

MCDONALDS CORP
Form 11-K
June 29, 2005
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2004

Or

Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number **1-5231**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

McDonald's Corporation Profit Sharing and Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

McDonald's Corporation

McDonald's Plaza

Oak Brook, Illinois 60523

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McDonald's Corporation Profit Sharing and Savings Plan

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FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

McDonald's Corporation Profit Sharing and Savings Plan

December 31, 2004 and 2003, and Year Ended December 31, 2004

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McDonald's Corporation Profit Sharing and Savings Plan

Financial Statements and Supplemental Schedules

December 31, 2004 and 2003, and Year Ended December 31, 2004

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Report of Independent Registered Public Accounting Firm

The Administrative Committee

McDonald's Corporation Profit Sharing and Savings Plan

We have audited the accompanying statements of net assets available for benefits of McDonald's Corporation Profit Sharing and Savings Plan (the Plan) as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's Administrative Committee. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2004 and 2003, and the changes in its net assets available for benefits for the year ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2004, and reportable transactions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

May 19, 2005

Chicago, Illinois

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McDonald's Corporation Profit Sharing and Savings Plan

Statement of Net Assets Available for Benefits

December 31, 2004

(In Thousands)

| | Participant Directed Investments | ESOP | | Total |
|--|--|----------------------|-------------------------|------------------|
| | | Allocated Account | Unallocated Account* | |
| Assets | | | | |
| Cash overdraft | \$ (797) | \$ | \$ | \$ (797) |
| Investments, at fair value: | | | | |
| Commercial paper and other short-term investments | 32,128 | 4,484 | 4,667 | 41,279 |
| Mutual funds | 196,042 | | | 196,042 |
| Common and preferred stocks other than McDonald's Corporation | 149,505 | | | 149,505 |
| Securities loaned through securities lending arrangement: | | | | |
| Common and preferred stocks other than McDonald's Corporation common stock | 23,910 | | | 23,910 |
| McDonald's Corporation common stock | 630,051 | 228,456 | 215,098 | 1,073,605 |
| Participant loans | 18,145 | | | 18,145 |
| Pooled Cash Collateral Account | 35,792 | | | 35,792 |
| Investments, at contract value: | | | | |
| Investment contracts | 381,136 | | | 381,136 |
| Securities loaned through securities lending arrangement: | | | | |
| Investment contracts | 12,167 | | | 12,167 |
| Total investments | 1,478,876 | 232,940 | 219,765 | 1,931,581 |
| Receivables: | | | | |
| Company contributions | 36,008 | | | 36,008 |
| Accrued income | 194 | 5 | 7 | 206 |
| Other | 402 | (121) | | 281 |
| Total receivables | 36,604 | (116) | 7 | 36,495 |
| Total assets | 1,514,683 | 232,824 | 219,772 | 1,967,279 |
| Liabilities | | | | |
| Management and administrative expenses payable | 2,116 | 38 | | 2,154 |
| Accrued interest expense | | | 2,847 | 2,847 |
| Obligation for collateral received for loaned securities | 35,792 | | | 35,792 |
| Notes payable | | | 93,386 | 93,386 |
| Other liabilities | 78 | | 279 | 357 |

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| | | | | |
|-----------------------------------|--------------|------------|------------|--------------|
| Total liabilities | 37,986 | 38 | 96,512 | 134,536 |
| Net assets available for benefits | \$ 1,476,697 | \$ 232,786 | \$ 123,260 | \$ 1,832,743 |

* *Nonparticipant-directed investment (see Note 4).*

The accompanying notes are an integral part of these financial statements.

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McDonald's Corporation Profit Sharing and Savings Plan

Statement of Net Assets Available for Benefits

December 31, 2003

(In Thousands)

| | Participant- Directed Investments | ESOP | | Total |
|---|---|----------------------|-------------------------|---------------------|
| | | Allocated Account | Unallocated Account* | |
| Assets | | | | |
| Cash overdraft | \$ (24) | \$ | \$ | \$ (24) |
| Investments, at fair value: | | | | |
| Commercial paper and other short-term investments | 36,930 | 3,851 | 3,341 | 44,122 |
| Mutual funds | 147,726 | | | 147,726 |
| Common and preferred stocks other than McDonald's Corporation | 154,157 | | | 154,157 |
| McDonald's Corporation common stock | 519,831 | 204,291 | 184,862 | 908,984 |
| Participant loans | 16,652 | | | 16,652 |
| Investments, at contract value: | | | | |
| Investment contracts | 387,536 | | | 387,536 |
| Total investments | 1,262,832 | 208,142 | 188,203 | 1,659,177 |
| Receivables: | | | | |
| Company contributions | 32,757 | | | 32,757 |
| Accrued income | 106 | 4 | 5 | 115 |
| Other | 830 | (715) | | 115 |
| Total receivables | 33,693 | (711) | 5 | 32,987 |
| Total assets | 1,296,501 | 207,431 | 188,208 | 1,692,140 |
| Liabilities | | | | |
| Management and administrative expenses payable | 1,797 | 44 | | 1,841 |
| Accrued interest expense | | | 2,878 | 2,878 |
| Notes payable | | | 101,281 | 101,281 |
| Other liabilities | 274 | 80 | | 354 |
| Total liabilities | 2,071 | 124 | 104,159 | 106,354 |
| Net assets available for benefits | \$ 1,294,430 | \$ 207,307 | \$ 84,049 | \$ 1,585,786 |

* *Nonparticipant-directed investment (see Note 4).*

The accompanying notes are an integral part of these financial statements.

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McDonald's Corporation Profit Sharing and Savings Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2004

(In Thousands)

| | Participant- Directed Investments | ESOP | | Total |
|---|---|----------------------|-------------------------|---------------------|
| | | Allocated Account | Unallocated Account* | |
| Net investment income | | | | |
| Dividend income | \$ 15,617 | \$ 3,986 | \$ 3,772 | \$ 23,375 |
| Interest income | 19,250 | 36 | 24 | 19,310 |
| Commission recapture income | 57 | 4 | | 61 |
| Securities lending income | 21 | | | 21 |
| Net realized and unrealized appreciation in fair value of investments | 175,246 | 54,394 | 50,940 | 280,580 |
| Interest expense | | | (7,019) | (7,019) |
| Management and administrative fees | (4,349) | (454) | | (4,803) |
| Total net investment income | 205,842 | 57,966 | 47,717 | 311,525 |
| Contributions | | | | |
| Company | 49,804 | 7,336 | 8,212 | 65,352 |
| Participant | 40,573 | | | 40,573 |
| Total contributions | 90,377 | 7,336 | 8,212 | 105,925 |
| Allocations | | | | |
| Company matching with profit sharing forfeitures | (2,047) | | | (2,047) |
| Company matching with ESOP shares | | | (16,718) | (16,718) |
| Total allocations | (2,047) | | (16,718) | (18,765) |
| Other changes | | | | |
| Benefits paid to terminated participants and withdrawals | (130,407) | (21,989) | | (152,396) |
| Interfund transfers (net) | 17,830 | (17,830) | | |
| Other | 672 | (4) | | 668 |
| Total other changes | (111,905) | (39,823) | | (151,728) |
| Net increase in net assets available for benefits | 182,267 | 25,479 | 39,211 | 246,957 |
| Net assets available for benefits at beginning of year | 1,294,430 | 207,307 | 84,049 | 1,585,786 |
| Net assets available for benefits at end of year | \$ 1,476,697 | \$ 232,786 | \$ 123,260 | \$ 1,832,743 |



* *Nonparticipant-directed investment (see Note 4).*

The accompanying notes are an integral part of the financial statements.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements

December 31, 2004 and 2003 and Year Ended December 31, 2004

1. Description of the Plan

Effective January 1, 2002, the McDonald's Corporation Profit Sharing Program was amended and restated in its entirety and renamed the McDonald's Corporation Profit Sharing and Savings Plan (the Plan). The Plan is funded by the McDonald's Corporation Profit Sharing and Savings Trust (the Trust), effective December 31, 2001. The features of the Plan are 401(k) (which includes the participant contributions, as well as the employer match), Profit Sharing (which includes Investment Savings accounts, which were in effect prior to 1987), ESOP, Stock Sharing (which consists of accounts, which were in effect prior to 1996), and Rollover. The Plan has five amendments effective January 1, 2002 (2 amendments), June 1, 2002, November 27, 2002, and March 31, 2003.

