

MCDONALDS CORP  
Form 11-K  
June 25, 2004  
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(Manually Signed)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 11-K**

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**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, 2003

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number \_\_\_\_\_

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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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Report of Independent Registered Public Accounting Firm

To 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, 2003 and 2002, and the related statement of changes in net assets available for benefits for the year ended December 31, 2003. 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as 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, 2003 and 2002, and the changes in its net assets available for benefits for the year ended December 31, 2003, 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, 2003, 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.

May 26, 2004  
Chicago, IL

Ernst & Young LLP

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EIN 36-2361282

Plan #001

## McDonald's Corporation Profit Sharing and Savings Plan

## Statement of Net Assets Available for Benefits

*(In Thousands)*

December 31, 2003

|   | Participant-Directed<br>Investments | ESOP                 |                         | Total            |
|---|-------------------------------------|----------------------|-------------------------|------------------|
|   |                                     | Allocated<br>Account | Unallocated<br>Account* |                  |
| <b>Assets</b>   |                                     |                      |                         |                  |
| 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          |
| <b>Total investments</b>                                      | <b>1,262,832</b>                    | <b>208,142</b>       | <b>188,203</b>          | <b>1,659,177</b> |
| Receivables:  |                                     |                      |                         |                  |
| Company contributions   | 32,757                              |                      |                         | 32,757           |
| Accrued income  | 106                                 | 4                    | 5                       | 115              |
| Other   | 830                                 | (715)                |                         | 115              |
| <b>Total receivables</b>                                      | <b>33,693</b>                       | <b>(711)</b>         | <b>5</b>                | <b>32,987</b>    |
| <b>Total assets</b>   | <b>1,296,501</b>                    | <b>207,431</b>       | <b>188,208</b>          | <b>1,692,140</b> |
| <b>Liabilities</b>  |                                     |                      |                         |                  |
| 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              |

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|                                   |              |            |           |              |
|-----------------------------------|--------------|------------|-----------|--------------|
| 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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EIN 36-2361282

Plan #001

## McDonald's Corporation Profit Sharing and Savings Plan

## Statement of Net Assets Available for Benefits

*(In Thousands)*

December 31, 2002

|   | Participant-<br>Directed<br>Investments | ESOP*                |                        | Total            |
|---|---|----------------------|------------------------|------------------|
|   |   | Allocated<br>Account | Unallocated<br>Account |                  |
| <b>Assets</b>   |   |                      |                        |                  |
| Investments, at fair value:                                   |   |                      |                        |                  |
| Commercial paper and other short-term investments             | \$ 25,403                               | \$ 5,323             | \$                     | \$ 30,726        |
| Mutual funds  | 104,795                                 |                      |                        | 104,795          |
| Common and preferred stocks other than McDonald's Corporation | 111,357                                 |                      |                        | 111,357          |
| McDonald's Corporation common stock                           | 335,027                                 | 152,671              | 131,447                | 619,145          |
| Participant loans   | 14,792                                  |                      |                        | 14,792           |
| Investments, at contract value:                               |   |                      |                        |                  |
| Investment contracts  | 415,035                                 |                      |                        | 415,035          |
| <b>Total investments</b>                                      | <b>1,006,409</b>                        | <b>157,994</b>       | <b>131,447</b>         | <b>1,295,850</b> |
| Receivables:  |   |                      |                        |                  |
| Company contributions   | 21,946                                  |                      |                        | 21,946           |
| Accrued income  | 120                                     | 7                    | 6                      | 133              |
| Other   | 271                                     | (237)                |                        | 34               |
| <b>Total receivables</b>                                      | <b>22,337</b>                           | <b>(230)</b>         | <b>6</b>               | <b>22,113</b>    |
| <b>Total assets</b>   | <b>1,028,746</b>                        | <b>157,764</b>       | <b>131,453</b>         | <b>1,317,963</b> |
| <b>Liabilities</b>  |   |                      |                        |                  |
| Management and administrative expenses payable                | 1,430                                   | 56                   |                        | 1,486            |
| Accrued interest expense                                      |   |                      | 2,904                  | 2,904            |
| Notes payable   |   |                      | 108,462                | 108,462          |
| Other liabilities   | 6,032                                   | 1,050                |                        | 7,082            |
| <b>Total liabilities</b>                                      | <b>7,462</b>                            | <b>1,106</b>         | <b>111,366</b>         | <b>119,934</b>   |

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|                                   |              |            |           |              |
|-----------------------------------|--------------|------------|-----------|--------------|
| Net assets available for benefits | \$ 1,021,284 | \$ 156,658 | \$ 20,087 | \$ 1,198,029 |
|-----------------------------------|--------------|------------|-----------|--------------|

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

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



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Plan #001

## McDonald's Corporation Profit Sharing and Savings Plan

## Statement of Changes in Net Assets Available for Benefits

*(In Thousands)*

Year ended December 31, 2003

|   | Participant-Directed<br>Investments | ESOP*                |                        | Total            |
|---|-------------------------------------|----------------------|------------------------|------------------|
|   |                                     | Allocated<br>Account | Unallocated<br>Account |                  |
| <b>Net investment income</b>  |                                     |                      |                        |                  |
| Dividend income   | \$ 11,313                           | \$ 3,277             | \$ 3,038               | \$ 17,628        |
| Interest income   | 20,393                              | 54                   | 52                     | 20,499           |
| Net realized and unrealized appreciation in fair value of investments | 242,962                             | 76,112               | 65,800                 | 384,874          |
| Interest expense  |                                     |                      | (7,588)                | (7,588)          |
| Management and administrative fees                                    | (4,550)                             | (494)                |                        | (5,044)          |
| <b>Total net investment income</b>                                    | <b>270,118</b>                      | <b>78,949</b>        | <b>61,302</b>          | <b>410,369</b>   |
| <b>Contributions</b>  |                                     |                      |                        |                  |
| Company   | 48,813                              | 4,253                | 11,770                 | 64,836           |
| Participants  | 39,118                              |                      |                        | 39,118           |
| <b>Total contributions</b>  | <b>87,931</b>                       | <b>4,253</b>         | <b>11,770</b>          | <b>103,954</b>   |
| <b>Allocations</b>  |                                     |                      |                        |                  |
| Company matching with profit sharing forfeitures                      | (753)                               |                      |                        | (753)            |
| Company matching with ESOP shares                                     |                                     |                      | (9,110)                | (9,110)          |
| <b>Other changes</b>  |                                     |                      |                        |                  |
| Benefits paid to terminated participants and withdrawals              | (99,253)                            | (18,189)             |                        | (117,442)        |
| Interfund transfers (net)   | 14,318                              | (14,318)             |                        |                  |
| Other   | 785                                 | (46)                 |                        | 739              |
| <b>Total other changes</b>  | <b>(84,150)</b>                     | <b>(32,553)</b>      |                        | <b>(116,703)</b> |
| <b>Net increase in net assets available for benefits</b>              | <b>273,146</b>                      | <b>50,649</b>        | <b>63,962</b>          | <b>387,757</b>   |
| Net assets available for benefits at beginning of year                | 1,021,284                           | 156,658              | 20,087                 | 1,198,029        |

