	6,905.4	16	13,017.0	13
Operating costs and expenses				
Company-operated restaurant expenses	3,806.8	18	7,223.5	14
Franchised restaurants – occupancy expenses	373.0	12	727.3	8
Selling, general & administrative expenses	588.0	4	1,151.6	4
Impairment and other charges (credits), net	2.4	(65)	2.4	(94)
Other operating (income) expense, net	(53.9)	n/m	(102.8)	8
Total operating costs and expenses	4,716.3	15	9,002.0	12
Operating income	2,189.1	19	4,015.0	14
Interest expense	121.8	13	241.9	10
Nonoperating (income) expense, net	0.9	(51)	7.8	(3)
Income before provision for income taxes	2,066.4	19	3,765.3	14
Provision for income taxes	656.2	29	1,146.1	17
Net income	$1,410.2	15	$ 2,619.2	13
Earnings per common share-basic	$ 1.36	19	$ 2.52	17
Earnings per common share-diluted	$ 1.35	19	$ 2.49	17

n/m Not meaningful

Impact of Foreign Currency Translation

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

IMPACT OF FOREIGN CURRENCY TRANSLATION
In millions, except per share data

Quarters Ended June 30,	2011	2010	Currency Translation Benefit/ (Cost) 2011
Revenues	**$ 6,905.4**	$ 5,945.5	**$ 463.7**
Company-operated margins	**890.6**	798.6	**64.8**
Franchised margins	**1,835.0**	1,597.8	**106.8**
Selling, general & administrative expenses	**588.0**	564.9	**(28.0)**
Operating income	**2,189.1**	1,845.3	**146.2**
Net income	**1,410.2**	1,225.8	**98.0**
Earnings per share-diluted	**1.35**	1.13	**0.10**

Six Months Ended June 30,	2011	2010	Currency Translation Benefit/ (Cost) 2011
Revenues	**$13,017.0**	$11,555.6	**$ 591.6**
Company-operated margins	**1,626.6**	1,490.8	**83.5**
Franchised margins	**3,439.6**	3,065.5	**128.4**
Selling, general & administrative expenses	**1,151.6**	1,111.2	**(34.7)**
Operating income	**4,015.0**	3,519.4	**182.2**
Net income	**2,619.2**	2,315.6	**122.8**
Earnings per share-diluted	**2.49**	2.13	**0.12**

Foreign currency translation had a positive impact on consolidated operating results for the quarter and six months driven by the stronger Euro and Australian Dollar as well as most other currencies.

Net Income and Diluted Earnings per Share

For the second quarter and six months ended June 30, 2011, net income was $1,410.2 million and $2,619.2 million, respectively, and diluted earnings per share were $1.35 and $2.49, respectively. Foreign currency translation had a positive impact of $0.10 on diluted earnings per share for the quarter and a positive impact of $0.12 for the six months.

For the second quarter and six months ended June 30, 2010, net income was $1,225.8 million and $2,315.6 million, respectively, and diluted earnings per share were $1.13 and $2.13, respectively. For the six months, results included after tax impairment charges of $35.3 million or $0.03 per share related to the Company's share of strategic restaurant closing costs in Japan.

During the second quarter 2011, the Company repurchased 9.2 million shares of its stock for $743.9 million, bringing total repurchases for 2011 to 27.6 million shares or $2.1 billion. During the second quarter 2011, the Company paid a quarterly dividend of $0.61 per share or $632.0 million, bringing the total dividends paid for 2011 to $1.3 billion.

Revenues

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

REVENUES
Dollars in millions

Quarters Ended June 30,	**2011**	2010	% Inc	% Inc Excluding Currency Translation
Company-operated sales				
U.S.	**$ 1,126.7**	$ 1,085.0	4	4
Europe	**2,048.4**	1,697.7	21	8
APMEA	**1,274.7**	1,033.8	23	13
Other Countries & Corporate	**247.6**	196.9	26	18
Total	**$ 4,697.4**	$ 4,013.4	17	9
Franchised revenues				
U.S.	**$ 1,042.0**	$ 991.9	5	5
Europe	**774.1**	628.4	23	9
APMEA	**235.0**	177.4	32	16
Other Countries & Corporate	**156.9**	134.4	17	8
Total	**$ 2,208.0**	$ 1,932.1	14	8
Total revenues				
U.S.	**$ 2,168.7**	$ 2,076.9	4	4
Europe	**2,822.5**	2,326.1	21	8
APMEA	**1,509.7**	1,211.2	25	14
Other Countries & Corporate	**404.5**	331.3	22	14
Total	**$ 6,905.4**	$ 5,945.5	16	8

Six Months Ended June 30,	**2011**	2010	% Inc	% Inc Excluding Currency Translation
Company-operated sales				
U.S.	**$ 2,131.3**	$ 2,072.3	3	3
Europe	**3,807.0**	3,320.3	15	8
APMEA	**2,455.7**	2,051.7	20	11
Other Countries & Corporate	**456.1**	372.2	23	16
Total	**$ 8,850.1**	$ 7,816.5	13	8
Franchised revenues				
U.S.	**$ 1,963.2**	$ 1,881.3	4	4
Europe	**1,455.5**	1,251.2	16	9
APMEA	**454.5**	350.8	30	16
Other Countries & Corporate	**293.7**	255.8	15	8
Total	**$ 4,166.9**	$ 3,739.1	11	7
Total revenues				
U.S.	**$ 4,094.5**	$ 3,953.6	4	4
Europe	**5,262.5**	4,571.5	15	8
APMEA	**2,910.2**	2,402.5	21	12
Other Countries & Corporate	**749.8**	628.0	19	12
Total	**$13,017.0**	$11,555.6	13	8

Consolidated revenues increased 16% (8% in constant currencies) for the quarter and 13% (8% in constant currencies) for the six months. The constant currency growth was driven primarily by positive comparable sales as well as expansion.

In the U.S., revenues increased for the quarter and six months due to positive comparable sales. Comparable sales were driven by the McCafé line-up, featuring the new Frozen Strawberry Lemonade, classic core offerings, including Chicken McNuggets and the Big Mac, and breakfast, supported by the new Fruit & Maple Oatmeal.

In Europe, the constant currency increase in revenues for the quarter and six months was primarily driven by comparable sales increases in Russia (which is entirely Company-operated), the U.K. and France, as well as expansion in Russia.

In APMEA, the constant currency increase in revenues for the quarter and six months was primarily driven by comparable sales increases in China and most other markets, as well as expansion in China. In addition, a contractual increase in the royalty rate for Japan contributed to the increase for both periods.

The following table presents the percent change in comparable sales for the quarters and six months ended June 30, 2011 and 2010.