On December 22, 2004, the McDonald's Corporation Profit Sharing and Savings Plan was amended and restated in its entirety effective January 1, 2005. The McDonald's Corporation Profit Sharing and Savings Trust was amended and restated in its entirety on December 22, 2004, to create the McDonald's Corporation Profit Sharing and Savings Master Trust (Master Trust) effective January 1, 2005. The newly restated Master Trust will fund both the McDonald's Corporation Profit Sharing and Savings Plan and a new plan, the McDonald's Venture 401(k) Plan effective January 1, 2005 (see Note 11 concerning subsequent events).

The Plan is administered by a committee of individuals (Administrative Committee) appointed by the Chief Executive Officer of McDonald's Corporation (the Company). Participants should refer to the Summary Plan Description and Prospectus for a more complete description and up-to-date information.

Record Keeping

The Plan's recordkeeper in 2003 was Northern Trust Retirement Consulting (NTRC) until June 13, 2003, when NTRC was purchased by Hewitt Associates LLC.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Eligibility

In order to participate in the 401(k) feature of the Plan, all eligible employees must be at least 21 years of age, have a valid Social Security number, and be on the U.S. payroll of the Company or Boston Market, Chipotle, or Donatos (collectively, Venture Employers).

Effective December 4, 2003, Donatos employees were no longer eligible employees because the Company sold its ownership interest in Donatos. Full-time, salaried restaurant management employees, staff, executives, and part-time staff scheduled to work at least 20 hours per week are eligible to make nonmatched 401(k) contributions beginning the first day of the month after completing one full calendar month of employment. Crew and hourly paid employees are eligible after one year of eligible service as defined by the Plan documents. After meeting the eligibility requirements, participants can contribute up to 15% of their pay. After one year of eligible service, the Company match is 100% on the first 3% of pay contributed and 50% on the next 2% of pay contributed. Additionally, eligible McDonald's staff and restaurant management employees, who have met the above match eligibility requirements and who have completed 1,000 hours of service and are on the payroll at year-end, are also eligible for Profit Sharing and ESOP contributions. Employees of Venture Employers can participate in the Profit Sharing and ESOP features if the Company allows the Venture Employers to adopt these features. As of December 31, 2004, no Venture Employer has adopted the Profit Sharing or ESOP features.

Investments and Elections

The investment funds under the Plan are Stable Value Fund, Blended Stock/Bond Fund, International Stock Fund, S&P 500 Index Fund, Diversified Stock Fund, Aggressive Stock Fund (effective August 1, 2003), Company Stock Fund, and the McDonald's ESOP Stock Fund.

The Trustees, individuals appointed by the Board of Directors of McDonald's Corporation (the Board), are authorized to invest certain assets of the Plan in shares of Company stock. The allocated ESOP shares are held by The Northern Trust Company. The unallocated ESOP shares are also held at The Northern Trust Company as custodian for shares held as collateral for loans by McDonald's Corporation and Wachovia Bank. Other than pass through dividends, proceeds from the ESOP common stock dividends are invested in an interest-bearing account until the note payment is due.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Participants can elect, on a daily basis, to have their 401(k), ESOP, and Profit Sharing account balances, as well as future deferrals, Company matching contributions, ESOP contributions, and profit-sharing contributions invested in 1% increments in one or any combination of the Plan's investment funds, including Company stock. ESOP contributions, 401(k) contributions, and Company match, where the participant fails to make an investment direction, are automatically invested in Company stock. Profit Sharing accounts are invested in the Blended Stock/Bond Fund if a participant does not make an investment election.

Any dividends or other distributions paid on Company stock owned by the Plan (see Note 6 regarding ESOP stock dividends) are used to repay the ESOP loans, and common stock equal to the value of the dividends on allocated shares are transferred from unallocated shares and allocated to participants' accounts.

Allocation of Contributions and Earnings

Profit Sharing contributions are determined by the Board. The Board may elect to make this discretionary contribution in the form of cash or McDonald's common stock or any combination of the two. In 2004 and 2003, the Profit Sharing contribution was made in cash and was allocated to eligible McDonald's staff and restaurant management who were 21 years old, received credit for at least 1,000 hours of service during the year, and were employed at the end of the year. In addition, participants who terminated employment before the last day of the year due to death, disability, or retirement on or after age 55 share in the allocation of the Profit Sharing contribution in the year their employment terminates. The allocation to participants is based on their respective considered compensation as defined in the Plan compared to all eligible participants' considered compensation. The year-end contribution is invested the day it is posted to participants' accounts.

Participant deferrals are credited directly to participants' accounts. Company matching allocations are credited based on the Safe Harbor match (100% match on the first 3% of pay contributed and 50% on the next 2% of pay contributed) for all eligible participants, regardless of job class or employer. The match is credited to participant accounts after each pay period.

Net investment income or loss for all accounts was allocated to participants each day that the stock market was open. Participants' accounts were credited with the income, gains, and losses of the investment fund(s) in which their accounts were invested.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Individuals that are employed as a salaried restaurant management employee or staff with a licensee-owned restaurant that is purchased by McDonald's or a Venture Employer and are at least age 21 may enter the 401(k) feature of the Plan as soon as administratively feasible and be eligible for the Company match. If McDonald's purchased the restaurant, the individuals described above will automatically enter the Profit Sharing and ESOP features of the Plan and receive two years of credited service toward vesting unless considered a highly paid employee. Highly paid employees will receive the lesser of two years credited service or actual years of employment.

Leveraged Employee Stock Ownership Plan (Leveraged ESOP)

In September 1989, the Leveraged ESOP borrowed \$200 million and used the proceeds of the loan to purchase 27,826,084 shares of McDonald's Series B convertible preferred stock at an issue price of \$7.188 per share. These preferred shares were held exclusively by the Leveraged ESOP and were not traded on the open market. The Company paid a cash dividend on the stock of 7% of the issue price, or \$0.12579 per share each quarter.

In September 1992, the Company redeemed 16,000,000 shares of unallocated Series B preferred shares held by the Leveraged ESOP. In August 1995, the Company redeemed the remaining 6,230,058 unallocated Series B preferred shares, and in December 1995, the remaining 4,176,122 allocated Series B preferred shares were redeemed.

Prior to each redemption, the Plan's Trustees converted each share of preferred stock into 0.7692 shares of McDonald's common stock, or 12,307,200, 4,792,159, and 3,212,271 shares, respectively. The unallocated shares will be released for allocation to participants as the Company's contributions are made to the Plan. Effective November 1, 1998, released shares are first used to make matching allocations, and any remaining shares released are allocated annually to eligible participants' accounts based on their respective considered compensation. Due to the Leveraged ESOP refinancing discussed in Note 5, the last allocation will occur in 2018 when the refinanced loan is completely repaid.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

In April 1991, the Leveraged ESOP borrowed \$100 million and used the proceeds of the loan to purchase 12,075,468 shares of McDonald's Series C convertible preferred stock at an issue price of \$8.281 per share. These preferred shares were held exclusively by the Leveraged ESOP and were not traded on the open market. The Company paid a cash dividend on the stock of 7% of the issue price or \$0.1449 per share each quarter. In August 1995, the Company redeemed the remaining 8,928,110 unallocated Series C preferred shares, and in December 1995, the remaining 2,710,514 allocated Series C preferred shares were redeemed. Prior to each redemption, the Plan's Trustees converted each share of preferred stock into 0.8 shares of McDonald's common stock or 7,142,486 and 2,168,409 shares, respectively. The unallocated shares will be released for allocation to participants as the Company's contributions are made to the Plan. Effective November 1, 1998, released shares are first used to make matching allocations, and any remaining shares released are allocated to eligible participants' accounts based on their respective considered compensation. Due to the 1999 Leveraged ESOP refinancing discussed in Note 5, the last allocation will occur in 2018 when the refinanced loan is completely repaid.

Vesting

401(k) accounts and the Company's matching contributions are fully vested and nonforfeitable regardless of the participant's length of employment with the Company. Effective January 1, 2000, for employees who are active on or after that date, within Profit Sharing and ESOP accounts, participants vest 20% for each year of credited service until they reach a 100% vested status after completing five years of credited service.