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|  |              |            |           |              |
|--|--------------|------------|-----------|--------------|
| Net assets available for benefits at end of year | \$ 1,294,430 | \$ 207,307 | \$ 84,049 | \$ 1,585,786 |
|--|--------------|------------|-----------|--------------|

\* *Nonparticipant directed investment.*

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

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EIN 36-2361282

Plan #001

McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements

December 31, 2003 and 2002 and year ended December 31, 2003

**1. Description of the Program**

The McDonald's Corporation Profit Sharing Program (the Program) was formed January 1, 1989, when the McDonald's Corporation Savings and Profit Sharing Plan (Profit Sharing Plan) was merged with the McDonald's Matching and Deferred Stock Ownership Plan (McDESOP). The Profit Sharing Plan was a noncontributory, defined-contribution plan. The Profit Sharing Plan included the Investment Savings account, which permitted participants to contribute after-tax dollars to the Profit Sharing Plan prior to 1987. McDESOP consisted of two components. The first component was a salary deferral plan with McDonald's Corporation (the Company) matching allocations, and the second component was an employee stock ownership plan (Leveraged ESOP). Effective December 28, 1995, the McDonald's Corporation Stock Sharing Plan (a tax-credit ESOP, in effect prior to 1987) was merged with the Program. The assets of the Stock Sharing Plan were transferred into McDESOP.

The plan documents with respect to the respective portions of the merged plan remained in effect until the Program, as amended and restated effective January 1, 1997, became effective. The Program was since amended and restated effective November 1, 1998. In addition, the Program had three amendments effective June 1, 2000, January 1, 2001, and March 1, 2001, respectively.

Effective January 1, 2002, the Program was amended and restated in its entirety and renamed the McDonald's Corporation Profit Sharing and Savings Plan (the Plan). In addition, the McDonald's Matching and Deferred Stock Ownership Trust was merged with the McDonald's Corporation Profit Sharing Master Trust to create the McDonald's Corporation Profit Sharing and Savings Trust (the Trust), effective December 31, 2001. The features of the Plan were renamed 401(k) (which includes the participant contributions as well as the employer match), Profit Sharing (which includes Investment Savings), ESOP, Stock Sharing, and Rollover. The Plan has four amendments effective January 1, 2002, June 1, 2002, November 27, 2002, and March 31, 2003.

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

**1. Description of the Program (continued)**

**Record Keeping**

Effective February 8, 2002, the Plan outsourced its record-keeping function to Northern Trust Retirement Consulting (NTRC), following a transition period, which began January 1, 2002. Prior to this date, record-keeping functions were performed by the Company. Effective June 13, 2003, NTRC was purchased by Hewitt Associates LLC.

**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, Brand Employers). Effective December 4, 2003, Donatos employees are no longer eligible employees because the Company sold its ownership interest in Donatos. Full-time, salaried restaurant managers, 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 Brand Employers can participate in the Profit Sharing and ESOP features if the Company allows the Brand Employers to adopt these features. As of December 31, 2003, no Brand Employer has adopted the Profit Sharing or ESOP features.

**Investments and Elections**

For 2002, the investment funds under the Plan were Stable Value Fund, Blended Stock/Bond Fund, International Stock Fund, S&P 500 Index Fund, Diversified Stock Fund, Company Stock Fund, and the McDonald's ESOP Stock Fund. For 2003, the investment funds were the same except that the Aggressive Stock Fund was added August 1, 2003.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

**1. Description of the Program (continued)**

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.

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 2003 and 2002, 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.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

**1. Description of the Program (continued)**

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

Individuals that are employed as a salaried restaurant manager or staff with a licensee-owned restaurant that is purchased by McDonald's or Brand 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 employer 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 Program'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 Company 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 1999 Leveraged ESOP refinancing discussed in Note 6, 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 Program (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 Program'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 Company 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 6, the last allocation will occur in 2018 when the refinanced loan is completely repaid.

**Vesting**

401(k) accounts and Company 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, all participants, regardless of age, could diversify their entire 401(k) balance (which includes employer matching allocations) and Profit Sharing balance at any time. Prior to February 8, 2002, matching contributions were required to remain invested in McDonald's common stock until age 50. 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 Program (continued)**

**Termination and Forfeitures**

Participants who terminate their employment with the Company and all Brand 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 Company matching contributions.

ESOP forfeitures are allocated at the end of the calendar year to participants in the same manner as the allocation of the Company 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 Program (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. In addition to rollovers from previous employers tax-qualified plans, effective January 1, 2002, employees can roll over their money (excluding employees after-tax money) into the Plan from 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 Brand Employers. Participants may only make one withdrawal in a calendar year, in regards to Profit Sharing and ESOP. 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**

Effective November 2002, 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.

**Loans**

Effective June 1, 2002, 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. 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.



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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

**1. Description of the Program (continued)**

**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.

**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.

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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.

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**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 represents 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.

**3. Investments**

During 2003, the Plan's investments (including investments bought, sold, and held during the year) appreciated (depreciated) as follows (in thousands):

|   |                   |
|---|-------------------|
| Mutual funds                                    | \$ 27,576         |
| Common stocks other than McDonald's Corporation | 37,571            |
| McDonald's Corporation common stock             | 319,727           |
|   | <u>384,874</u>    |
|   | <u>\$ 384,874</u> |

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

December 31

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|  | <u>2003</u>        | <u>2002</u> |
|--|--------------------|-------------|
| McDonald's Corporation common stock                            | <b>\$ 908,984*</b> | \$ 619,145* |
| Synthetic Guaranteed Investment contracts (at contract value): |                    |             |
| Allstate Life Insurance Company                                |                    | 67,820      |
| Pacific Mutual Life Insurance Company                          | <b>97,395</b>      | 92,151      |
| UBS AG   | <b>81,708</b>      | 78,975      |

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\* Includes nonparticipant directed.

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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, 2003:

|                                     | <b>2003</b>    | <b>2002</b>    | <b>2003</b>      | <b>2002</b>      |                       | <b>Fair</b>           | <b>Fair</b>     |
|-------------------------------------|----------------|----------------|------------------|------------------|-----------------------|-----------------------|-----------------|
|                                     | <b>Average</b> | <b>Average</b> | <b>Crediting</b> | <b>Crediting</b> | <b>Book</b>           | <b>Market</b>         | <b>Value of</b> |
|                                     | <b>Yield</b>   | <b>Yield</b>   | <b>Interest</b>  | <b>Interest</b>  | <b>Value</b>          | <b>Value</b>          | <b>Wrapper</b>  |
|                                     |                |                | <b>Rate*</b>     | <b>Rate*</b>     |                       |                       |                 |
| Bank of America                     | <b>10.78%</b>  | 6.75%          | <b>6.92%</b>     | 6.24%            | \$ 14,127,180         | \$ 20,696,008         | \$ (6,568,828)  |
| Bank of America                     | <b>2.94</b>    |                | <b>1.27</b>      |                  | 31,851,839            | 31,963,079            | (111,240)       |
| JP Morgan Chase                     | <b>3.61</b>    |                | <b>1.39</b>      |                  | 25,316,407            | 25,573,608            | (257,201)       |
| Monumental Life<br>Insurance Co.    | <b>3.24</b>    |                | <b>1.26</b>      |                  | 30,291,785            | 30,341,769            | (49,984)        |
| Pacific Life<br>Insurance Company   | <b>5.69</b>    | 6.37           | <b>5.69</b>      | 6.37             | 97,394,705            | 100,834,012           | (3,439,307)     |
| Pacific Life<br>Insurance Company   | <b>6.49</b>    | 6.68           | <b>6.67</b>      | 6.49             | 11,332,937            | 11,475,574            |                 |
| Principal Life<br>Insurance Company | <b>4.73</b>    | 5.83           | <b>5.21</b>      | 5.69             | 40,908,401            | 44,573,600            | (3,665,199)     |
| State Street Bank &<br>Trust        | <b>2.78</b>    | 2.59           | <b>2.43</b>      | 2.49             | 54,605,089            | 54,580,786            | 24,303          |
| UBS AG                              | <b>3.12</b>    | 4.16           | <b>3.46</b>      | 4.10             | 81,707,502            | 82,733,940            | (1,026,438)     |
|                                     |                |                |                  |                  | <b>\$ 387,535,845</b> | <b>\$ 402,772,376</b> |                 |

\* 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. Information about the nonparticipant-directed investments prior to March 31, 2003, are included in the Allocated Account column on pages 3 and 4 of the basic financial statements. 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 Company 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 \$161,527,000 and \$23,335,000, respectively, at December 31, 2003. All Notes are guaranteed by 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 \$184,862,000 at December 31, 2003. 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  | Series B  | Series C  | Total      |
|------------------------------------|-----------|-----------|-----------|------------|
|                                    | Notes     | Notes     | Notes     | Notes      |
|                                    | -----     | -----     | -----     | -----      |
| 2004                               | \$        | \$        | \$ 7,895  | \$ 7,895   |
| 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      |
| Beyond 2008                        | 42,317    | 21,318    |           | 63,635     |
|                                    | -----     | -----     | -----     | -----      |
| Total over remaining life of Notes | \$ 57,112 | \$ 28,771 | \$ 15,398 | \$ 101,281 |
|                                    | -----     | -----     | -----     | -----      |

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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 May 14, 2002, 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 2003 and 2002, the Plan received \$14,668,000 and \$9,081,000, respectively, in common stock dividends from the Company. In connection with the Leveraged ESOP refinancing discussed in Note 6, \$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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**Supplemental Schedules**

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Plan #001

## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2003

| Identity of Issuer/<br>Description of Investment                             | Number of<br>Shares or<br>Par Value | Cost**        | Current<br>Value |
|--|-------------------------------------|---------------|------------------|
| The Northern Trust Company*:<br>Coltv Short Term Invt Fund                   | 44,122,560                          | \$ 44,122,560 | \$ 44,122,560    |
| Corporate Stock Preferred:<br>ADR News Corp Ltd Sponsored ADR REPSTG PFD LTD | 1                                   |               | 8                |
| Total Corporate Stock Preferred  |                                     |               | 8                |
| Corporate Stock Common:  |                                     |               |                  |
| Abbott Lab   | 32,300                              |               | 1,505,180        |
| Accredohlth Inc  | 7,725                               |               | 244,187          |
| Actel Corp   | 6,650                               |               | 160,265          |
| Activcard Corp   | 19,200                              |               | 151,296          |
| Axiom Corp   | 3,350                               |               | 62,209           |
| Adobe Sys Inc  | 4,490                               |               | 176,457          |
| ADR Astrazeneca PLC Sponsored  | 13,600                              |               | 657,968          |
| ADR Au Optronics Corp  | 6,510                               |               | 77,599           |
| ADR Aventis Sponsored  | 25,150                              |               | 1,666,439        |
| ADR BP PLC   | 48,050                              |               | 2,371,267        |
| ADR Chicago Bridg & Iron Co  | 7,200                               |               | 208,080          |
| ADR Flamel Tech  | 8,625                               |               | 231,064          |
| ADR Koninklijke Philips Electrs N V N Y Registry SH New 20                   | 49,250                              |               | 1,432,682        |
| ADR Nokia Corp Sponsored ADR   | 11,500                              |               | 195,500          |
| ADR Novartis   | 15,400                              |               | 706,706          |
| ADR Roche Hldg LTD   | 8,600                               |               | 867,475          |
| ADR SAP Aktiengesellschaftsponsored ADR                                      | 25,900                              |               | 1,076,404        |
| ADR Teva Pharmaceutical Inds Ltd ADR   | 16,400                              |               | 930,044          |

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Plan #001

## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued):              |                                     |        |                  |
| ADR Total SA                                     | 11,000                              | \$     | \$ 1,017,610     |
| ADR Vodafone Group                               | 37,000                              |        | 926,480          |
| Adtran Inc                                       | 8,760                               |        | 271,560          |
| Aeroflex Inc                                     | 28,150                              |        | 329,073          |
| Aes Corp   | 8,900                               |        | 84,016           |
| Aetna Inc  | 2,070                               |        | 139,891          |
| Agere Sys Inc                                    | 37,410                              |        | 114,100          |
| Agilent Technologies Inc                         | 45,600                              |        | 1,333,344        |
| Air Prod & Chem Inc                              | 8,470                               |        | 447,470          |
| Airtran Hldgs Inc                                | 5,690                               |        | 67,711           |
| Akamai Tech Inc                                  | 3,746                               |        | 40,269           |
| Alcan Inc  | 20,350                              |        | 955,432          |
| Alico Inc  | 200                                 |        | 6,952            |
| Allergan Inc                                     | 7,100                               |        | 545,351          |
| Alliance Data Sys Corp                           | 4,420                               |        | 122,346          |
| Allied Waste Inds Inc                            | 8,650                               |        | 120,062          |
| Allmerica Finl Corp                              | 1,594                               |        | 49,047           |
| Alltel Corp                                      | 1,900                               |        | 88,502           |
| Altera Corp                                      | 30,500                              |        | 692,350          |
| Amer Express Co                                  | 31,500                              |        | 1,519,245        |
| Amerco Com                                       | 1,668                               |        | 35,862           |
| Amerisourcebergen Corp                           | 1,600                               |        | 89,840           |
| Ameritrade Hldg Corp                             | 15,090                              |        | 212,316          |
| Amern Healthways Inc                             | 17,930                              |        | 427,989          |
| Amern Intl Group Inc                             | 43,287                              |        | 2,869,062        |
| Amgen Inc  | 28,100                              |        | 1,736,580        |
| Anadigics Inc                                    | 5,027                               |        | 29,961           |
| Analog Devices Inc                               | 10,500                              |        | 479,325          |
| Anheuser Busch Cos Inc                           | 11,200                              |        | 590,016          |
| Ann Taylor Stores Corp                           | 5,000                               |        | 195,000          |