COMPARABLE SALES	**% Increase**			
	Quarters Ended June 30,		**Six Months Ended June 30,***	
	2011	2010	**2011**	2010
U.S.	**4.5**	3.7	**3.7**	2.6
Europe	**5.9**	5.2	**5.8**	5.2
APMEA	**5.2**	4.6	**4.2**	5.1
Other Countries & Corporate	**10.3**	9.9	**9.1**	11.0
Total	**5.6**	4.8	**4.9**	4.5

* On a consolidated basis, comparable guest counts increased 3.8% and 3.9% for the six months ended June 30, 2011 and 2010, respectively.

The following table presents the percent change in Systemwide sales for the quarter and six months ended June 30, 2011:

SYSTEMWIDE SALES				
	Quarter Ended June 30, 2011		**Six Months Ended June 30, 2011**	
	% Inc	% Inc Excluding Currency Translation	% Inc	% Inc Excluding Currency Translation
U.S.	5	5	4	4
Europe	22	9	16	8
APMEA	19	7	16	6
Other Countries & Corporate	22	12	19	11
Total	14	7	11	6

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:

FRANCHISED SALES
Dollars in millions

Quarters Ended June 30,	**2011**	2010	% Inc	% Inc Excluding Currency Translation
U.S.	**$ 7,564.2**	$ 7,178.6	5	5
Europe	**4,417.8**	3,594.6	23	9
APMEA	**3,079.8**	2,617.6	18	5
Other Countries & Corporate	**1,891.1**	1,557.0	21	12
Total*	**$16,952.9**	$14,947.8	13	7

Six Months Ended June 30,	**2011**	2010	% Inc	% Inc Excluding Currency Translation
U.S.	**$14,278.8**	$13,642.1	5	5
Europe	**8,280.9**	7,145.4	16	9
APMEA	**6,103.2**	5,354.8	14	3
Other Countries & Corporate	**3,577.0**	3,009.4	19	11
Total*	**$32,239.9**	$29,151.7	11	6

* Sales from developmental licensed restaurants or foreign affiliated markets where the Company earns a royalty based on a percent of sales were $3,504.6 million and $2,945.3 million for the second quarters 2011 and 2010, respectively, and $6,928.2 million and $6,011.7 million for the six months ended June 30, 2011 and 2010, respectively. The remaining balance of franchised sales is derived from conventional franchised restaurants where the Company earns rent and royalties based primarily on a percent of sales.

Restaurant Margins

FRANCHISED AND COMPANY-OPERATED RESTAURANT MARGINS *Dollars in millions*						
Quarters Ended June 30,	**Percent**		**Amount**		% Inc/ (Dec)	% Inc/ (Dec) Excluding Currency Translation
	2011	2010	**2011**	2010		
Franchised						
U.S.	**84.3**	84.0	**$ 878.1**	$ 832.6	5	5
Europe	**79.1**	78.3	**612.2**	491.8	24	10
APMEA	**88.9**	88.9	**208.9**	157.8	32	16
Other Countries & Corporate	**86.5**	86.0	**135.8**	115.6	18	9
Total	**83.1**	82.7	**$1,835.0**	$1,597.8	15	8
Company-operated						
U.S.	**20.7**	22.2	**$ 233.0**	$ 241.3	(3)	(3)
Europe	**19.6**	20.3	**400.7**	344.0	17	4
APMEA	**17.0**	17.1	**216.5**	177.3	22	11
Other Countries & Corporate	**16.3**	18.3	**40.4**	36.0	12	5
Total	**19.0**	19.9	**$ 890.6**	$ 798.6	12	3

Six Months Ended June 30,	**Percent**		**Amount**		% Inc/ (Dec)	% Inc/ (Dec) Excluding Currency Translation
	2011	2010	**2011**	2010		
Franchised						
U.S.	**83.6**	83.2	**$1,640.4**	$1,564.7	5	5
Europe	**78.4**	77.5	**1,141.7**	969.8	18	10
APMEA	**89.1**	88.9	**404.8**	311.8	30	17
Other Countries & Corporate	**86.0**	85.7	**252.7**	219.2	15	8
Total	**82.5**	82.0	**$3,439.6**	$3,065.5	12	8
Company-operated						
U.S.	**20.1**	21.4	**$ 429.2**	$ 442.6	(3)	(3)
Europe	**18.5**	18.8	**703.8**	624.0	13	5
APMEA	**17.2**	17.6	**423.3**	360.3	17	8
Other Countries & Corporate	**15.4**	17.2	**70.3**	63.9	10	4
Total	**18.4**	19.1	**$1,626.6**	$1,490.8	9	4

Franchised margin dollars increased $237.2 million or 15% (8% in constant currencies) for the quarter and $374.1 million or 12% (8% in constant currencies) for the six months.

- In the U.S., the franchised margin percent increased for the quarter and six months primarily due to positive comparable sales, partly offset by occupancy costs, primarily depreciation, mostly in the second quarter.
- In Europe, the franchised margin percent increased for the quarter and six months primarily due to positive comparable sales.
- In APMEA, the franchised margin percent for the quarter and six months reflected a contractual increase in the royalty rate for Japan in addition to positive comparable sales, partly offset by the impact of the strengthening Australian Dollar.

Company-operated margin dollars increased $92.0 million or 12% (3% in constant currencies) for the quarter and $135.8 million or 9% (4% in constant currencies) for the six months.

- In the U.S. and Europe, the Company-operated margin percent decreased for the quarter and six months primarily due to higher commodity costs, and to a lesser extent, higher labor and occupancy & other costs, partly offset by positive comparable sales.

- In APMEA, the Company-operated margin percent for the quarter and six months reflected positive comparable sales, mostly offset by higher commodity, labor and occupancy costs, and was negatively impacted by the acceleration of new restaurant openings in China. 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,**	
	2011	2010	**2011**	2010
Food & paper	**33.8**	32.6	**33.7**	32.8
Payroll & employee benefits	**25.2**	25.4	**25.5**	25.6
Occupancy & other operating expenses	**22.0**	22.1	**22.4**	22.5
Total expenses	**81.0**	80.1	**81.6**	80.9
Company-operated margins	**19.0**	19.9	**18.4**	19.1

Selling, General & Administrative Expenses

Selling, general & administrative expenses increased 4% (decreased 1% in constant currencies) for the quarter and increased 4% (1% in constant currencies) for the six months. The increase for the six months is a result of the timing of certain expenses in 2011, partially offset by the 2010 Vancouver Olympics and 2010 Worldwide Owner/Operator Convention. For the six months, selling, general & administrative expenses as a percent of revenues decreased to 8.8% for 2011 compared with 9.6% for 2010, and as a percent of Systemwide sales decreased to 2.8% for 2011 compared with 3.0% for 2010.