Diversification

Effective March 31, 2003, participants can elect to fully diversify all accounts in the Plan, regardless of age. Prior to March 31, 2003, ESOP account balances could not be diversified from Company stock until age 50. Participants at least age 50 were eligible to diversify all accounts under the Plan.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Termination and Forfeitures

Participants who terminate their employment with the Company and all Venture Employers are entitled to receive the vested interest in their Plan accounts within a reasonable time following their termination. The nonvested balance is forfeited at the end of the year in which the participant has five consecutive breaks-in-service, or upon distribution of the vested balance, whichever is earlier. If a participant does not terminate but has less than 500 hours of credited service during a calendar year, a break-in-service occurs. Participants who terminate employment after satisfying the requirements to make deferrals and subsequently rehire can resume making deferrals as soon as administratively feasible. Individuals who are reemployed before incurring five consecutive one-year breaks-in-service and were not fully vested in their Profit Sharing or ESOP account will have the amount previously forfeited restored upon rehire. Individuals rehired after five consecutive one-year breaks-in-service will not have any forfeitures on their Profit Sharing or ESOP account reinstated. An individual's years of vesting service earned before reemployment are added to their years of vesting service earned after reemployment.

Forfeitures are first used from all accounts (other than ESOP) to fund the Company's matching contributions.

ESOP forfeitures are allocated at the end of the calendar year to participants in the same manner as the allocation of any Company Profit Sharing or ESOP contributions.

Forfeitures also include amounts forfeited as a result of unclaimed payouts greater than two years old for Profit Sharing, ESOP, and the 401(k) and Company matching contributions.

A terminated participant with vested benefits in excess of \$5,000 will not receive a distribution from the Plan until age 70 ½ unless an earlier distribution is elected. Such accounts will continue to share in the allocation of investment income, and accounts will continue to be invested in accordance with the participant's investment elections (see Note 1, Investments and Elections).

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Rollovers

The Plan allows employees who were in a tax-qualified plan elsewhere to roll over all or part of their previous plan money into the Plan where it can be invested in one or a combination of the Plan's investment funds. To qualify, the employee must contribute all or part of the amount received, excluding the employee's after-tax contributions, to the Plan within 60 days after receiving a payout from the other plan. Employees can roll over their money (excluding employees' after-tax money) into the Plan from previous employers' tax-qualified plans, tax-deferred annuities, qualified employee annuities, deferred compensation arrangements maintained by a governmental employer, as described in Internal Revenue Code (IRC) Section 457(e)(16), and rollover individual retirement accounts established with the proceeds of a distribution from one of the plans described above provided that additional contributions had not been made.

In-Service Withdrawals

Participants who have been in the Plan for at least 60 months are eligible to withdraw up to 75% of their ESOP and Profit Sharing accounts while still employed with the Company or Venture Employers. Participants may only make one withdrawal in a calendar year, in regards to Profit Sharing and ESOP. Participants can elect to receive all or any part of their Investment Savings and Stock Sharing account balances either while still employed or after termination. Participants 59 ½ or older may withdraw all or any part of their account balances under the Plan at any time.

Pass Through Dividend Election

Participants are offered the choice of having dividends earned on shares in the McDonald's Stock Fund paid directly to them in cash or reinvested in their accounts in McDonald's common stock.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested balance reduced by the participants' highest outstanding loan balance during the preceding 12-month period. All loans are subject to a \$60 processing fee. Loan terms range from 12 months up to 4.5 years. Participants may not have more than one loan from the Plan outstanding at any time. The loans are secured by the balance in the participant's account and bear interest based on the prime rate in effect on the first day of the month in which the loan is processed, plus 1%. Principal and interest are paid ratably through payroll deductions.

Voting

Participants are entitled to direct the Trustees in voting shares of McDonald's stock credited to their accounts. In addition, participants who are employees may direct the vote on unallocated and unvoted shares based on the relative allocated shares credited to their accounts.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). In the event of Plan termination, participants will become fully vested in their accounts.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Administrative Committee to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investment Valuation

Investments (except for those in insurance contracts) are stated at fair market value. Investments in common and preferred stocks and corporate bonds are valued at the closing exchange prices reported by the New York Stock Exchange. The market values for commercial paper and other short-term investments are cost plus accrued interest, which approximates current market value. The insurance contracts are stated at contract value, which represents cost plus accrued interest less withdrawals.

Purchases and sales of securities are accounted for on the trade date. Realized gains or losses on the sale of securities are based on the average cost of the securities. Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on the accrual basis.

Company Contributions

Profit Sharing and ESOP contributions are recorded in participants' accounts when received annually. The 401(k) Company matching allocations and participant elected salary reductions are recorded in participants' accounts at the end of the applicable payroll period.

Unallocated Net Assets Available for Benefits

Unallocated net assets available for benefits represent the market value of shares of McDonald's common stock purchased through the ESOP, which has not been released for allocation to participants' accounts offset by the balance of the debt issued by the ESOP. Unallocated net assets available for benefits are reduced by the market value of the shares as they are allocated to participants.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

3. Investments

During 2004, the Plan's investments (including investments bought, sold, and held during the year) appreciated as follows (in thousands):

| | |
|---|-------------------|
| Common stocks other than McDonald's Corporation | \$ 13,559 |
| Mutual funds | 15,630 |
| McDonald's Corporation common stock | 251,391 |
| | <u>280,580</u> |
| | <u>\$ 280,580</u> |

The fair value of individual investments that represent 5% or more of the Plan's assets available for benefits is as follows (in thousands):

| | December 31 | |
|--|----------------------|-------------|
| | 2004 | 2003 |
| McDonald's Corporation common stock | \$ 1,073,605* | \$ 908,984* |
| Synthetic Guaranteed Investment Contracts (at contract value): | | |
| Pacific Life Insurance Company | 102,148 | 97,395 |
| UBS AG | | 81,708 |

* Includes nonparticipant directed (see Note 4).

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

3. Investments (continued)

The following is a summary of each investment contract held at December 31, 2004:

| | 2004 Average Yield | 2003 Average Yield | 2004 Crediting Interest Rate* | 2003 Crediting Interest Rate* | Book Value | Fair Market Value | Fair Value of Wrapper |
|----------------------------------|-----------------------------------|-----------------------------------|--|--|-----------------------|----------------------------------|--------------------------------------|
| Bank of America | 4.03% | 10.78% | 4.98% | 6.92% | \$ 13,873,156 | \$ 14,178,068 | \$ (304,912) |
| Bank of America | 4.48 | 2.94 | 4.76 | 1.27 | 45,736,325 | 46,462,914 | (726,589) |
| JP Morgan Chase | 4.60 | 3.61 | 3.90 | 1.39 | 48,345,216 | 49,495,468 | (1,150,252) |
| Monumental Life Insurance Co. | 4.29 | 3.24 | 4.21 | 1.26 | 51,647,464 | 52,279,485 | (632,021) |
| Pacific Life Insurance Company | 4.88 | 5.69 | 4.87 | 5.69 | 102,147,569 | 104,723,330 | (2,575,761) |
| Principal Life Insurance Company | 4.73 | 4.73 | 4.71 | 5.21 | 42,839,522 | 45,519,796 | (2,680,274) |
| State Street Bank & Trust | 4.39 | 2.78 | 4.34 | 2.43 | 46,982,195 | 47,748,728 | (766,533) |
| UBS AG | 4.00 | 3.12 | 4.13 | 3.46 | 41,731,498 | 42,226,762 | (495,264) |
| | | | | | \$ 393,302,945 | \$ 402,634,551 | |

* The crediting interest rate is determined at the end of each calendar year.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

4. Nonparticipant-Directed Investments

Prior to March 31, 2003, the allocated ESOP consisted of participant-directed investments as well as nonparticipant-directed investments as participants under age 50 could not diversify these investments. As of March 31, 2003, participants could elect to fully diversify all accounts in the Plan, regardless of age or service; therefore, the allocated ESOP became fully participant directed. The unallocated ESOP, as disclosed in the Unallocated Account column on pages 2 through 4 of the basic financial statements, consists solely of nonparticipant-directed investments.

5. Notes Payable

In September 1989, the Leveraged ESOP issued \$200 million of 7.67% Guaranteed ESOP Notes, Series A, for 15 years with a final maturity of September 15, 2004. In April 1991, the Leveraged ESOP issued \$100 million of 7.30% Guaranteed ESOP Notes, Series B, for 15 years with a final maturity of June 1, 2006. In November 1999, the Leveraged ESOP paid down \$84,740,000 of these notes and refinanced both the Series A and Series B notes. At that time, the Leveraged ESOP issued a \$104,672,800, 7.11% ESOP Note for 19 years with a final maturity of July 15, 2018, and a \$28,305,658, 7.11% ESOP Note for 3 years with a final maturity of July 15, 2002. Principal and interest payments are made according to the applicable loan schedules. Dividends on the converted common stock and the Company's contributions are used to repay the loans.