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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)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock - Common (continued):            |                                     |        |                  |
| Apollo Group Inc Cl A                            | 8,500                               | \$     | \$ 578,000       |
| Apple Computer Inc                               | 2,700                               |        | 57,699           |
| Applebees Intl Inc                               | 6,175                               |        | 242,492          |
| Applied Materials Inc                            | 22,500                              |        | 505,125          |
| Applied Signal Tech Inc                          | 1,863                               |        | 42,868           |
| Artisan Components Inc                           | 9,400                               |        | 192,700          |
| Ascential Software Corp                          | 7,300                               |        | 189,289          |
| Aspect Comm Inc                                  | 3,094                               |        | 48,761           |
| AT Rd Inc  | 6,550                               |        | 87,115           |
| Audiocodes LTD                                   | 3,465                               |        | 36,175           |
| Autobytel Com Inc                                | 2,428                               |        | 22,046           |
| Avatar Hldgs Inc                                 | 200                                 |        | 7,388            |
| Avaya Inc  | 6,600                               |        | 85,404           |
| Avon Prod Inc                                    | 7,300                               |        | 492,677          |
| Axis Cap Hldgs LTD                               | 2,770                               |        | 81,106           |
| Axonix Inc                                       | 6,834                               |        | 33,282           |
| Bakbone Software Inc                             | 8,065                               |        | 22,179           |
| Bank of America Corp                             | 34,250                              |        | 2,754,727        |
| Bank One Corp                                    | 13,200                              |        | 601,788          |
| Banknorth Group Inc                              | 1,400                               |        | 45,542           |
| Barr Pharmaceuticals Inc                         | 10,725                              |        | 825,289          |
| Bear Stearns Cos Inc                             | 900                                 |        | 71,955           |
| Becton Dickinson & Co                            | 500                                 |        | 20,570           |
| Bed Bath Beyond Inc                              | 31,000                              |        | 1,343,850        |
| Bellsouth Corp                                   | 61,650                              |        | 1,744,695        |
| Belo Corp  | 2,300                               |        | 65,182           |
| Beverly Enterprises Inc                          | 5,875                               |        | 50,466           |
| Bostonfed Bancorp Inc                            | 200                                 |        | 6,980            |
| Boyd Gaming Corp                                 | 6,100                               |        | 98,454           |
| Bradley Pharmaceuticals Inc                      | 5,500                               |        | 139,865          |
| Brookline Bancorp Inc Del                        | 2,100                               |        | 32,214           |

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Plan #001

## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued):              |                                     |        |                  |
| C Cornet Corp                                    | 3,959                               | \$     | \$ 44,064        |
| CDW Corp   | 3,170                               |        | 183,099          |
| Cache Inc  | 7,525                               |        | 156,746          |
| Caremark RX Inc                                  | 47,810                              |        | 1,211,027        |
| Carmax Inc                                       | 1,400                               |        | 43,302           |
| Carrier Access Corp                              | 2,626                               |        | 32,877           |
| CB Bancshares Inc                                | 150                                 |        | 9,390            |
| Celgene Corp                                     | 3,830                               |        | 172,427          |
| Cendant Corp                                     | 86,550                              |        | 1,927,468        |
| Cephalon Inc                                     | 3,150                               |        | 152,491          |
| Ceridian Corp                                    | 7,900                               |        | 165,426          |
| Champion Enterprises Inc                         | 4,610                               |        | 32,270           |
| Charles Riv Assocs Inc                           | 5,820                               |        | 186,182          |
| Charter 1 Fincl Inc                              | 1,700                               |        | 58,735           |
| Checkfree Corp New                               | 4,080                               |        | 112,812          |
| Cheesecakefactory Inc                            | 3,200                               |        | 140,896          |
| Ches Energy Corp                                 | 7,080                               |        | 96,146           |
| Chicos Fas Inc                                   | 4,050                               |        | 149,648          |
| Childrens Pl Retail Stores Inc                   | 5,225                               |        | 139,664          |
| Chippac Inc                                      | 20,700                              |        | 157,113          |
| Chiron Corp                                      | 2,620                               |        | 149,314          |
| Ciena Corp IPO 02-07-97                          | 13,290                              |        | 88,246           |
| Cintas Corp                                      | 2,150                               |        | 107,779          |
| Cisco Sys Inc                                    | 95,500                              |        | 2,319,695        |
| Citigroup Inc                                    | 89,066                              |        | 4,323,264        |
| Citrix Sys Inc                                   | 3,740                               |        | 79,325           |
| Clear Channel Communications Inc                 | 47,700                              |        | 2,233,791        |
| Clorox Co  | 18,350                              |        | 891,076          |
| Cmnty Hlth Sys Inc New                           | 3,010                               |        | 80,006           |
| Cnet Networks Inc                                | 18,490                              |        | 126,102          |
| Coach Inc  | 4,360                               |        | 164,590          |

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Plan #001

## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued):              |                                     |        |                  |
| Coastal Bancorp Inc                              | 600                                 | \$     | \$ 24,666        |
| Com Kroll Inc                                    | 9,275                               |        | 241,150          |
| Comcast Corp                                     | 55,642                              |        | 1,828,953        |
| Comm Bancshares Inc                              | 825                                 |        | 40,441           |
| Computer Assoc Intl Inc                          | 4,300                               |        | 117,562          |
| Comversetech Inc Par \$0.10                      | 12,110                              |        | 213,015          |
| Conceptus Inc                                    | 13,400                              |        | 142,308          |
| Concur Tech Inc                                  | 8,400                               |        | 81,312           |
| ConocoPhillips                                   | 32,164                              |        | 2,108,993        |
| Conseco Inc                                      | 5,700                               |        | 124,260          |
| Corillian Corp                                   | 3,734                               |        | 23,562           |
| Corinthian Colleges Inc                          | 4,173                               |        | 231,852          |
| Corio Inc  | 4,430                               |        | 12,138           |
| Corning Inc                                      | 13,830                              |        | 144,247          |
| Corporate Executive Brd Co                       | 3,510                               |        | 163,812          |
| Corvis Corp                                      | 9,890                               |        | 16,813           |
| Cost Plus Inc Cal                                | 9,550                               |        | 391,550          |
| Costco Whsl Corp New                             | 15,800                              |        | 587,444          |
| Countrywidefinl Corp                             | 533                                 |        | 40,453           |
| Coventryhlth Care Inc                            | 4,825                               |        | 311,164          |
| Crown Hldgs Inc                                  | 10,890                              |        | 98,663           |
| Cummins Inc                                      | 2,290                               |        | 112,073          |
| Cumulus Media Inc                                | 11,314                              |        | 248,908          |
| Cymer Inc  | 1,980                               |        | 91,456           |
| Cypress Biosciences Inc                          | 2,340                               |        | 35,451           |
| Dean Foods Co                                    | 3,340                               |        | 109,786          |
| Deere & Co                                       | 2,750                               |        | 178,887          |
| Dell Computer Corp                               | 40,100                              |        | 1,361,796        |
| Dendreon Corp                                    | 2,877                               |        | 23,189           |
| Dentsply Intl Inc New                            | 1,600                               |        | 72,272           |