Impairment and Other Charges (Credits), Net

For the six months 2010, the Company recorded after tax impairment charges of $35.3 million related to its share of the strategic restaurant closing costs in Japan.

Other Operating (Income) Expense, Net

OTHER OPERATING (INCOME) EXPENSE, NET *Dollars in millions*				
	Quarters Ended June 30,		**Six Months Ended June 30,**	
	2011	2010	**2011**	2010
Gains on sales of restaurant business	**$(14.7)**	$(11.0)	**$ (26.6)**	$ (38.6)
Equity in earnings of unconsolidated affiliates	**(42.6)**	(35.6)	**(79.8)**	(81.7)
Asset dispositions and other expense	**3.4**	26.0	**3.6**	8.4
Total	**$(53.9)**	$(20.6)	**$(102.8)**	$(111.9)

Equity in earnings of unconsolidated affiliates for the quarter and six months benefited from stronger foreign currencies, while the decline in the number of unconsolidated restaurants negatively impacted both periods.

Asset dispositions and other expense for the quarter declined due to gains on partnership dissolutions in the U.S. in 2011 and charges related to the voluntary recall of Shrek glassware in 2010. For the six months, both years reflected gains on partnership dissolutions in the U.S.

Operating Income

OPERATING INCOME *Dollars in millions*				
Quarters Ended June 30,	**2011**	2010	% Inc	% Inc Excluding Currency Translation
U.S.	**$ 952.0**	$ 895.1	6	6
Europe	**833.4**	673.6	24	10
APMEA	**365.6**	273.5	34	19
Other Countries & Corporate	**38.1**	3.1	n/m	n/m
Total	**$2,189.1**	$1,845.3	19	11

Six Months Ended June 30,	**2011**	2010	% Inc	% Inc Excluding Currency Translation
U.S.	**$1,745.0**	$1,704.5	2	2
Europe	**1,508.7**	1,274.6	18	11
APMEA	**713.6**	545.6	31	18
Other Countries & Corporate	**47.7**	(5.3)	n/m	n/m
Total	**$4,015.0**	$3,519.4	14	9

n/m Not meaningful

In the U.S., operating results increased for the quarter and six months primarily due to higher franchised margin dollars. In addition, the quarter benefited from higher other operating income.

In Europe, constant currency operating results increased for the quarter and six months due to stronger operating performance in France, the U.K. and Russia.

In APMEA, constant currency operating results for the quarter and six months were driven primarily by stronger operating results in many markets and a contractual increase in the royalty rate for Japan. The Company's share of impairment charges in 2010, related to strategic restaurant closings in Japan, positively impacted the six months 2011 constant currency growth rate by seven percentage points.

- ***Combined Operating Margin***

Combined operating margin is defined as operating income as a percent of total revenues. Combined operating margin for the six months 2011 and 2010 was 30.8% and 30.5%, respectively.

Interest Expense

Interest expense increased for the quarter and six months reflecting higher average debt balances and stronger foreign currencies, partly offset by lower average interest rates.

Nonoperating (Income) Expense, Net

NONOPERATING (INCOME) EXPENSE, NET *Dollars in millions*				
	Quarters Ended June 30,		**Six Months Ended June 30,**	
	2011	2010	**2011**	2010
Interest income	**$ (9.5)**	$ (3.6)	**$ (17.3)**	$ (8.2)
Foreign currency and hedging activity	**0.6**	1.1	**1.1**	4.6
Other expense	**9.8**	4.4	**24.0**	11.7
Total	**$ 0.9**	$ 1.9	**$ 7.8**	$ 8.1

Income Taxes

The effective income tax rate for the quarter was 31.8% in 2011 compared with 29.4% in 2010 and 30.4% in 2011 compared with 29.7% in 2010 for the six months.

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 $2.1 billion for the six months 2011. Cash provided by operations increased $524.5 million compared with the six months 2010 primarily due to stronger operating results and changes in working capital.

Cash used for investing activities totaled $1.0 billion for the six months 2011, an increase of $191.2 million over the six months 2010, primarily as a result of higher capital expenditures partly offset by higher proceeds from sales of restaurant businesses.

Cash used for financing activities totaled $2.6 billion for the six months 2011, an increase of $707.0 million primarily due to higher treasury stock purchases.

Debt obligations at June 30, 2011 totaled $12.3 billion compared with $11.5 billion at December 31, 2010. The increase in 2011 was primarily due to net issuances of $515.3 million and the impact of changes in exchange rates on foreign currency denominated debt of $276.0 million.

Recently Issued Accounting Standards

In May 2011, the FASB issued an update to Topic 820 - Fair Value Measurement and Disclosures of the Accounting Standards Codification. This update provides guidance on how fair value accounting should be applied where its use is already required or permitted by other standards and does not extend the use of fair value accounting. The Company will adopt this guidance effective January 1, 2012 as required and does not expect the adoption to have a significant impact to its consolidated financial statements.

In June 2011, The FASB issued an update to Topic 220 - Comprehensive Income of the Accounting Standards Codification. The update is intended to increase the prominence of other comprehensive income in the financial statements. The guidance requires that the Company presents components of comprehensive income in either one continuous statement or two separate but consecutive statements and no longer permits the presentation of comprehensive income in the Consolidated statement of shareholders’ equity. The Company will adopt this new guidance effective January 1, 2012, as required.

Risk Factors and Cautionary Statement Regarding Forward-Looking Statement

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 to our customers and a brand they trust. Meeting customer expectations is complicated by the risks inherent in our operating environment. The IEO segment of the restaurant industry, although largely mature in our major markets, is highly fragmented and competitive. The IEO segment has been contracting in many markets, including some major markets, due to unfavorable economic conditions, and this may continue. Persistently high unemployment rates in many markets have also increased consumer focus on value and heightened pricing sensitivity. Combined with increasing pressure on commodity and labor costs, these circumstances affect restaurant sales and margin growth despite the strength of our brand and value proposition. We have the added challenge of the cultural, economic 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 and similar initiatives around the world, notably the focus on nutritional content and the production, processing and preparation of food "from field to front counter," as well as industry marketing practices.