In December 1994, the Leveraged ESOP issued a total of \$17,460,000 of 6.52%, 6.59%, and 6.57% Guaranteed ESOP Notes, Series C, with final maturities of September 15, 2004, June 1, 2006, and December 1, 2005, respectively. In November 1999, \$8,684,656 of these notes were paid down, leaving a total of \$8,775,344 remaining. In December 1995, the Leveraged ESOP issued a total of \$18,970,000 of 6.74%, 6.75%, 6.72%, and 6.68% Guaranteed ESOP Notes, Series C, with final maturities of December 1, 2004 and 2005, September 15, 2004, and December 15, 2003, respectively. In November 1999, \$11,771,030 of these notes were paid down, leaving a total of \$7,198,970 remaining. In December 1996, the Leveraged ESOP issued a total of \$20,220,000 of 6.82%, 6.75%, and 6.77% Guaranteed ESOP Notes, Series C, with final maturities of December 1, 2004, December 15, 2002, and December 15, 2003, respectively. In November 1999, \$14,181,859 of these notes were paid down, leaving a total of \$6,038,141 remaining. In December 1997, the Leveraged ESOP issued a total of \$18,350,000 of 6.89%, 6.86%, and 6.81% Guaranteed ESOP Notes, Series C, with final maturities of December 1, 2004,

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

5. Notes Payable (continued)

December 1, 2003, and December 15, 2002, respectively. In November 1999, \$13,600,913 of these notes were paid down, leaving a total of \$4,749,087 remaining. All proceeds were used for prepayment of the Series A and B Guaranteed ESOP Notes. The terms of the Series C Notes require semiannual interest payments with lump-sum principal payments at maturity date.

The Series A/B and Series C Notes are collateralized by unallocated shares of McDonald's common stock, valued at \$202,484,000 and \$12,614,000, respectively, at December 31, 2004. All notes are guaranteed by the McDonald's Corporation. Holders of the notes have no recourse against the assets of the ESOP, except for such collateralized shares, cash contributions to the ESOP, and earnings attributable to such collateralized shares or contributions, which were valued at approximately \$215,098,000 at December 31, 2004. The unallocated shares of McDonald's common stock may be released from collateral under certain circumstances without the consent of the holders of the notes.

Following are maturities of the notes for each of the next five years and beyond (in thousands):

| | Series A Notes | Series B Notes | Series C Notes | Total |
|------------------------------------|-------------------|-------------------|-------------------|-----------|
| 2005 | \$ 1,164 | \$ 586 | \$ 5,203 | \$ 6,953 |
| 2006 | 3,314 | 1,669 | 2,300 | 7,283 |
| 2007 | 5,100 | 2,570 | | 7,670 |
| 2008 | 5,217 | 2,628 | | 7,845 |
| 2009 | 5,291 | 2,666 | | 7,957 |
| Beyond 2009 | 37,026 | 18,652 | | 55,678 |
| Total over remaining life of notes | \$ 57,112 | \$ 28,771 | \$ 7,503 | \$ 93,386 |

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

6. Administrative Fees

The custodian and investment managers' fees applicable to each investment fund are netted against the related investment income before investment income is allocated to participants' accounts. Certain administrative expenses directly associated with the Plan are paid by the Plan and charged to participants' accounts, including salary expenses for certain Company employees. The Company provides other administrative services to the Plan without charge.

7. Income Tax Status

The Plan has received a favorable determination letter dated October 15, 2004, from the Internal Revenue Service (the IRS) stating that the Plan is qualified under Section 401(a) of the IRC and that the ESOP component of the Plan constitutes an employee stock ownership plan that meets the requirements of Section 4975 of the IRC. The Trust established in connection with the Plan appears to be exempt from federal income taxes.

8. Transactions With Parties in Interest

During 2004 and 2003, the Plan received \$18,600,000 and \$14,668,000, respectively, in common stock dividends from the Company. In connection with the Leveraged ESOP refinancing discussed in Note 5, \$132,978,458 of debt, at an interest rate of 7.11%, was issued directly by the Company to the Plan in 1999. This loan is intended to be an exempt loan under Section 408(b)(3) of ERISA and Section 4975(d)(3) of the IRC. Fees paid during the year for accounting and other services rendered by parties in interest were based on customary and reasonable rates for such services.

9. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

10. Securities Lending

The Plan increases its investment income by lending the Plan's securities, through the trustee, to independent third parties. When the Plan lends securities, it is subject to a risk of failure by the borrower to return the loaned securities or a delay in delivery of the securities, in which case the Plan may incur a loss. To limit this risk, such loans are contractually required to be continuously secured by the collateral consisting of cash, cash equivalents, or U.S. Treasury bonds in an amount at least equal to the market value of the securities loaned. As of December 31, 2004, \$36,076,589 of the Plan's securities reported on the statement of net assets available for benefits were on loan, which were secured by collateral with a market value of \$36,840,854. At December 31, 2004, \$1,048,641 of noncash collateral was not required to be reported in the financial statements.

11. Subsequent Events

Effective January 1, 2005, a separate plan was created entitled the McDonald's Ventures 401(k) Plan (Ventures Plan) for employees of Boston Market and Chipotle. As of that date, employees of Boston Market and Chipotle are no longer eligible to participate in the Plan. Assets approximating \$40,040,000 were transferred from the Plan to the Ventures Plan. A master trust was also created at this time in which both the Plan and the Ventures Plan are participating plans.

Also, effective January 1, 2005, the Plan was amended and restated in its entirety to make the following changes to the Plan:

Eligibility

- A. Salaried restaurant management employees and staff employees who are in the supervisory/consulting band or below (including part-time staff employees) who are age 21 and older are eligible to begin participating in the Plan on the first day of the month on or after completing one month of service at a nonmatched level.
- B. Staff employees in the management advisory band and executives are not eligible to participate in the non-matched feature.
- C. Salaried restaurant management employees will automatically be enrolled in the 401(k) feature at a 1% contribution level, unless they elect otherwise.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

11. Subsequent Events (continued)

- D. After meeting eligibility requirements, participants can contribute up to 50% of their pay as a 401(k) contribution, subject to IRS annual limits.
- E. A participant who reaches age 50 or over by the end of a calendar year is eligible for additional catch-up contributions of \$4,000 in 2005, indexed for future years.
- F. The Company's matching contribution was increased to 300% on the first 1% of pay contributed and 100% on the next 4% of pay contributed.

Investments and Elections

Participant's 401(k) contributions are automatically invested in the Blended Stock/Bond Fund if a participant fails to make an investment election.

Allocation of Contributions and Earnings

- A. A discretionary Profit Sharing match of up to 4% of eligible pay in 2005 may be allocated on participant 401(k) contributions for participants who contribute up to 1% of pay. Any discretionary match will be made after the end of the calendar year.
- B. Profit Sharing contributions and separate ESOP allocations were discontinued after the 2004 allocation was made in January 2005.

Vesting

All accounts under the Plan are 100% vested. Credited service for licensee owned restaurants applies only to eligibility service.

Terminations and Forfeitures

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A terminated participant with vested benefits in excess of \$1,000 will not receive a distribution from the Plan until age 70 ½ unless an earlier distribution is elected.

Pass Through Dividend Election

Participants are offered the choice of having dividends earned on shares of McDonald's common stock paid directly to them in cash or reinvested in their accounts in McDonald's stock.