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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)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued):              |                                     |        |                  |
| Diamond Cluster                                  | 12,700                              | \$     | \$ 129,540       |
| Digital Insight Corp                             | 4,800                               |        | 119,520          |
| Digitas Inc                                      | 17,400                              |        | 162,168          |
| Discovery Labs Inc                               | 3,252                               |        | 34,113           |
| Ditech Comm Corp                                 | 3,786                               |        | 72,313           |
| Dot Hill Sys Corp                                | 1,755                               |        | 26,588           |
| Duponte Denemours & Co                           | 32,150                              |        | 1,475,363        |
| Dycom Inds Inc                                   | 1,821                               |        | 48,839           |
| Eastman Kodak Co                                 | 900                                 |        | 23,103           |
| Eaton Corp                                       | 750                                 |        | 80,985           |
| Ebay Inc   | 14,200                              |        | 917,178          |
| Ecolab Inc                                       | 6,710                               |        | 183,653          |
| Ed Mgmt Corp                                     | 13,360                              |        | 414,694          |
| Electr Arts                                      | 15,280                              |        | 730,078          |
| Electronics For Imaging Inc                      | 12,375                              |        | 321,997          |
| EMC Corp   | 64,100                              |        | 828,172          |
| Emulex Corp                                      | 8,450                               |        | 225,446          |
| Entergy Corp                                     | 29,600                              |        | 1,691,048        |
| Eon Labs Inc                                     | 1,975                               |        | 100,626          |
| Espeed Inc                                       | 17,600                              |        | 412,016          |
| Expeditors Intl Wash Inc                         | 1,770                               |        | 66,658           |
| Extreme Networks Inc                             | 17,400                              |        | 125,454          |
| Fairchild Semiconductor Intl Inc                 | 5,750                               |        | 143,577          |
| FBL Finl Group Inc                               | 1,700                               |        | 43,860           |
| Firstfed Finl Corp                               | 200                                 |        | 8,700            |
| Fiserv Inc                                       | 4,210                               |        | 166,337          |
| Fisher Scientific Intl Inc                       | 7,540                               |        | 311,930          |
| Fleetwood Enterprises Inc                        | 2,337                               |        | 23,978           |
| Flowers Foods Inc                                | 2,400                               |        | 61,920           |
| Forest Lab Inc                                   | 6,400                               |        | 395,520          |

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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)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued):              |                                     |        |                  |
| Formfactor Inc                                   | 4,870                               | \$     | \$ 96,426        |
| Freeport Mcmoran C & G CLB                       | 3,450                               |        | 145,348          |
| Gannett Inc                                      | 16,091                              |        | 1,434,674        |
| Gartner Group Inc                                | 11,400                              |        | 128,934          |
| Gatx Corp  | 3,010                               |        | 84,220           |
| Gen Elec Co                                      | 47,800                              |        | 1,480,844        |
| Gen-Probe Inc New                                | 4,150                               |        | 151,350          |
| Genentech Inc                                    | 12,100                              |        | 1,132,197        |
| Gilead Sci Inc                                   | 14,500                              |        | 843,030          |
| Globespan Virata Inc                             | 23,300                              |        | 137,004          |
| Goldman Sachs Group Inc                          | 24,750                              |        | 2,443,567        |
| Gray T.V. Inc                                    | 32,400                              |        | 489,888          |
| Guess Inc  | 2,388                               |        | 28,823           |
| Harley Davidson Inc                              | 11,500                              |        | 546,595          |
| Harman Intl Inds Inc                             | 2,000                               |        | 147,960          |
| Harrahs Entmt Inc                                | 500                                 |        | 24,885           |
| Hayes Lemmerz Intl Inc                           | 2,285                               |        | 41,404           |
| HBR Fla Bacnshares Inc                           | 300                                 |        | 8,913            |
| HCA Inc  | 600                                 |        | 25,776           |
| Healthextras Inc                                 | 5,925                               |        | 79,395           |
| Hearusa Inc                                      | 5,925                               |        | 13,331           |
| Hewlett Packard Co                               | 74,051                              |        | 1,700,951        |
| Homestore Inc                                    | 10,776                              |        | 50,970           |
| Hughes Elec Corp                                 | 23,132                              |        | 382,841          |
| Hyperion Solutions Corp                          | 6,150                               |        | 185,361          |
| Immucor Inc                                      | 8,700                               |        | 177,393          |
| Inamed Corp                                      | 2,160                               |        | 103,810          |
| Infospace Inc                                    | 1,877                               |        | 43,265           |
| Insight Enterprises Inc                          | 15,450                              |        | 290,460          |
| Integrated Alarm Svcs Group Inc                  | 16,400                              |        | 139,400          |
| Integrated Device Tech Inc                       | 7,900                               |        | 135,643          |

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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)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued):              |                                     |        |                  |
| Intel Corp Cap                                   | 66,400                              | \$     | \$ 2,138,080     |
| Intelligroup Inc                                 | 6,227                               |        | 35,307           |
| Interactivecorp                                  | 16,300                              |        | 553,059          |
| Interpublic Group Companies Inc                  | 8,540                               |        | 133,224          |
| Interwoven Inc                                   | 12,950                              |        | 163,688          |
| Intl Business Machs Corp                         | 11,500                              |        | 1,065,820        |
| Intl Game Tech                                   | 5,800                               |        | 207,060          |
| Intuitive Surgical Inc                           | 9,400                               |        | 160,646          |
| Investors Finl Svcs Corp                         | 4,040                               |        | 155,176          |
| Invitrogen Corp                                  | 2,100                               |        | 147,000          |
| Ivax Corp  | 5,910                               |        | 141,131          |
| Jefferies Group Inc                              | 2,010                               |        | 66,370           |
| JLG Inds Inc                                     | 7,200                               |        | 109,656          |
| Johnson Ctl Inc                                  | 2,600                               |        | 301,912          |
| Journal Register Co                              | 3,100                               |        | 64,170           |
| Key Energy Svcs Inc                              | 2,933                               |        | 30,239           |
| Kindred Healthcare Inc                           | 778                                 |        | 40,440           |
| KLA - Tencor Corp                                | 18,160                              |        | 1,065,447        |
| Knight-Ridder Inc                                | 800                                 |        | 61,896           |
| Kos Pharmaceuticals Inc                          | 3,850                               |        | 165,704          |
| Lam Resh Corp                                    | 14,640                              |        | 472,872          |
| Lauder Estee Cos Inc                             | 12,750                              |        | 500,565          |
| LCA-Vision Inc                                   | 1,902                               |        | 40,265           |
| Leapfrog Enterprises Inc                         | 2,480                               |        | 65,794           |
| Lee Enterprises Inc                              | 700                                 |        | 30,555           |
| Legg Mason Inc                                   | 2,570                               |        | 198,353          |
| Lexar Media Inc                                  | 6,110                               |        | 106,497          |
| Liberty Media Corp                               | 169,100                             |        | 2,010,599        |
| Lionbridge Tech Inc                              | 15,069                              |        | 144,813          |
| Liveperson Inc                                   | 3,687                               |        | 18,726           |
| Lockheed Martin Corp                             | 22,950                              |        | 1,179,630        |