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

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

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

- Our ability to anticipate and respond effectively to trends or other factors that affect the IEO segment and our competitive position in the diverse markets we serve, such as spending patterns, demographic changes, trends in food preparation, consumer preferences and publicity about us, all of which can drive popular perceptions of our business or affect the willingness of other companies to enter into site, supply or other arrangements or alliances with us;
- 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 local law or otherwise, costly to exercise or subject to litigation;
- Our ability to drive restaurant improvements that achieve optimal capacity, particularly during peak mealtime hours, and to motivate our restaurant personnel and our franchisees to achieve sustained high service levels so as to improve consumer perceptions of our ability to meet expectations for quality food served in clean and friendly environments;
- Whether our restaurant reimaging and rebuilding plans, which remain a priority, are targeted at the elements of the restaurant experience that will best accomplish our goals and whether we can complete our plans as and when projected;
- 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 products, promotions and premiums, such as Happy Meals (collectively, our products), or the reliability of our supply chain and the safety of our products, and our ability to manage the potential impact on McDonald's of food-borne illnesses or product safety issues;
- The success of our plans to improve existing menu items and to roll out new menu items, as well as the impact of our competitors' actions, including in response to our menu changes and product introductions, and our ability to continue robust menu development and manage the complexity of our restaurant operations;

- Our ability to differentiate the McDonald's experience in a way that balances consumer value with margin expansion, particularly in markets where pricing or cost pressures are significant or have been exacerbated by the current challenging economic and operating environment;
- The impact of pricing, marketing and promotional plans on sales and margins and our ability to adjust these plans to respond quickly to changing economic conditions;
- 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 directly or adversely affect the vendors, franchisees and others that are also part of the McDonald's System and whose performance has a material impact on our results;
- Our ability to recruit and retain qualified local personnel to manage our operations and growth, particularly in certain developing markets;
- Our ability to leverage promotional or operating successes in individual markets into other markets in a timely and cost-effective way; and
- The costs and operational risks associated with our increasing reliance on information technology (including our point-of-sale and other in-store technology systems or platforms), such as the need for increasing investments to upgrade and maintain our systems, the potential for system failures or programming errors and the impact on our margins as the use of cashless payments becomes more widespread.

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

Our results of operations are substantially affected not only by global economic conditions, but also by local operating and economic conditions, which can vary substantially by market. Unfavorable conditions can depress sales in a given market or daypart (e.g., breakfast). To mitigate the impact of these conditions, we may take promotional or other actions that adversely affect our margins, limit our operating flexibility or result in charges or restaurant closings. Some macroeconomic conditions could have an even more wide-ranging and prolonged impact. The current environment has been characterized by weak economies, persistently high unemployment rates and continuing uncertainty in financial and credit markets. These conditions have significantly affected consumer confidence and spending. Moreover, the strength of the current recovery is uncertain in many of our most important markets, and growth in consumer spending generally lags improvement in the broader economy. The key factors that can affect our operations, plans and results in this environment are the following:

- Whether our strategies will permit us to compete effectively and make continued market share gains despite the uncertain economic outlook, while at the same time achieving sales and operating income within our targeted long-term average annual range of growth;
- 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 recent significant increases in gasoline and commodity prices, which we expect will continue to be volatile and may increase further, and the impact of pricing, hedging and other actions that we, franchisees and suppliers may take to address this environment;
- The impact on our margins of labor costs given our labor-intensive business model, the long-term trend toward higher wages in both mature and developing markets and any potential impact of union organizing efforts;
- The impact of foreign exchange and interest rates on our financial condition and results;
- Whether we are able to identify and develop restaurant sites consistent with our plans for net growth of Systemwide restaurants from year to year, and whether new sites are as profitable as expected;
- The challenges and uncertainties associated with operating in developing markets, such as China and Russia, which may entail a relatively higher risk of political instability, economic volatility, crime, corruption and social and ethnic unrest, all of which are exacerbated in many cases by a lack of an independent and experienced judiciary and uncertainties in how local law is applied and enforced, including in areas most relevant to commercial transactions and foreign investment; and
- The nature and timing of decisions about underperforming markets or assets, including decisions that result in impairment charges that reduce our earnings.

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 regulation that can affect our business plans, such as those relating to marketing and the content and safety of our food and other products, as well as the risks and costs of our labeling and other disclosure practices, particularly given varying legal requirements and practices for testing and disclosure within our industry, ordinary variations in food preparation among our own restaurants, and the need to rely on the accuracy and completeness of information from third-party suppliers;
- The impact of nutritional, health and other scientific inquiries and conclusions, which constantly evolve and often have contradictory implications, but nonetheless drive popular opinion, litigation and regulation, including taxation, in ways that could be material to our business;
- The risks and costs to us, our franchisees and our supply chain of increased focus by U.S. and overseas governmental authorities and non-governmental organizations on environmental matters, such as climate change, the reduction of greenhouse gases and water consumption, including as a result of initiatives that effectively impose a tax on carbon emissions;
- The impact of litigation trends, particularly in our major markets, including class actions, labor and employment claims and landlord/tenant disputes; the relative level of our defense costs, which vary from period to period depending on the number, nature and procedural status of pending proceedings; and the cost and other effects of settlements or judgments, which may require us to make disclosures or take other actions that may affect perceptions of our brand and products;
- Adverse results of pending or future litigation, including litigation challenging the composition of our products, or the appropriateness or accuracy of our marketing or other communication practices;
- The increasing costs and other effects of compliance with U.S. and overseas regulations affecting our workforce and labor practices, including regulations relating to wage and hour practices, immigration, healthcare, retirement and other employee benefits and unlawful workplace discrimination;
- Disruptions in our operations or price volatility in a market that can result from governmental actions, such as price, foreign exchange or import-export controls, increased tariffs or government-mandated closure of our or our vendors' operations, and the cost and disruption of responding to governmental investigations or proceedings, whether or not they have merit;
- The legal and compliance risks associated with information technology, such as the costs of compliance with privacy, consumer protection and other laws, the potential costs associated with alleged security breaches (including the loss of consumer confidence that may result and the risk of criminal penalties or civil liability to consumers or employees whose data is alleged to have been collected or used inappropriately) and potential challenges to the associated intellectual property rights or to our use of that intellectual property; 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 authoritative interpretations relating to any of these matters), 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.

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

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

- The continuing unfavorable global economic and market conditions;
- Governmental action or inaction in light of key indicators of economic activity or events that can significantly influence financial markets, particularly in the United States which is the principal trading market for our common stock, and media reports and commentary about economic or other matters, even when the matter in question does not directly relate to our business;
- 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 reflect market commentary (including commentary that may be unreliable or incomplete in some cases) 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, dividend rate or changes in our debt levels on our credit ratings, interest expense, ability to obtain funding on favorable terms or our operating or financial flexibility, especially if lenders impose new operating or financial covenants; and
- The impact 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, 2010 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, 2011. 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, 2011 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, 2010 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 quarter ended June 30, 2011:

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, 2011	1,450,168	$ 76.82	1,450,168	$ 5,400,056,000
May 1 - 31, 2011	3,372,604	81.03	3,372,604	5,126,766,000
June 1 - 30, 2011	4,407,536	81.52	4,407,536	4,767,476,000
Total	9,230,308	$ 80.60	9,230,308	$ 4,767,476,000