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Supplemental Schedules

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year)

EIN #36-2361282 Plan #001

December 31, 2004

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|---------------|------------------|
| The Northern Trust Company*: | | | |
| Coltv Short Term Invt Fund | 41,278,641 | \$ 41,278,641 | \$ 41,278,641 |
| Noninterest-bearing cash | 35,792,213 | 35,792,213 | 35,792,213 |
| Corporate Stock Preferred: | | | |
| Forest Cy Enterprises Inc | 1,000 | | 57,800 |
| Total Corporate Stock Preferred | | | 57,800 |
| Corporate Stock Common: | | | |
| Ace Cash Express Inc | 6,125 | | 181,667 |
| Adobe Sys Inc | 10,200 | | 639,948 |
| ADR Cadbury Schweppes PLC | 17,900 | | 674,830 |
| ADR Elan Corp PLC | 3,260 | | 88,835 |
| ADR Koninklijke Philips Electrs N V | | | |
| N Y Registry SH New 20 | 58,150 | | 1,540,975 |
| ADR NDS Group PLC | 1,181 | | 40,247 |
| ADR Nice Sys LTD | 4,650 | | 145,498 |
| ADR Novartis | 26,500 | | 1,339,310 |
| ADR Rhodia | 26,650 | | 71,955 |
| ADR Roche Hldg LTD | 12,100 | | 1,392,921 |
| ADR Sanofi-Aventis | 42,865 | | 1,716,743 |
| ADR SAP Aktiengesellschaft | 27,800 | | 1,229,038 |
| ADR Stolt Offshore Com | 14,709 | | 95,608 |
| ADR Total SA | 9,300 | | 1,021,512 |
| Advance Amer Cash Advance Ctrs Inc | 2,450 | | 56,105 |
| Advanced Micro Devices Inc | 8,870 | | 195,317 |
| Aeroflex Inc | 13,825 | | 167,559 |
| Affiliated Managers Group Inc | 7,465 | | 505,679 |
| Agilent Technologies Inc | 40,500 | | 976,050 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| AK Stl Hldg Corp | 12,152 | \$ | \$ 175,839 |
| Alamosa Hldgs Inc | 7,890 | | 98,388 |
| Alcon Inc | 8,700 | | 701,220 |
| Allegheny Energy Inc | 1,205 | | 23,751 |
| Allegheny Technologies Inc | 11,211 | | 242,942 |
| Allergan Inc | 9,400 | | 762,058 |
| Alliance Data Sys Corp | 3,280 | | 155,734 |
| Alltel Corp | 4,600 | | 270,296 |
| Altria Group Inc | 30,100 | | 1,839,110 |
| Amer Express Co | 28,000 | | 1,578,360 |
| American Tower Corp | 5,380 | | 98,992 |
| Amerigroup Corp | 1,250 | | 94,575 |
| Ameritrade Hldg Corp | 7,310 | | 103,948 |
| Amern Cap Strategies Ltd Com | 7,875 | | 262,631 |
| Amern Eagle Outfitters Inc | 2,090 | | 98,439 |
| Amern Intl Group Inc | 38,287 | | 2,514,307 |
| Amern STD Cos Inc Del Com | 3,070 | | 126,852 |
| Amgen Inc | 20,700 | | 1,327,905 |
| Anteon Intl Corp | 5,585 | | 233,788 |
| Apple Computer Inc | 28,560 | | 1,839,264 |
| Applied Digital Solutions Inc | 4,514 | | 30,469 |
| Aquantive Inc | 5,600 | | 50,064 |
| Archer-Daniels-Midland Co | 58,850 | | 1,312,943 |
| Ariba Inc | 7,970 | | 132,302 |
| Arris Group Inc | 21,300 | | 149,952 |
| Ashland Inc | 1,900 | | 110,922 |
| Ask Jeeves Inc | 16,495 | | 441,241 |
| Auto Data Processing Inc | 1,000 | | 44,350 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| Avatar Hldgs Inc | 200 | \$ | \$ 9,620 |
| Avid tech Inc | 4,275 | | 263,981 |
| Axonyx Inc | 9,593 | | 59,477 |
| Aztar Corp | 2,475 | | 86,427 |
| Banknorth Group Inc | 3,800 | | 139,080 |
| Bard C R Inc | 4,160 | | 266,157 |
| Bausch & Lomb Inc | 3,050 | | 196,603 |
| Baxter Intl Inc | 42,750 | | 1,476,585 |
| BE Aerospace Inc | 20,296 | | 236,245 |
| Bear Stearns Cos Inc | 1,920 | | 196,435 |
| Beckman Coulter Inc | 5,350 | | 358,396 |
| Becton Dickinson & Co | 500 | | 28,400 |
| Bed Bath Beyond Inc | 27,460 | | 1,093,732 |
| Bellsouth Corp | 59,150 | | 1,643,778 |
| Belo Corp | 5,400 | | 141,696 |
| Benchmark Electrs Inc | 6,905 | | 235,460 |
| Beverly Enterprises Inc | 5,213 | | 47,699 |
| Biomet Inc | 4,130 | | 179,201 |
| BJ Svcs Co | 2,010 | | 93,545 |
| BK Amer Corp | 61,800 | | 2,903,982 |
| BK Haw Corp | 1,200 | | 60,888 |
| Bostonfed Bancorp Inc | 200 | | 9,054 |
| Boyd Gaming Corp | 2,000 | | 83,300 |
| Brocade Communications Sys Inc | 21,650 | | 165,406 |
| Brookline Bancorp Inc Del | 2,100 | | 34,272 |
| BSTN Pvt Finl Hldgs Inc | 6,250 | | 176,062 |
| CDW Corp | 2,680 | | 177,818 |
| Calamos Asset Mgmt Inc | 5,685 | | 153,495 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| Capitalsource Inc | 11,885 | \$ | \$ 305,088 |
| Caremark RX Inc | 26,600 | | 1,048,838 |
| Carrier Access Corp | 7,280 | | 77,750 |
| Caterpillar Inc | 10,300 | | 1,004,353 |
| CB Richard Ellis Group Inc | 9,275 | | 311,176 |
| CDN Pac Ry LTD | 1,800 | | 61,938 |
| Cendant Corp | 90,200 | | 2,108,876 |
| Cent Pac Finl Corp | 507 | | 18,338 |
| Champion Enterprises Inc | 11,967 | | 141,450 |
| Charles Riv Assocs Inc | 3,850 | | 180,064 |
| Checkfree Corp New | 5,130 | | 195,350 |
| Chemed Corp | 625 | | 41,944 |
| Chicos Fas Inc | 31,720 | | 1,444,212 |
| Choicepoint Inc | 2,840 | | 130,612 |
| Cisco Sys Inc | 56,200 | | 1,084,660 |
| Citigroup Inc | 64,350 | | 3,100,383 |
| Citrix Sys Inc | 5,490 | | 134,670 |
| City Natl Corp | 1,480 | | 104,562 |
| Clear Channel Communications Inc | 42,300 | | 1,416,627 |
| Clorox Co | 2,210 | | 130,235 |
| CMS Energy Corp | 2,410 | | 25,184 |
| Cnet Networks Inc | 13,260 | | 148,910 |
| Coach Inc | 18,320 | | 1,033,248 |
| Cogent Inc | 2,880 | | 95,040 |
| Cognizant Tech Solutions Corp | 5,110 | | 216,306 |
| Comcast Corp | 61,792 | | 2,056,438 |
| Comm Bancshares Inc | 1,366 | | 68,573 |
| Computer Assoc Intl Inc | 7,500 | | 232,950 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| Comversetech Inc | 9,660 | \$ | \$ 236,187 |
| ConocoPhillips | 20,214 | | 1,755,182 |
| Conseco Inc | 8,950 | | 178,552 |
| Constellation Brands Inc | 1,960 | | 91,160 |
| Cooper Cos Inc | 1,970 | | 139,062 |
| Corporate Executive Brd Co | 2,410 | | 161,325 |
| Corrections Corp Amer | 1,306 | | 52,828 |
| Costco Whsl Corp New | 11,400 | | 551,874 |
| Countrywide Finl Corp | 2,698 | | 99,853 |
| Covance Inc | 5,775 | | 223,781 |
| Crompton Corp | 10,667 | | 125,871 |
| Cross Ctry Healthcare Inc | 1,978 | | 35,762 |
| Cryptologic Inc | 4,120 | | 102,794 |
| Crystallex Intl Corp | 10,485 | | 37,641 |
| CSX Corp | 11,600 | | 464,928 |
| Cubist Pharmaceuticals Inc | 4,100 | | 48,503 |
| CV Therapeutics Inc | 3,485 | | 80,155 |
| Cybersource Corp | 8,116 | | 58,029 |
| Cymer Inc | 5,170 | | 152,722 |
| Cypress Semiconductor Corp | 1,775 | | 20,821 |
| Dade Behring Hldgs Inc | 1,740 | | 97,440 |
| Deere & Co | 23,700 | | 1,763,280 |
| Dell Inc | 37,800 | | 1,592,892 |
| Delta Airlines Inc | 5,174 | | 38,702 |
| Dennys Corp | 11,994 | | 53,973 |
| Diamond Cluster | 19,500 | | 279,435 |
| Digital Angel Corp | 3,760 | | 29,065 |
| Digitas Inc | 22,268 | | 212,659 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| Dillards Inc | 18,000 | \$ | \$ 483,660 |
| Dominion Res Inc | 18,150 | | 1,229,481 |
| Donnelley RR & Sons Co | 22,550 | | 795,789 |
| Doral Finl Corp | 2,320 | | 114,260 |
| Dreamworks Animation Inc | 3,930 | | 147,414 |
| Dril-Quip Inc | 3,290 | | 79,815 |
| E* Trade Fin Corp | 15,250 | | 227,987 |
| Eastman Chem Co | 1,520 | | 87,750 |
| Eastman Kodak Co | 4,800 | | 154,800 |
| Eaton Corp | 1,330 | | 96,239 |
| Ebay Inc | 22,400 | | 2,604,672 |
| ECI Telecom LTD | 5,811 | | 47,470 |
| El Paso Corp | 464 | | 4,826 |
| Electr Arts | 30,800 | | 1,899,744 |
| Electronics Boutique Hldgs Corp | 2,325 | | 99,835 |
| Eli Lilly & Co | 20,800 | | 1,180,400 |
| Endologix Inc | 12,401 | | 84,699 |
| Engineered Support Sys Inc | 2,785 | | 164,928 |
| Entergy Corp | 20,300 | | 1,372,077 |
| Eon Labs Inc | 12,775 | | 344,925 |
| Epicor Software Corp | 19,990 | | 281,659 |
| Expeditors Intl Wash Inc | 2,430 | | 135,788 |
| Exxon Mobil Corp | 38,750 | | 1,986,325 |
| Eyetech Pharmaceuticals Inc | 2,100 | | 95,550 |
| FBL Finl Group Inc | 1,700 | | 48,535 |
| Fedt Dept Stores Inc | 5,000 | | 288,950 |
| Felcor Lodging Tr Inc | 2,477 | | 36,288 |
| Firstfed Finl Corp | 200 | | 10,374 |
| Fiserv Inc | 1,890 | | 75,959 |
| Fisher Scientific Intl Inc | 4,260 | | 265,739 |
| Fording CDN Coal Tr | 1,160 | | 89,494 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| Forest Cy Enterprises Inc | 1,000 | \$ | \$ 57,550 |