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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)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost**      | Current<br>Value |
|--|-------------------------------------|-------------|------------------|
| Corporate Stock Common (continued):              |                                     |             |                  |
| Lowes Cos Inc                                    | 27,250                              | \$          | \$ 1,509,378     |
| Macromedia Inc                                   | 4,050                               |             | 72,252           |
| Manhattan Assocs Inc                             | 3,850                               |             | 106,414          |
| Mannatech Inc                                    | 2,339                               |             | 25,402           |
| Manpower Inc                                     | 2,740                               |             | 128,999          |
| Marcus Corp                                      | 200                                 |             | 3,280            |
| Mariner Hlth Care Inc                            | 1,000                               |             | 22,300           |
| Marlin Business Svcs Corp                        | 3,000                               |             | 52,200           |
| Marriott Intl Inc New Com                        | 9,110                               |             | 420,882          |
| Marvel Enterprises Inc                           | 5,670                               |             | 165,054          |
| Marvell Tech Group Marvell Tech Group Inc        | 5,850                               |             | 221,890          |
| Masco Corp                                       | 31,600                              |             | 866,156          |
| Mastec Inc                                       | 2,197                               |             | 32,538           |
| Matria Healthcare Inc                            | 5,900                               |             | 124,667          |
| MBNA Corp  | 31,200                              |             | 775,320          |
| Mccaltchy Co                                     | 900                                 |             | 61,920           |
| McDonalds Corporation*                           | 36,608,292                          | 526,965,762 | 908,983,890      |
| Mcgraw Hill Companies Inc                        | 700                                 |             | 48,944           |
| Media Gen Inc                                    | 700                                 |             | 45,570           |
| Medicis Phar Corp                                | 1,730                               |             | 123,349          |
| Medimmune Inc                                    | 28,150                              |             | 715,010          |
| Medtronic Inc                                    | 14,300                              |             | 695,123          |
| Memc Electr Matls Inc                            | 18,500                              |             | 177,970          |
| Mercantile Bankshares Corp                       | 700                                 |             | 31,906           |
| Mercury Interactive Corp                         | 3,100                               |             | 150,784          |
| Merrill Lynch & Co Inc                           | 19,100                              |             | 1,120,215        |
| Metal Mgmt Inc                                   | 1,025                               |             | 37,853           |
| Metlife Inc                                      | 38,401                              |             | 1,292,962        |
| MGI Pharma Inc                                   | 4,200                               |             | 172,830          |
| MGM Mirage                                       | 4,200                               |             | 157,962          |

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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)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued):              |                                     |        |                  |
| Micromuse Inc                                    | 9,200                               | \$     | \$ 63,480        |
| Microsoft Corp                                   | 78,100                              |        | 2,150,874        |
| Microstrategy Inc                                | 256                                 |        | 64               |
| Mid Atlc Med Svcs Inc                            | 2,890                               |        | 187,272          |
| Mind CT LTD                                      | 5,439                               |        | 32,634           |
| MIPS Tech Inc                                    | 7,136                               |        | 38,856           |
| Modem Media Inc                                  | 10,800                              |        | 88,236           |
| Molex Inc  | 4,320                               |        | 150,725          |
| Monster Worldwide Inc                            | 4,750                               |        | 104,310          |
| Morgan Stanley                                   | 30,050                              |        | 1,738,994        |
| Motorola Inc                                     | 68,200                              |        | 959,574          |
| Movie Gallery Inc                                | 12,225                              |        | 228,363          |
| MSC Indl Direct Inc                              | 4,000                               |        | 110,000          |
| Nabors Industries                                | 1,740                               |        | 72,210           |
| Natl Semiconductors Corp                         | 3,420                               |        | 134,782          |
| Navigant Consulting Inc                          | 2,806                               |        | 52,921           |
| Navistar Intl Corp                               | 2,330                               |        | 111,584          |
| NBTY Inc   | 3,690                               |        | 99,113           |
| Netscreen Technologies Inc                       | 4,860                               |        | 120,285          |
| Neurocrine Biosciences Inc                       | 2,090                               |        | 113,989          |
| New York Times Co                                | 1,300                               |        | 62,127           |
| Nextar Broadcasting Group Inc                    | 11,000                              |        | 150,810          |
| NII Hldgs Inc                                    | 484                                 |        | 36,121           |
| Noble Corp                                       | 20,950                              |        | 749,591          |
| Novavax Inc                                      | 18,400                              |        | 110,400          |
| Novell US Sys Inc                                | 4,550                               |        | 191,328          |
| Occidental Pete Corp                             | 34,650                              |        | 1,463,616        |
| Odysseyre Hldgs Corp                             | 6,400                               |        | 144,320          |
| Omnicare Inc                                     | 3,280                               |        | 132,479          |
| Opnet Tech Inc                                   | 5,817                               |        | 95,748           |
| Optibase LTD                                     | 3,813                               |        | 24,861           |
| Orbital SCI Corp                                 | 3,852                               |        | 46,301           |

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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)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued):              |                                     |        |                  |
| Pacer Intl Inc Tenn                              | 12,300                              | \$     | \$ 248,706       |
| Pacificare Hlth Sys Inc                          | 1,480                               |        | 100,048          |
| Palatin Tech Inc                                 | 1,345                               |        | 3,363            |
| Parlex Corp                                      | 6,300                               |        | 49,833           |
| Patterson Dental Co                              | 1,680                               |        | 107,789          |
| PC-Tel Inc                                       | 11,500                              |        | 122,015          |
| PDI Inc  | 1,764                               |        | 47,293           |
| Peoplesoft Inc                                   | 32,100                              |        | 731,880          |
| Pepsico Inc                                      | 32,750                              |        | 1,526,805        |
| Petsmart Inc                                     | 13,250                              |        | 315,350          |
| Pfizer Inc                                       | 80,618                              |        | 2,848,234        |
| Pharmaceutical Res                               | 4,925                               |        | 320,864          |
| Phelps Dodge Corp                                | 2,110                               |        | 160,550          |
| Photon Dynamics Inc                              | 4,100                               |        | 164,984          |
| Pixar  | 1,140                               |        | 78,991           |
| PMC Sierra Inc                                   | 6,470                               |        | 130,371          |
| Polycom Inc                                      | 5,730                               |        | 111,850          |
| Portal Software Inc                              | 9,540                               |        | 64,204           |
| Praecis Phar Inc                                 | 4,662                               |        | 30,023           |
| Procter & Gamble Co                              | 5,800                               |        | 579,304          |
| Provident Finl Svcs Inc                          | 1,600                               |        | 30,240           |
| Providian Finl Corp                              | 7,820                               |        | 91,025           |
| Psychiatric Solutions Inc                        | 3,900                               |        | 81,510           |
| Pub Service Enterprise Group Inc                 | 29,150                              |        | 1,276,770        |
| Qualcomm Inc                                     | 3,200                               |        | 172,576          |
| Radian Group Inc                                 | 2,050                               |        | 99,938           |
| Rambus Inc                                       | 1,248                               |        | 38,314           |
| Rare Hospitality Intl Inc                        | 13,375                              |        | 326,885          |
| Red Hat Inc                                      | 4,540                               |        | 85,216           |
| Res Connection Inc                               | 4,800                               |        | 131,088          |