* 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 September 24, 2009, the Company's Board of Directors approved a share repurchase program 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 1, 2011, filed herewith.
	(b)	By-Laws, as amended and restated with effect as of July 21, 2011, incorporated herein by reference from Form 8-K, dated July 21, 2011.
(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, dated November 28, 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)	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.**
	(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.**

Exhibit Number		Description
	(j)	Form of Stock Option Grant Notice, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2005.**
	(k)	Form of Restricted Stock Unit Award Notice, incorporated herein by reference from Form 10-Q, for the quarter ended June 30, 2005.**
	(l)	McDonald's Corporation Severance Plan, effective January 1, 2008, incorporated by reference from Form 8-K, dated November 28, 2007.**
		(i) First Amendment of McDonald's Corporation Severance Plan, effective as of October 1, 2008, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2008.**
	(m)	Employment Contract between Denis Hennequin and the Company, effective October 1, 2010, incorporated herein by reference from Form 10-Q, for the quarter ended September 30, 2010.**
	(n)	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.**
	(o)	Description of Restricted Stock Units granted to Andrew J. McKenna, filed herewith.**
	(p)	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.**
	(q)	McDonald's Corporation Target Incentive Plan, effective as of January 1, 2008, incorporated herein by reference from Form 8-K, dated January 23, 2008.**
	(r)	European Prospectus Supplement describing the terms of equity compensation awards granted in the European Union pursuant to the Company's Amended and Restated 2001 Omnibus Stock Ownership Plan, incorporated herein by reference from Form 10-K, for the year ended December 31, 2010.**
	(s)	Letter Agreement between Ralph Alvarez and the Company dated December 18, 2009, incorporated herein by reference from Form 8-K, dated December 18, 2009.**
	(t)	McDonald's Corporation Cash Performance Unit Plan 2010-2012, effective as of February 9, 2010, incorporated herein by reference from Form 8-K, dated February 9, 2010.**
	(u)	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, incorporated herein by reference from Form 10-Q, for the quarter ended March 31, 2011.**
	(v)	Transaction Settlement Agreement between Denis Hennequin and the Company dated December 20, 2010 incorporated herein by reference from Form 8-K, dated December 20, 2010.**
(12)	Computation of ratio of earnings to fixed charges.	

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.

*** In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed to be “furnished” and not “filed”.

SIGNATURE

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

McDONALD'S CORPORATION
(Registrant)

August 5, 2011

/s/ Peter J. Bensen

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

Exhibit (3)(a)

RESTATED CERTIFICATE OF INCORPORATION

OF

MCDONALD'S CORPORATION

(originally incorporated on December 21, 1964
under the name "Regrub, Inc.")

FIRST: The name of the corporation is McDONALD'S CORPORATION.

SECOND: Its registered office in the State of Delaware is located at 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.

The name and address of its registered agent is The Prentice-Hall Corporation System, Inc., 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.

THIRD: The nature of the business of the Corporation and the objects and purposes to be transacted, promoted or carried on are as follows:

1. To obtain by license or otherwise and to grant to others by license or otherwise the right to the use of drive-in food establishment systems and food service systems of every kind and character, and to manage and operate drive-in and other restaurants and eating places of all kinds.

2. To manufacture, construct, lease, purchase and otherwise acquire; to hold, own, repair, maintain, operate and invest, trade and deal in; to lien, mortgage, pledge and otherwise encumber, and to let, assign, transfer, sell and otherwise dispose of goods, wares and merchandise and personal property of every kind and description and wherever situated.

3. To the same extent as natural persons might or could do, to purchase or otherwise acquire, hold, own, maintain, work, develop, sell, lease, sublease, exchange, hire, convey, mortgage or otherwise dispose of and turn to account and deal in, lands, leaseholds, any interests, estates and rights in real property, any personal or mixed property, and franchises, rights, licenses, permits or privileges of every character.

4. To acquire by purchase, exchange or otherwise, all, or any part of, or any interest in, the properties, assets, business and good will of any one or more persons, firms, associations, corporations or syndicates engaged in any business which the Corporation is authorized to engage in; to pay for the same in cash, property or its own or other securities; to hold, operate, reorganize, liquidate, sell or in any manner dispose of the whole or any part thereof; and in connection therewith, to assume or guarantee performance of any liabilities, obligations or contracts of such persons, firms, associations, corporations or syndicates, and to conduct in any lawful manner the whole or any part of any business thus acquired.

5. To acquire by purchase, subscription, contract or otherwise, and to hold for investment or otherwise, sell, exchange, mortgage, pledge or otherwise dispose of, or turn to account or realize upon, and generally to deal in and with, any and all kinds of securities issued or created by, or interests in, corporations, associations, partnerships, firms, trustees, syndicates,

individuals, municipalities or other political or governmental divisions or subdivisions, or any thereof, or by any combinations, organizations or entities whatsoever, irrespective of their form or the name by which they may be described; and to exercise any and all rights, powers, and privileges of individual ownership or interest in respect of any and all such securities and interests, including the right to vote thereon and to consent and otherwise act with respect thereto; to do any and all acts and things for the preservation, protection, improvement and enhancement in value of any and all such securities or interests, and to aid by loan, subsidy, guaranty or in any other manner permitted by law those issuing, creating, or responsible for any such securities or interests.

6. To develop, apply for, obtain, register, purchase, lease, take licenses in respect of or otherwise acquire, and to hold, own, use, operate, enjoy, turn to account, grant licenses in respect of, manufacture under, introduce, sell, assign, mortgage, pledge or otherwise dispose of any and all inventions, devices, formulae, processes, improvements and modifications thereof, letters patent and all rights connected therewith or appertaining thereunto, copyrights, trademarks, trade names, trade symbols and other indications of origin and ownership, franchises, licenses, grants and concessions granted by or recognized under the laws of the United States of America or of any state or subdivision thereof or of any other country or subdivision thereof.

7. To loan money upon the security of real and/or personal property of whatsoever name, nature or description, or without security.

8. To borrow money for any of the purposes of the Corporation, from time to time, and without limit as to amount; to issue and sell its own securities in such amounts, on such terms and conditions, for such purposes and for such prices, as the Board of Directors shall determine; and to secure such securities, by mortgage upon, or the pledge of, or the conveyance or assignment in trust of, the whole or any part of the properties, assets, business and good will of the Corporation, then owned or thereafter acquired.

It is the intention that the objects and purposes set forth in the foregoing clauses of this Article Third shall not, unless otherwise specified herein, be in any wise limited or restricted by reference to, or inference from, the terms of any other clause of this or any other article in this Certificate, but that the objects and purposes specified in each of said clauses shall be regarded as independent objects and purposes.