| Formfactor Inc | 5,375 | | 145,877 |
| Foster Wheeler LTD | 1,939 | | 30,772 |
| Freeport Mcmoran C & G | 17,550 | | 670,936 |
| Freescale Semiconductor Inc | 33,798 | | 620,531 |
| Furniture Brands Intl Inc | 5,500 | | 137,775 |
| F5 Networks Inc | 6,165 | | 300,359 |
| Gamestop Corp | 450 | | 10,062 |
| Gannett Inc | 3,300 | | 269,610 |
| Gaylord Entmt Co | 6,650 | | 276,174 |
| Gen Elec Co | 120,650 | | 4,403,725 |
| Genentech Inc | 24,000 | | 1,306,560 |
| Genzyme Corp | 3,670 | | 213,117 |
| Gevity HR Inc | 7,425 | | 152,658 |
| Gilead Sci Inc | 30,000 | | 1,049,700 |
| Glaxo SmithKline Spons ADR | 31,100 | | 1,473,829 |
| Global Inds LTD Com | 14,624 | | 121,233 |
| Global Pmts Inc | 7,965 | | 466,271 |
| Global Pwr Equip Group Inc | 2,579 | | 25,377 |
| GNT Prideco Inc | 4,120 | | 82,606 |
| Goldman Sachs Group Inc | 18,550 | | 1,929,942 |
| Google Inc | 7,400 | | 1,428,940 |
| Great Lakes Chem Corp | 2,628 | | 74,872 |
| Grey Wolf Inc | 9,759 | | 51,430 |
| Halliburton Co | 18,750 | | 735,750 |
| Hanover Compressor Co | 7,135 | | 100,818 |
| Harman Intl Inds Inc | 6,550 | | 831,850 |
| Harrahs Entmt Inc | 2,600 | | 173,914 |
| Harsco Corp | 2,375 | | 132,383 |
| HBR Fla Bancshares Inc | 300 | | 10,383 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| HCA Inc | 1,900 | \$ | \$ 75,924 |
| Healthextras Inc | 5,075 | | 82,722 |
| Hercules Inc | 7,377 | | 109,548 |
| Hewlett Packard Co | 8,400 | | 176,148 |
| Hlth Mgmt Assoc Inc | 5,800 | | 131,776 |
| Host Marriott Corp | 6,230 | | 107,779 |
| Hyperion Solutions Corp | 6,875 | | 320,513 |
| Identix Inc | 8,396 | | 61,962 |
| I dex Corp | 3,250 | | 131,625 |
| Imax Corp | 7,237 | | 59,698 |
| Immucor Inc | 13,275 | | 312,095 |
| Impax Lab Inc | 14,630 | | 232,324 |
| Inamed Corp | 3,230 | | 204,298 |
| Independence Cmnty Bk Corp | 1,600 | | 68,128 |
| Indevus Pharmaceuticals Inc | 9,105 | | 54,266 |
| Infospace Inc | 2,700 | | 128,385 |
| Input/Output Inc | 5,018 | | 44,359 |
| Insight Enterprises Inc | 8,795 | | 180,473 |
| Integrated Device Tech Inc | 8,375 | | 96,815 |
| International Coal Group Inc | 331 | | 3,641 |
| Internet Cap Group Inc | 10,585 | | 95,265 |
| Intersections Inc | 500 | | 8,625 |
| Interwoven Inc | 9,600 | | 104,448 |
| Intl Business Machs Corp | 24,300 | | 2,395,494 |
| Intl Game Tech | 6,000 | | 206,280 |
| Intl Paper Co | 21,950 | | 921,900 |
| Intuitive Surgical Inc | 7,340 | | 293,747 |
| Jacuzzi Brands Inc | 6,108 | | 53,140 |
| James Riv Coal Co | 1,389 | | 59,102 |
| Jetblue Awys Corp | 1,950 | | 45,279 |
| Journal Register Co | 3,100 | | 59,923 |
| JP Morgan Chase & Co | 96,880 | | 3,779,289 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| Juniper Networks Inc | 14,640 | \$ | \$ 398,062 |
| Kanbay Intl Inc | 10,150 | | 317,695 |
| Kindred Healthcare Inc | 13,730 | | 411,214 |
| KLA-Tencor Corp | 4,450 | | 207,281 |
| Knight-Ridder Inc | 4,200 | | 281,148 |
| Kronos Inc | 2,575 | | 131,660 |
| La Quinta Corp | 27,226 | | 247,484 |
| Lab Corp Amer Hldgs | 2,670 | | 133,019 |
| Lam Resh Corp | 13,010 | | 376,119 |
| Landstar Sys Inc | 2,285 | | 168,267 |
| Lauder Estee Cos Inc | 16,300 | | 746,051 |
| LCA-Vision Inc | 2,084 | | 48,745 |
| LCC Intl Inc | 4,271 | | 24,900 |
| Leap Wireless Intl Inc | 2,468 | | 66,636 |
| Lee Enterprises Inc | 4,200 | | 193,536 |
| Lehman Bros Hldgs Inc | 7,600 | | 664,848 |
| Lexmark Intl Inc | 4,700 | | 399,500 |
| Liberty Media Corp | 4,900 | | 53,802 |
| Liberty Media Intl Inc | 245 | | 11,326 |
| Lone Star Technologies Inc | 3,217 | | 107,641 |
| Lowe's Cos Inc | 35,350 | | 2,035,807 |
| Lyondell Chemical Co | 4,450 | | 128,694 |
| Macromedia Inc | 4,580 | | 142,530 |
| Manor Care Inc | 2,660 | | 94,244 |
| Marathon Oil Corp | 41,783 | | 1,571,459 |
| Marcus Corp | 200 | | 5,028 |
| Marriott Intl Inc New | 5,330 | | 335,683 |
| Martek Biosciences Corp | 5,350 | | 273,920 |
| Marvell Tech Group Inc | 38,610 | | 1,369,497 |
| Masco Corp | 16,800 | | 613,704 |
| Maxim Integrated Prods Inc | 19,500 | | 826,605 |
| McAfee Inc | 6,620 | | 191,517 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------|-------------|---------------|
| Corporate Stock Common (continued): | | | |
| McClatchy Co | 1,800 | \$ | \$ 129,258 |
| McCormick & Co Inc | 3,240 | | 125,064 |
| McDermott Intl Inc | 6,459 | | 118,587 |
| McDonald's Corporation* | 33,487,366 | 490,944,939 | 1,073,604,954 |
| McGraw Hill Companies Inc | 700 | | 64,078 |
| McMoran Expl Co | 5,197 | | 97,184 |
| MCI Inc | 12,150 | | 244,944 |
| Medco Hlth Solutions Inc | 2,600 | | 108,160 |
| Media Gen Inc | 1,800 | | 116,658 |
| Medicines Company | 3,640 | | 104,832 |
| Medimmune Inc | 22,390 | | 606,993 |
| Mercantile Bankshares Corp | 1,100 | | 57,420 |
| Mercury Interactive Corp | 15,900 | | 724,245 |
| Meristar Hospitality Corp | 6,517 | | 54,417 |
| Merrill Lynch & Co Inc | 22,100 | | 1,320,917 |
| MGI Pharma Inc | 11,910 | | 333,599 |
| MGM Mirage | 5,090 | | 370,247 |
| Microsemi Corp | 6,375 | | 110,670 |
| Microsoft Corp | 135,050 | | 3,607,186 |
| Microstrategy Inc | 256 | | 23 |
| Microtune Inc | 6,610 | | 40,387 |
| Millicom Intl Cellular | 1,361 | | 30,936 |
| Monolithic Pwr Sys Inc | 8,625 | | 80,213 |
| Monster Worldwide Inc | 8,260 | | 277,866 |
| Morgan Stanley | 17,150 | | 952,168 |
| Motorola Inc | 16,900 | | 290,680 |
| MPS Group Inc | 12,686 | | 155,530 |
| MRV Communications Inc | 5,821 | | 21,363 |
| MSC Indl Direct Inc | 8,125 | | 292,338 |
| Myriad Genetics Inc | 1,827 | | 41,126 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|---|--|---------------|--------------------------|
| Corporate Stock Common (continued): | | | |
| National-Oilwell Inc | 5,900 | \$ | \$ 208,211 |
| Navigant Consulting Inc | 9,465 | | 251,769 |
| Navteq Corp | 9,600 | | 445,056 |
| Neurocrine Biosciences Inc | 3,100 | | 152,830 |
| New York Times Co | 3,800 | | 155,040 |
| Newalliance Bancshares Inc | 3,200 | | 48,960 |
| Newpark Res Inc | 9,301 | | 47,900 |
| News Corp | 42,400 | | 791,184 |
| Nextel Communications Inc | 33,200 | | 996,000 |
| NII Hldgs Inc | 2,520 | | 119,574 |
| Niku Corp | 4,500 | | 90,720 |
| NMS Communications Corp | 3,978 | | 25,101 |
| Northn Tr Corp | 2,280 | | 110,762 |
| Novatel Wireless Inc | 9,010 | | 174,614 |
| Occidental Pete Corp | 17,750 | | 1,035,890 |
| OpenTV Corp | 19,750 | | 75,840 |
| Openwave Sys Inc | 11,837 | | 183,000 |
| Orbital SCI Corp | 3,128 | | 37,004 |
| ORD GBP0.01 | 4,360 | | 114,450 |
| Oscient Pharmaceuticals Corp | 3,646 | | 13,308 |
| Overstock Com Inc | 1,430 | | 98,670 |
| PF Changs China Bistro Inc | 2,030 | | 114,391 |
| Pac Sunwear Cal Inc | 4,725 | | 105,179 |
| Pacificare Hlth Sys Inc | 2,720 | | 153,734 |
| Partners Tr Finl Group Inc | 5,825 | | 67,861 |
| Patterson Cos Inc | 3,140 | | 136,245 |
| Paychex Inc | 6,400 | | 218,112 |
| Peabody Energy Corp | 930 | | 75,246 |
| Pentair Inc | 4,150 | | 180,774 |
| Pepsico Inc | 18,850 | | 983,970 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| Petco Animal Supplies Inc | 6,950 | \$ | \$ 274,386 |
| Petsmart Inc | 18,800 | | 667,964 |
| Pfizer Inc | 39,100 | | 1,051,399 |
| Pharmion Corp | 5,475 | | 231,100 |
| Pioneer Drilling Co | 11,825 | | 119,314 |
| Piper Jaffray Cos | 3,855 | | 184,847 |
| PMA Cap Corp | 7,924 | | 82,013 |
| PMC Sierra Inc | 22,120 | | 248,850 |
| Polycom Inc | 10,820 | | 252,322 |
| Polyone Corp | 8,576 | | 77,699 |
| Powerwave Technologies Inc | 11,050 | | 93,704 |
| Presstek Inc | 5,109 | | 49,455 |
| Price T Rowe Group Inc | 3,790 | | 235,738 |
| Priceline Com Inc | 10,520 | | 248,167 |
| Procter & Gamble Co | 21,200 | | 1,167,696 |
| Provident Finl Svcs Inc | 4,020 | | 77,867 |
| Qualcomm Inc | 32,600 | | 1,382,240 |
| Quest Software Inc | 10,700 | | 170,665 |
| RadioShack Corp | 4,220 | | 138,754 |
| Range Res Corp | 12,295 | | 251,556 |
| Rare Hospitality Intl Inc | 2,745 | | 87,456 |
| Raymond James Fncl Inc | 2,100 | | 65,058 |