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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)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued):              |                                     |        |                  |
| Rite Aid Corp                                    | 16,160                              | \$     | \$ 97,606        |
| Royal Caribbean Cruises                          | 3,970                               |        | 138,116          |
| Ruby Tuesday Inc                                 | 2,990                               |        | 85,185           |
| Rudolph Technologies Inc                         | 7,350                               |        | 180,369          |
| Salix Pharm LTD                                  | 8,200                               |        | 185,894          |
| Sanmina-SCI Corp                                 | 15,720                              |        | 198,229          |
| SBA Comm Corp                                    | 8,939                               |        | 33,789           |
| Schein Henry Inc                                 | 3,100                               |        | 209,498          |
| Schlumberger Ltd                                 | 21,900                              |        | 1,198,368        |
| Scientific-Atlanta Inc                           | 1,600                               |        | 43,680           |
| SEI Invt Co                                      | 4,860                               |        | 148,084          |
| Siebel Sys Inc                                   | 11,470                              |        | 159,089          |
| Silicon Image Inc                                | 14,950                              |        | 108,089          |
| Silicon Labs Inc                                 | 2,370                               |        | 102,431          |
| Silicon Storage Tech Inc                         | 12,600                              |        | 138,600          |
| Silicon Val Bancshares                           | 2,230                               |        | 80,436           |
| Sina Corp  | 3,510                               |        | 118,463          |
| Skyworks Solutions Inc                           | 12,775                              |        | 111,143          |
| Smith Intl Inc                                   | 3,050                               |        | 126,636          |
| Sonus Networks Inc                               | 20,630                              |        | 155,963          |
| Sovereign Bancorp Inc                            | 4,630                               |        | 109,963          |
| Spectrasite Inc                                  | 1,088                               |        | 37,808           |
| SPX Corp   | 1,580                               |        | 92,920           |
| St Str Corp                                      | 16,500                              |        | 859,320          |
| Staples Inc                                      | 26,850                              |        | 733,005          |
| Starwood Hotels & Resorts Worldwide Inc          | 4,300                               |        | 154,671          |
| Steris Corp                                      | 800                                 |        | 18,080           |
| Sun Bancorp Inc                                  | 300                                 |        | 7,920            |
| Sun Healthcare Group Inc                         | 2,770                               |        | 27,562           |
| Sungard Data Sys Inc                             | 6,260                               |        | 173,465          |

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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)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Corporate Stock Common (continued):              |                                     |        |                  |
| Superconductor Tech Inc                          | 4,063                               | \$     | \$ 22,672        |
| Supergyn Inc                                     | 3,310                               |        | 36,410           |
| Sybase Inc                                       | 1,100                               |        | 22,638           |
| Target Corp                                      | 23,150                              |        | 888,960          |
| Taro Pharmaceutical Inc                          | 5,025                               |        | 324,113          |
| Telesystem Intl Wireless Inc                     | 5,195                               |        | 43,326           |
| Tetra Tech Inc                                   | 10,360                              |        | 257,550          |
| Tiffany & Co                                     | 29,150                              |        | 1,317,580        |
| Time Warner Inc                                  | 55,150                              |        | 992,149          |
| Time Warner Telecom Inc                          | 8,400                               |        | 85,092           |
| TLC Vision Corp                                  | 6,416                               |        | 42,538           |
| TR Co NJ Jersey Cy                               | 200                                 |        | 7,936            |
| Transaction Sys Architects Inc                   | 2,134                               |        | 48,292           |
| Travelers Ppty Cas Corp                          | 97,933                              |        | 1,643,316        |
| T. Rowe Price Group Inc                          | 2,490                               |        | 118,051          |
| TTM Technologies Inc                             | 9,750                               |        | 164,580          |
| Tumbleweed Comm Corp                             | 3,836                               |        | 32,146           |
| TX Instrs Inc                                    | 51,900                              |        | 1,524,822        |
| Tyco Intl LTD                                    | 45,000                              |        | 1,192,500        |
| Univision Communications Inc                     | 28,450                              |        | 1,129,181        |
| Unizan Finl Corp                                 | 1,800                               |        | 36,450           |
| Unova Inc  | 4,960                               |        | 113,832          |
| Unvl Health Services Inc                         | 1,910                               |        | 102,605          |
| UTD Tech Corp                                    | 18,588                              |        | 1,761,585        |
| Vans Inc   | 3,670                               |        | 41,875           |
| Varian Med Sys Inc                               | 1,600                               |        | 110,560          |
| Ventiv Hlth Inc                                  | 5,887                               |        | 53,866           |
| Verisign Inc                                     | 12,260                              |        | 199,838          |
| Viacom   | 37,531                              |        | 1,665,626        |
| Viasat Inc                                       | 2,073                               |        | 39,677           |
| Virage Logic Corp                                | 14,200                              |        | 144,414          |
| Virologic Inc                                    | 9,753                               |        | 36,671           |



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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)

| Identity of Issuer/<br>Description of Investment | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value     |
|--|-------------------------------------|--------|----------------------|
| Corporate Stock - Common (continued):            |                                     |        |                      |
| Vishay Intertechnology Inc                       | 5,770                               | \$     | \$ 132,133           |
| Visx Inc   | 1,188                               |        | 27,502               |
| Wal-Mart Stores Inc                              | 21,800                              |        | 1,156,490            |
| Watchguard Tech Inc                              | 21,100                              |        | 122,802              |
| Watson Pharmaceuticals Inc                       | 2,190                               |        | 100,740              |
| Weatherford Intl LTD                             | 11,300                              |        | 406,800              |
| Webster Fncl Corp                                | 700                                 |        | 32,102               |
| Wells Fargo & Co                                 | 36,500                              |        | 2,149,485            |
| Westcorp   | 4,400                               |        | 160,820              |
| Westn Wireless Corp                              | 3,930                               |        | 72,155               |
| Whitney Hldg Corp                                | 600                                 |        | 24,594               |
| Whole Foods Mkt Inc                              | 9,000                               |        | 604,170              |
| Wiley John & Sons Inc                            | 2,100                               |        | 54,663               |
| Williams Co Inc                                  | 11,530                              |        | 113,225              |
| Williams Sonoma Inc                              | 3,360                               |        | 116,827              |
| Wireless Facs Inc                                | 7,500                               |        | 111,450              |
| Wsfs Finl Corp                                   | 200                                 |        | 8,970                |
| XM Satellite Radio Hldgs Inc                     | 4,950                               |        | 130,482              |
| XO Comm Inc                                      | 4,146                               |        | 23,840               |
| XTO Energy Inc                                   | 3,770                               |        | 106,691              |
| Yahoo Inc  | 19,300                              |        | 871,781              |
| Yardville Natl Bancorp                           | 400                                 |        | 10,296               |
| Zebra Tech Corp                                  | 1,950                               |        | 129,422              |
| Zimmer Hldgs Inc                                 | 3,400                               |        | 239,360              |
| 1 <sup>st</sup> Finl Hldgs Inc                   | 1,000                               |        | 31,260               |
| 1 <sup>st</sup> Horizon Pharmaceutical Corp      | 3,428                               |        | 38,394               |
| 1 <sup>st</sup> Niagara Finl Group Inc           | 1,500                               |        | 22,365               |
| 1 <sup>st</sup> Sentinel Bancorp Inc             | 300                                 |        | 6,318                |
| 24/7 Real Media Inc                              | 12,955                              |        | 17,360               |
| 3M Co  | 6,900                               |        | 586,706              |
| <b>Total Corporate Stock - Common</b>            |                                     |        | <b>1,063,140,783</b> |