It is also the intention that the foregoing clauses shall be construed as powers as well as objects and purposes; that the Corporation shall be authorized to conduct its business or hold property in any part of the United States and its possessions, and foreign countries; that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the general powers of the Corporation; and that generally the Corporation shall be authorized to exercise and enjoy all other powers conferred on corporations by the laws of Delaware.

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is Three Billion Six Hundred Sixty-Five Million (3,665,000,000), consisting of Three Billion Five Hundred Million (3,500,000,000) shares of Common Stock with one cent ($.01) par value and One Hundred Sixty-Five Million (165,000,000) shares of Preferred Stock without par value.

A. COMMON STOCK

Each share of Common Stock shall be equal to every other share of Common Stock in every respect. Subject to any exclusive voting rights which may vest in holders of Preferred Stock under the provisions of any series of the Preferred Stock established by the Board of Directors pursuant to authority herein provided, the shares of Common Stock shall entitle the holders thereof to one vote for each share upon all matters upon which stockholders have the right to vote.

B. PREFERRED STOCK

(1) Preferred Stock may be issued from time to time in one or more series, each of such series to have such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as are stated and expressed in this Article and in the resolution or resolutions providing for the issuance of such series adopted by the Board of Directors as hereinafter provided.

(2) Authority is hereby expressly granted to the Board of Directors subject to the provisions of this Article to authorize the issuance of one or more series of Preferred Stock and, with respect to each series, to fix by resolution or resolutions providing for the issuance of such series:

(a) The number of shares to constitute such series and the distinctive designations thereof;

(b) The dividend rate or rates to which such shares shall be entitled and the restrictions, limitations and conditions upon the payment of such dividends, whether dividends shall be cumulative or noncumulative and, if cumulative, the date or dates from which dividends shall accumulate, the dates on which dividends, if declared, shall be payable, and the preferences or relations to the dividends payable on any other series of Preferred Stock;

(c) Whether or not all or any part of the shares of such series shall be redeemable, and if so, the limitations and restrictions with respect to such redemptions, the manner of selecting shares of such series for redemption if less than all shares are to be redeemed, and the amount, if any, in addition to any accrued dividends thereon, which the holder of shares of such series shall be entitled to receive upon the redemption thereof, which amount may vary at different redemption dates and may be different with respect to shares redeemed through the operation of any retirement or sinking fund and with respect to shares otherwise redeemed;

(d) The amount in addition to any accrued dividends thereon which the holders of shares of such series shall be entitled to receive upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, which amount may vary depending on whether such liquidation, dissolution or winding up is voluntary or involuntary and, if voluntary, may vary at different dates;

(e) Whether or not the shares of such series shall be subject to the operation of a purchase, retirement or sinking fund, and, if so, whether such purchase, retirement or sinking fund shall be cumulative or non-cumulative, the extent and the manner in which such fund shall be applied to the purchase or redemption of the shares of such series for retirement or to other corporate purposes and the terms and provisions relative to the operation thereof;

(f) Whether or not the shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or classes, or of any other series of the same class, and if so convertible or exchangeable, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same;

(g) The voting powers, if any, of such series in addition to the voting powers provided by law; except that such powers shall not include the right to have more than one vote per share;

(h) Any other preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as shall not be inconsistent with law or with this Article.

Notwithstanding the fixing of the number of shares constituting a particular series upon the issuance thereof, the Board of Directors may at any time thereafter authorize the issuance of additional shares of the same series, or decrease the number of shares constituting such series (but not below the number of shares of such series then outstanding).

(3) All shares of any one series of Preferred Stock shall be identical with all other shares of the same series except that shares of any one series issued at different times may differ as to the dates from which dividends thereon shall be cumulative; and all series shall rank equally and be identical in all respects, except as permitted by the foregoing provisions of paragraph B. (2).

(4) (a) The holders of Preferred Stock shall be entitled to receive cash dividends when and as declared by the Board of Directors at such rate per share per annum, cumulatively if so provided, and with such preferences, as shall have been fixed by the Board of Directors, before any dividends shall be paid upon or declared and set apart for the Common Stock or any other class of stock ranking junior to the Preferred Stock, and such dividends on each series of the Preferred Stock shall cumulate, if at all, from and after the dates fixed by the Board of Directors with respect to such cumulation. Accrued dividends shall bear no interest.

(b) If dividends on the Preferred Stock are not declared in full then dividends shall be declared ratably on all shares of stock of each series of equal preference in proportion to the respective unpaid cumulative dividends, if any, to the end of the then current dividend period. No ratable distribution shall be declared or set apart for payment with respect to any series until accumulated dividends in arrears in full have been declared and paid on any series senior in preference.

(c) Unless dividends on all outstanding shares of series of the Preferred Stock having cumulative dividend rights shall have been fully paid for all past dividend periods, and unless all required sinking fund payments, if any, shall have been made or provided for, no dividend (except a dividend payable in Common Stock or in any other class of stock ranking junior to the Preferred Stock) shall be paid upon or declared and set apart for the Common Stock or any other class of stock ranking junior to the Preferred Stock.

(d) Subject to the foregoing provisions, the Board of Directors may declare and pay dividends on the Common Stock and on any class of stock ranking junior to the Preferred Stock, to the extent permitted by law. After full dividends for the current dividend period, and, in the case of Preferred Stock having cumulative dividend rights after all prior dividends have been paid or declared and set apart for payment, the holders of the Common Stock shall be entitled, to the exclusion of the holders of the Preferred Stock, to all further dividends declared and paid in such current dividend period.

(5) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation shall be made to or set apart for the holders of shares of any class or classes of stock of the Corporation ranking junior to the Preferred Stock, the holders of the shares of each series of the Preferred Stock shall be entitled to receive payment of the amount per share fixed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of the shares of such series, plus an amount equal to all dividends accrued thereon to the date of final distribution to such holders; but they shall be entitled to no further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of the Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid, then such assets, or the proceeds thereof, shall be distributed among such holders ratably in accordance with the respective amount which would be payable on such shares if all amounts payable thereon were paid in full. For the purposes of this paragraph B. (5), the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation or a consolidation or merger of the Corporation with one or more corporations shall not be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary.

(6) Shares of any series of Preferred Stock which have been issued and reacquired in any manner by the Company (excluding shares purchased and retired, whether through the operation of a retirement or sinking fund or otherwise, and shares which, if convertible or exchangeable, have been converted into or exchanged for shares of stock of any other class or classes) shall have the status of authorized and unissued shares of Preferred Stock and may be reissued as a part of the series of which they were originally a part or may be reclassified and reissued as part of a new series of Preferred Stock or as part of any other series of Preferred Stock, all subject to the conditions or restrictions on issuance fixed by the Board of Directors with respect to the shares of any other series of Preferred Stock.