| Renal Care Group Inc | 7,175 | | 258,228 |
| Research In Motion LTD | 11,000 | | 906,620 |
| Robert Half Intl Inc | 6,460 | | 190,118 |
| Rockwell Automation | 4,430 | | 219,507 |
| Roper Inds Inc | 2,480 | | 150,710 |
| S W Airlines Co | 12,660 | | 206,105 |
| Sanmina-SCI Corp | 24,540 | | 207,854 |
| SBA Comm Corp | 11,081 | | 102,832 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| Scansource Inc | 1,975 | \$ | \$ 122,766 |
| Schlumberger Ltd | 25,600 | | 1,713,920 |
| Schwab Charles Corp | 57,100 | | 682,916 |
| Scientific-Atlanta Inc | 1,600 | | 52,816 |
| Scientific Games Corp Inc | 4,840 | | 115,386 |
| SEI Invt Co | 1,890 | | 79,248 |
| Sepracor Inc | 1,880 | | 111,616 |
| Serologicals Corp | 10,925 | | 241,661 |
| Service Corp Intl | 3,512 | | 26,164 |
| Shaw Group Inc | 5,204 | | 92,891 |
| Sigmatel Inc | 2,700 | | 95,931 |
| Signature Bk NY | 4,365 | | 141,251 |
| Silicon Image Inc | 7,725 | | 127,154 |
| Silicon Val Bancshares | 2,200 | | 98,604 |
| Sirius Satellite Radio Inc | 42,440 | | 324,666 |
| Skyworks Solutions Inc | 10,160 | | 95,809 |
| Smith Intl Inc | 1,710 | | 93,041 |
| Sonus Networks Inc | 16,730 | | 95,863 |
| Sovereign Bancorp Inc | 4,960 | | 111,848 |
| Spinnaker Expl Co | 5,335 | | 187,098 |
| Sports Auth Inc | 3,800 | | 97,850 |
| St Paul Travelers Corp | 39,655 | | 1,470,011 |
| STA Casinos Inc | 3,150 | | 172,242 |
| Stamps Com Inc | 2,413 | | 38,222 |
| Staples Inc | 21,850 | | 736,564 |
| Starwood Hotels & Resorts Worldwide Inc | 2,530 | | 147,752 |
| Stellent Inc | 10,150 | | 89,523 |
| Steris Corp | 2,300 | | 54,556 |
| Stewart Enterprises Inc | 5,236 | | 36,600 |
| Sun Bancorp Inc | 2,915 | | 72,817 |
| Sun Healthcare Group Inc | 2,690 | | 24,778 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| Suncor Inc | 6,000 | \$ | \$ 212,400 |
| Sunterra Corp | 3,890 | | 54,616 |
| Superior Energy Svcs Inc | 7,710 | | 118,811 |
| Superior Inds Intl Inc | 3,500 | | 101,675 |
| Sybase Inc | 3,200 | | 63,840 |
| Sybron Dental Specialties Inc | 4,975 | | 176,016 |
| Symmetry Med Inc | 5,745 | | 120,932 |
| Target Corp | 31,300 | | 1,625,409 |
| Teekay Shipping Corp | 2,810 | | 118,329 |
| Telesystem Intl Wireless Inc | 2,236 | | 25,021 |
| Tenneco Automotive Inc | 3,240 | | 55,858 |
| Tibco Software Inc | 30,970 | | 413,140 |
| Transocean Inc | 4,220 | | 178,886 |
| Trinity Ind Inc | 1,498 | | 51,052 |
| Tyco Intl LTD | 51,900 | | 1,854,906 |
| Ubiquitel Inc | 7,871 | | 56,042 |
| UCBH Hldgs Inc | 2,880 | | 131,962 |
| Ultra Pete Corp | 1,770 | | 85,190 |
| Ultratech Inc | 4,525 | | 85,296 |
| United Parcel Svc Inc | 15,200 | | 1,298,992 |
| United Health Group Inc | 9,200 | | 809,876 |
| Univision Communications Inc | 24,100 | | 705,407 |
| Unizan Finl Corp | 1,800 | | 47,430 |
| Unvl Health Services Inc | 1,100 | | 48,950 |
| Urban Outfitters Inc | 3,030 | | 134,532 |
| US Unwired Inc | 10,968 | | 52,646 |
| US Xpress Enterprises Inc | 4,150 | | 121,595 |
| USG Corp | 2,638 | | 106,232 |
| UTD Therapeutics Corp | 1,631 | | 73,640 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued): | | | |
| UTI Worldwide Inc | 2,500 | \$ | \$ 170,050 |
| Varian Semiconductor Equipment Assocs Inc | 3,525 | | 129,896 |
| Verisign Inc | 8,500 | | 284,920 |
| Veritas Software Corp | 3,800 | | 108,490 |
| Viisage Tech Inc | 4,608 | | 41,518 |
| Vion Pharmaceuticals Inc | 11,740 | | 55,061 |
| W-H Energy Svcs Inc | 2,116 | | 47,314 |
| Wabtec Corp | 4,304 | | 91,761 |
| Walter Inds Inc | 1,615 | | 54,474 |
| Waste Management Inc | 45,950 | | 1,375,743 |
| Waters Corp | 3,450 | | 161,426 |
| Webster Fncl Corp | 2,500 | | 126,600 |
| Wellcare Hlth Plans Inc | 7,475 | | 242,938 |
| Wellpoint Inc | 9,220 | | 1,060,300 |
| Wells Fargo & Co | 27,650 | | 1,718,448 |
| Westn Wireless Corp | 4,590 | | 134,487 |
| Whitney Hldg Corp | 2,800 | | 125,972 |
| Whole Foods Mkt Inc | 15,200 | | 1,449,320 |
| Wiley John & Sons Inc | 2,100 | | 73,164 |
| Willbros Group Inc | 2,250 | | 51,863 |
| Williams Co Inc | 475 | | 7,738 |
| Williams Sonoma Inc | 11,770 | | 412,421 |
| Wms Inds Inc | 9,790 | | 328,357 |
| Wsfs Finl Corp | 200 | | 12,064 |
| Wynn Resorts LTD | 2,050 | | 137,186 |
| XM Satellite Radio Hldgs Inc | 10,100 | | 379,962 |
| XTO Energy Inc | 4,742 | | 167,772 |
| Yahoo Inc | 60,200 | | 2,268,336 |
| Yardville Natl Bancorp | 400 | | 13,704 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|---|-------------------------------------|--------|----------------------|
| Corporate Stock - Common (continued): | | | |
| Yellow Roadway Corp | 1,830 | \$ | \$ 101,949 |
| 1 st Defiance Finl Corp | 2,100 | | 59,787 |
| 1 st Finl Hldgs Inc | 1,900 | | 62,206 |
| 1 st Marblehead Corp | 5,145 | | 289,406 |
| 1 st Niagara Finl Group Inc | 1,500 | | 20,925 |
| Total Corporate Stock - Common | | | 1,246,961,978 |
| Participant loans varying maturities with interest rates ranging from 5% to 5.75% | | | 18,145,532 |
| Value of Interest in Registered Investment Companies: | | | |
| Artisan Fds Inc Intl Fd Inv Shs | 881,105 | | 19,507,663 |
| Morgan Stanley Instl Fd Intl Eqty | 984,674 | | 20,668,304 |
| Vanguard Instl Index Fd Sh Ben Int | 800,615 | | 88,636,070 |
| Wellington Tr Coltv Core Bd Plus | 1,856,415 | | 21,200,265 |
| Wellington Tr Coltv Core Eqty | 3,702,516 | | 29,472,023 |
| Wellington Tr Coltv Core Intl | 803,004 | | 7,981,860 |
| Wellington Tr Coltv Small Cap | 639,963 | | 8,575,506 |
| Total Value of Interest in Registered Investment Companies | | | 196,041,691 |
| Investment contracts: | | | |
| Investment contracts (excluding Synthetic Guaranteed Investment Contracts): | | | |
| Principal Life Insurance Co. 4-28950 | 42,839,522 | | 42,839,522 |
| Total investment contracts (excluding Synthetic Guaranteed Investment Contracts) | | | 42,839,522 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|---|--|---------------|--------------------------|
| Investment contracts (continued): | | | |
| Synthetic Guaranteed Investment Contracts: | | | |
| Bank of America Wrapper Contract | | \$ | \$ (726,589) |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | | | |
| INVESCO Short-Term Bond Fund | | | 46,462,914 |
| Bank of America Synthetic Guaranteed Investment Contract | | | 45,736,325 |
| Bank of America Wrapper Contract | | | (304,911) |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | | | |
| U.S. Treasury Note | | | 2,504,217 |
| U.S. Treasury Note | | | 2,943,192 |
| U.S. Treasury Note | | | 1,013,760 |
| U.S. Treasury Note | | | 4,650,540 |
| U.S. Treasury Note | | | 1,053,550 |
| AB-SubPrime Auto | | | 1,777,011 |
| Short-Term Investment Fund | | | 235,797 |
| Total Underlying Assets | | | 14,178,067 |
| Bank of America Synthetic Guaranteed Investment Contract | | | 13,873,156 |
| JP Morgan Chase Wrapper Contract | | | (1,150,252) |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | | | |
| WAM AAA | | | 49,495,468 |
| JP Morgan Chase Synthetic Guaranteed Investment Contract | | | 48,345,216 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|--|--|---------------|--------------------------|
| Investment contracts (continued): | | | |
| Synthetic Guaranteed Investment Contracts (continued): | | | |
| Monumental Life Insurance Co. Wrapper Contract | | \$ | \$ (632,021) |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | | | |
| INVESCO Intermediate Fund | | | 52,279,485 |
| Monumental Life Insurance Co. Synthetic Guaranteed Investment Contract | | | 51,647,464 |
| Pacific Mutual Life Insurance Co. Wrapper Contract | | | (2,575,761) |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | | | |
| PIMCO Funds | | | 104,723,330 |
| Pacific Mutual Life Insurance Co. Synthetic Guaranteed Investment Contract | | | 102,147,569 |
| State Street Bank & Trust Wrapper Contract | | | (766,533) |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | | | |
| INVESCO Short-Term Bond Fund | | | 47,748,728 |
| State Street Bank & Trust Synthetic Guaranteed Investment Contract | | | 46,982,195 |