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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)

| Identity of Issuer/<br>Description of Investment  | Number of<br>Shares or<br>Par Value | Cost** | Current Value      |
|---|-------------------------------------|--------|--------------------|
| Participant loans varying maturities with interest rates ranging from 5% to 5.75%       |                                     | \$     | \$ 16,652,253      |
| Value of Interest in Registered Investment Companies:                                   |                                     |        |                    |
| Artisan Fds Inc Intl Fd Inv Shs   | 637,435                             |        | 12,053,904         |
| Morgan Stanley Instl Fd Intl Eqty   | 739,283                             |        | 14,090,742         |
| Vanguard Instl Ind Wx Fd Sh Ben Int   | 655,904                             |        | 66,757,911         |
| Wellington Tr Coltv Core Bd Plus  | 1,539,812                           |        | 17,600,050         |
| Wellington Tr Coltv Core Eqty   | 3,233,216                           |        | 24,410,781         |
| Wellington Tr Coltv Core Intl   | 713,440                             |        | 6,114,180          |
| Wellington Tr Coltv Small Cap   | 580,441                             |        | 6,698,289          |
| <b>Total Value of Interest in Registered Investment Companies</b>                       |                                     |        | <b>147,725,857</b> |
| Investment contracts:   |                                     |        |                    |
| Investment contracts (excluding Synthetic Guaranteed Investment Contracts):             |                                     |        |                    |
| Principal Life Insurance Co. 4-28950  | 40,908,401                          |        | 40,908,401         |
| Pacific Life G-26407  | 11,332,937                          |        | 11,332,937         |
| <b>Total investment contracts (excluding Synthetic Guaranteed Investment Contracts)</b> |                                     |        | <b>52,241,338</b>  |
| Synthetic Guaranteed Investment Contracts:  |                                     |        |                    |
| Bank of America Wrapper Contract  |                                     |        | (111,240)          |
| Underlying Assets of Synthetic Guaranteed Investment Contract:                          |                                     |        |                    |
| INVESCO Short-Term Bond Fund  |                                     |        | 31,963,079         |
| <b>Bank of America Synthetic Guaranteed Investment Contract</b>                         |                                     |        | <b>31,851,839</b>  |

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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)

| Identity of Issuer/<br>Description of Investment                       | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value  |
|--|-------------------------------------|--------|-------------------|
| Investment contracts (continued):                                      |                                     |        |                   |
| Synthetic Guaranteed Investment Contracts (continued):                 |                                     |        |                   |
| Bank of America Wrapper Contact  |                                     | \$     | \$ (6,568,828)    |
| Underlying Assets of Synthetic Guaranteed Investment Contract:         |                                     |        |                   |
| US Treasury Note   |                                     |        | 2,965,168         |
| US Treasury Note   |                                     |        | 4,159,710         |
| AB-SubPrime Auto   |                                     |        | 4,703,867         |
| CMBS Conduit   |                                     |        | 29,710            |
| US Agy Deb   |                                     |        | 4,411,444         |
| Short term Investment Fund   |                                     |        | 4,426,109         |
| <b>Total Underlying Assets</b>   |                                     |        | <b>20,696,008</b> |
| Bank of America Synthetic Guaranteed Investment Contract               |                                     |        | 14,127,180        |
| JP Morgan Chase Wrapper Contract                                       |                                     |        | (257,201)         |
| Underlying Assets of Synthetic Guaranteed Investment Contract:         |                                     |        |                   |
| WAM AAA  |                                     |        | 25,573,608        |
| JP Morgan Synthetic Guaranteed Investment Contract                     |                                     |        | 25,316,407        |
| Monumental Life Insurance Co. Wrapper Contract                         |                                     |        | (49,984)          |
| Underlying Assets of Synthetic Guaranteed Investment Contract:         |                                     |        |                   |
| INVESCO Intermediate Fund  |                                     |        | 30,341,769        |
| Monumental Life Insurance Co. Synthetic Guaranteed Investment Contract |                                     |        | 30,291,785        |

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Plan #001

## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets (Held at End of Year) (continued)

| Identity of Issuer/<br>Description of Investment   | Number of<br>Shares or<br>Par Value | Cost** | Current<br>Value |
|--|-------------------------------------|--------|------------------|
| Investment contracts (continued):  |                                     |        |                  |
| Synthetic Guaranteed Investment Contracts (continued):   |                                     |        |                  |
| Pacific Life Insurance Co. Wrapper Contract  |                                     | \$     | \$ (3,439,307)   |
| Underlying Assets of Synthetic Guaranteed Investment Contract:<br>PIMCO Funds                  |                                     |        | 100,834,012      |
| Pacific Life Insurance Co. Synthetic Guaranteed Investment Contract                            |                                     |        | 97,394,705       |
| State Street Bank & Trust Wrapper Contract   |                                     |        | 24,303           |
| Underlying Assets of Synthetic Guaranteed Investment Contract:<br>INVESCO Short-Term Bond Fund |                                     |        | 54,580,786       |
| State Street Bank & Trust Synthetic Guaranteed Investment Contract                             |                                     |        | 54,605,089       |
| UBS AG Wrapper Contract  |                                     |        | (1,026,438)      |
| Underlying Assets of Synthetic Guaranteed Investment Contract:<br>AAA Asset Backed Securities  |                                     |        | 82,733,940       |
| UBS AG Synthetic Guaranteed Investment Contract  |                                     |        | 81,707,502       |
| Total Synthetic Guaranteed Investment Contracts  |                                     |        | 335,294,507      |
| Total investment contracts   |                                     |        | 387,535,845      |
|  |                                     |        | \$ 1,659,177,306 |

\* Party in interest.

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

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Plan #001

McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4j Schedule of Reportable Transactions

*(In Thousands)*

Year ended December 31, 2003

| <u>Identity of Party Involved</u>   | <u>Description of Asset</u>           | <u>Purchase Price</u> | <u>Selling Price</u> | <u>Cost of Asset</u> | <u>Current Value of Asset on Transaction Date</u> | <u>Net Gain (Loss)</u> |
|---|---------------------------------------|-----------------------|----------------------|----------------------|---|------------------------|
| <u>Category (iii) Series of transactions in excess of 5% of plan assets</u> |                                       |                       |                      |                      |   |                        |
| McDonald's Corporation  | McDonalds Corporation<br>Common Stock | \$ 27,562             | \$ 49,134            | \$ 27,562<br>36,377  | \$ 27,562<br>49,134                               | \$ 12,757              |

There were no category (i), (ii), or (iv) reportable transactions during 2003.

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SIGNATURE

*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 25, 2004

By: /s/ Christine M. Cole

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Christine M. Cole  
Trustee and Member of the  
Administrative Committee