(7) Except as otherwise specifically provided herein or in the authorizing resolutions, none of the shares of any series of Preferred Stock shall be entitled to any voting rights and the Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes. So long as any shares of any series of Preferred Stock are outstanding, the Corporation shall not, without the consent of the holders of a majority of the then outstanding shares of Preferred Stock, irrespective of series, either expressed in writing (to the extent permitted by law) or by their affirmative vote at a meeting called for that purpose: (i) adopt any amendment to this Restated Certificate of Incorporation or take any other action which in any material respect adversely affects any preference, power, special right, or other term of the Preferred Stock or the holders thereof, (ii) create or issue any class of stock entitled to any preference over the Preferred Stock as to the payment of dividends, or the distribution of capital

assets, (iii) increase the aggregate number of shares constituting the authorized Preferred Stock or (iv) create or issue any other class of stock entitled to any preference on a parity with the Preferred Stock as to the payment of dividends or the distribution of capital assets.

(8) If in any case the amounts payable with respect to any obligations to retire shares of the Preferred Stock are not paid in full in the case of all series with respect to which such obligations exist, the number of shares of each of such series to be retired pursuant to any such obligations shall be in proportion to the respective amounts which would be payable on account of such obligations if all amounts payable in respect of such series were discharged in full.

(9) The shares of Preferred Stock may be issued by the Corporation from time to time for such consideration as may be fixed from time to time by the Board of Directors. Any and all shares for which the consideration so fixed shall have been paid or delivered shall be deemed fully paid and nonassessable.

(10) For the purpose of the provisions of this Article dealing with Preferred Stock or of any resolution of the Board of Directors providing for the issuance of any series of Preferred Stock or of any certificate filed with the Secretary of State of the State of Delaware pursuant to any such resolution (unless otherwise provided in any such resolution or certificate):

(a) The term “outstanding”, when used in reference to shares of stock, shall mean issued shares, excluding shares held by the Corporation and shares called for redemption, funds for the redemption of which shall have been set aside or deposited in trust;

(b) The amount of dividends “accrued” on any share of Preferred Stock as at any dividend date shall be deemed to be the amount of any unpaid dividends accumulated thereon to and including such dividend date, whether or not earned or declared, and the amount of dividends “accrued” on any share of Preferred Stock as at any date other than a dividend date shall be calculated as the amount of any unpaid dividends accumulated thereon to and including the last preceding dividend date, whether or not earned or declared, plus an amount equivalent to interest on the involuntary liquidation value of such share at the annual dividend rate fixed for the shares of such series for the period after such last preceding dividend date to and including the date as of which the calculation is made;

(c) The term “class or classes of stock of the corporation ranking junior to the Preferred Stock” shall mean the Common Stock of the Corporation and any other class or classes of stock of the Corporation hereafter authorized which shall rank junior to the Preferred Stock as to dividends or upon liquidation.

C. PROVISIONS APPLICABLE TO ALL CAPITAL STOCK

No holder of any share or shares of any class of stock of the Corporation shall have any preemptive or preferential right to subscribe for or purchase any shares of stock of any class of the Corporation now or hereafter authorized or any securities convertible into or carrying any rights to purchase any shares of stock of any class of the Corporation now or hereafter authorized, other than such rights, if any, as the Board of Directors in its discretion from time to time may grant, and at such prices and upon such other terms and conditions as the Board of Directors in its discretion may fix.

FIFTH: The minimum amount of capital with which the Corporation will commence business is One Thousand Dollars ($1,000).

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: The private property of the stockholders of the Corporation shall not be subject to the payment of corporate debts to any extent whatsoever.

EIGHTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware the Board of Directors is expressly authorized and empowered:

(a) In the manner provided in the by-laws of the Corporation to make, alter, amend and repeal the by-laws of the Corporation in any respect not inconsistent with the laws of the State of Delaware or with the Restated Certificate of Incorporation of the Corporation;

(b) By a resolution or resolutions passed by a majority of the whole Board, to designate one or more committees, each committee to consist of two or more of the directors of the Corporation which, to the extent provided in said resolution or resolutions or in the by-laws of the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the by-laws of the Corporation or as may be determined from time to time by resolution adopted by the Board of Directors;

(c) Subject to any applicable provisions of the by-laws of the Corporation then in effect, to determine from time to time, whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors or of the stockholders of the Corporation;

(d) To fix from time to time the amount of the surplus or profits of the Corporation to be reserved as working capital or for any other lawful purpose;

(e) Without any action by the stockholders, to authorize the borrowing of moneys for any of the purposes of the Corporation and, from time to time without limit as to amount, to authorize and cause the making, execution, issuance, sale or other disposition of promissory notes, drafts, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and the securing of the same by mortgage, pledge, deed of trust or otherwise.

In addition to the powers and authorities hereinbefore or by statute expressly conferred upon it, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised, or done by the Corporation, subject, nevertheless, to the provisions of the laws of the State of Delaware, this Restated Certificate of Incorporation and the by-laws of the Corporation.

Any contract, transaction or act of the Corporation or of the directors or of any committee, which shall be ratified by the holders of a majority of the shares of stock of the

Corporation present in person or by proxy and voting at any annual meeting, or at any special meeting called for such purpose, shall, insofar as permitted by law or by this Restated Certificate of Incorporation, be as valid and as binding as though ratified by every stockholder of the Corporation.

The Corporation may enter into contracts or transact business with one or more of its directors, or with any firm of which one or more of its directors are members or with any trust, firm, corporation or association in which any one or more of its directors is a stockholder, director or officer or otherwise interested, and any such contract or transaction shall not be invalidated in the absence of fraud because such director or directors have or may have interests therein which are or might be adverse to the interest of the Corporation, even though the presence and/or vote of the director or directors having such adverse interest shall have been necessary to constitute a quorum and/or to obligate the Corporation upon such contract or transaction, provided that such interests shall have been disclosed to the other directors and a majority of the directors voting shall have approved such contract or transaction; and no director having such adverse interest shall be liable to this Corporation or to any stockholder or creditor thereof, or to any other person for any loss incurred by it under or by reason of any such contract or transaction; nor shall any such director or directors be accountable for any gains or profits realized thereon.

The Corporation shall have power to indemnify any and all of its directors or officers or former directors or officers or any person who may have served at its request as a director or officer of another corporation in which it owns shares of capital stock or of which it is a creditor against liabilities and expenses actually and necessarily incurred by them in connection with the defense of any action, suit or proceeding in which they, or any of them, are made parties, or a party, by reason of being or having been directors or officers or a director or officer of the Corporation, or of such other corporation, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled, under any by-law, agreement, vote of stockholders or otherwise.