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

| Identity of Issuer/Description of Investment | Number of Shares or Par Value | Cost** | Current Value |
|---|--|---------------|--------------------------|
| Investment contracts (continued): | | | |
| Synthetic Guaranteed Investment Contracts (continued): | | | |
| UBS AG Wrapper Contract | | \$ | \$ (495,264) |
| Underlying Assets of Synthetic Guaranteed Investment Contract: | | | |
| AAA Asset Backed Securities | | | 42,226,762 |
| UBS AG Synthetic Guaranteed Investment Contract | | | 41,731,498 |
| Total Synthetic Guaranteed Investment Contracts | | | 350,463,423 |
| Total investment contracts | | | 393,302,945 |
| | | | \$ 1,931,580,800 |

* *Party in interest.*

** *Historical cost is disclosed only for nonparticipant-directed investments.*

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4j Schedule of Reportable Transactions

EIN #36-2361282 Plan #001

Year Ended December 31, 2004

(In Thousands)

| Identity of Party Involved | Description of Asset | Purchase Price | Selling Price | Cost of Asset | Current Value of Asset on Transaction Date | Net Gain (Loss) |
|---|-------------------------------------|-----------------------|----------------------|----------------------|---|------------------------|
| Category (iii) Series of transactions in excess of 5% of plan assets | | | | | | |
| The Northern Trust Company | Collective Short Term Fund | \$ 625,643 | \$ 617,878 | \$ 625,643 | \$ 625,643 | \$ 617,878 |
| McDonald's Corporation | McDonald's Corporation Common Stock | 16,360 | 91,321 | 16,360 | 16,360 | 44,975 |

There were no category (i), (ii), or (iv) reportable transactions during 2004.

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

McDONALD S CORPORATION
PROFIT SHARING AND SAVINGS PLAN

By: ADMINISTRATIVE COMMITTEE

Date: June 28, 2005

By: /s/ Michael D. Richard
Michael D. Richard
Trustee and Member of the
Administrative Committee