NINTH: Meetings of stockholders may be held outside the State of Delaware, if the by-laws so provide. The books of the Corporation may be kept (subject to the laws of the State of Delaware) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the by-laws of the Corporation.

Elections of directors need not be by ballot unless the by-laws of the Corporation shall so provide.

TENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, to the extent and in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ELEVENTH: It is hereby declared to be a proper corporate purpose, reasonably calculated to benefit stockholders, for the Board of Directors to base the response of the Corporation to any “Acquisition Proposal” on the Board of Directors’ evaluation of what is in the best interests of the Corporation and for the Board of Directors, in evaluating what is in the best interests of the Corporation, to consider:

(i) the best interest of the stockholders; for this purpose the Board shall consider, among other factors, not only the consideration being offered in the Acquisition Proposal, in relation to the then current market price, but also in relation to the then current value of the Corporation in a freely negotiated transaction and in relation to the Board of Directors' then estimate of the future value of the Corporation as an independent entity; and

(ii) such other factors as the Board of Directors determines to be relevant, including, among other factors, the social, legal and economic effects upon franchisees, employees, suppliers, customers and business.

"Acquisition Proposal" means any proposal of any person (a) for a tender offer or exchange offer for any equity security of the Corporation, (b) to merge or consolidate the Corporation with another corporation, or (c) to purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation.

TWELFTH: Board of Directors.

(a) Number, Election and Terms. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors consisting of not less than 11 nor more than 24 persons. The exact number of directors within the minimum and maximum limitations specified in the preceding sentence shall be fixed from time to time by the Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors.

At the 1983 Annual Meeting of Stockholders, the directors shall be divided into three classes, as nearly equal in number as possible, with the term of office of the first class to expire at the 1984 annual meeting of stockholders, the term of office of the second class to expire at the 1985 annual meeting of stockholders and the term of office of the third class to expire at the 1986 annual meeting of stockholders.

At each annual meeting of stockholders following such initial classification and election, directors elected to succeed those whose terms then expire shall be elected for a term of office expiring at the third succeeding annual meeting of stockholders after their election.

(b) Newly Created Directorships and Vacancies. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled by a majority vote of the directors then in office. Directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of the class to which they have been elected expires. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(c) Removal. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative votes of the holders of a majority of the voting power of the capital stock of the Corporation outstanding and entitled to vote thereon.

(d) Amendment, Repeal, Etc. Notwithstanding anything to the contrary contained in this Restated Certificate of Incorporation, the affirmative vote of the holders of a majority of the voting power of the capital stock of the Corporation outstanding and entitled to vote thereon shall be required to amend, alter or repeal, or to adopt any provision inconsistent with, this Article Twelfth.

THIRTEENTH: Stockholder Action. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Special meetings of stockholders of the Corporation may be called upon not less than 10 nor more than 60 days' written notice only by the Board of Directors pursuant to a resolution approved by a majority of the Board of Directors. Notwithstanding anything contained in this Restated Certificate of Incorporation to the contrary, the affirmative vote of the holders of a majority of the voting power of the capital stock of the Corporation outstanding and entitled to vote thereon shall be required to amend, alter or repeal, or to adopt any provision inconsistent with, this Article Thirteenth.

FOURTEENTH: Elimination of Certain Liability of Directors. To the fullest extent that the general corporate law of the State of Delaware, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Article Fourteenth shall apply to or have any effect on liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation, which only restates and integrates and does not further amend the provisions of the Restated Certificate of Incorporation of McDonald's Corporation, as heretofore amended or supplemented, there being no discrepancy between such Restated Certificate of Incorporation, as so amended and supplemented, and the provisions hereof, and having been duly adopted in accordance with Section 245 of the Delaware General Corporation Law, has been executed by its duly authorized officer on the date set forth below.

McDONALD'S CORPORATION

By: /s/ Gloria Santona
Gloria Santona
Corporate Executive Vice President,
General Counsel and Secretary

Date: June 1, 2011

Exhibit (10)(o)

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 10,434 restricted stock units ("RSUs") on June 14, 2011. 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: 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(p) to Form 10-Q filed with the Securities and Exchange Commission ("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 12

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
Dollars in Millions

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	2010	Years Ended December 31, 2009	2008	2007	2006
Earnings available for fixed charges							
- Income from continuing operations before provision for Income taxes and cumulative effect of accounting changes	$3,765.3	$3,292.2	$7,000.3	$6,487.0	$6,158.0	$3,572.1(1)	$4,154.4
- Noncontrolling interest expense in operating results of majority-owned subsidiaries, including fixed charges related to redeemable preferred stock, less equity in undistributed operating results of less than 50%-owned affiliates	5.7	5.0	10.4	7.5	10.7	7.2	5.5
- Income tax provision (benefit) of 50%- owned affiliates included in income from continuing operations before provision for income taxes	33.3	5.3	28.7	47.7	30.0	22.4	5.9
- Portion of rent charges (after reduction for rental income from subleased properties) considered to be representative of interest factors*	167.6	156.2	315.4	302.8	321.3	312.8	304.0
- Interest expense, amortization of debt discount and issuance costs, and depreciation of capitalized interest*	256.1	233.3	479.1	504.5	556.8	442.7	437.4
	$4,228.0	$3,692.0	$7,833.9	$7,349.5	$7,076.8	$4,357.2	$4,907.2
Fixed charges							
- Portion of rent charges (after reduction for rental income from subleased properties) considered to be representative of interest factors*	$ 167.6	$ 156.2	$ 315.4	$ 302.8	$ 321.3	$ 312.8	$ 304.0
- Interest expense, amortization of debt discount and issuance costs, and fixed charges related to redeemable preferred stock*	247.4	224.5	461.5	486.9	539.7	425.9	418.4
- Capitalized interest*	6.4	4.9	12.0	11.9	12.5	7.0	5.5
	$ 421.4	$ 385.6	$ 788.9	$ 801.6	$ 873.5	$ 745.7	$ 727.9
Ratio of earnings to fixed charges	10.03	9.57	9.93	9.17	8.10	5.84	6.74

* 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.

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

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

I, James A. Skinner, certify that:

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

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

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

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

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2011

/s/ James A. Skinner

James A. Skinner

Vice Chairman and Chief Executive Officer

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

I, Peter J. Bensen, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 5, 2011

/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, 2011 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2011

/s/ James A. Skinner

James A. Skinner

Vice Chairman and Chief Executive Officer

Exhibit 32.2. Certification pursuant to 18 U.S.C. Section 1350 by the Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of McDonald's Corporation (the "Company"), does hereby certify, to such officer's knowledge, that the Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2011

/s/ Peter J. Bensen

Peter J. Bensen

Corporate Executive Vice President and
Chief Financial Officer