

MCDONALDS CORP  
Form 11-K  
June 29, 2005  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 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, 2004

Or

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

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

Commission file number **1-5231**

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

**McDonald's Corporation Profit Sharing and Savings Plan**

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

**McDonald's Corporation**

**McDonald's Plaza**

**Oak Brook, Illinois 60523**

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**McDonald's Corporation Profit Sharing and Savings Plan**

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FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

McDonald's Corporation Profit Sharing and Savings Plan

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

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McDonald's Corporation Profit Sharing and Savings Plan

Financial Statements and Supplemental Schedules

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

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Report of Independent Registered Public Accounting Firm

The Administrative Committee

McDonald's Corporation Profit Sharing and Savings Plan

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

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

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

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

**Ernst & Young LLP**

May 19, 2005

Chicago, Illinois

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## McDonald's Corporation Profit Sharing and Savings Plan

## Statement of Net Assets Available for Benefits

December 31, 2004

*(In Thousands)*

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

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

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

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



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## McDonald's Corporation Profit Sharing and Savings Plan

## Statement of Net Assets Available for Benefits

December 31, 2003

*(In Thousands)*

	Participant- Directed Investments	ESOP		Total
		Allocated Account	Unallocated Account*	
<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
<b>Total liabilities</b>	<b>2,071</b>	<b>124</b>	<b>104,159</b>	<b>106,354</b>
<b>Net assets available for benefits</b>	<b>\$ 1,294,430</b>	<b>\$ 207,307</b>	<b>\$ 84,049</b>	<b>\$ 1,585,786</b>

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

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

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## McDonald's Corporation Profit Sharing and Savings Plan

## Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2004

*(In Thousands)*

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



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

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements

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

**1. Description of the Plan**

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

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

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

**Record Keeping**

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

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

**Eligibility**

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

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

**Investments and Elections**

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

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

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

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

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

**Allocation of Contributions and Earnings**

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

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

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

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

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

**Leveraged Employee Stock Ownership Plan (Leveraged ESOP)**

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

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

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



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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

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

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

**Vesting**

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

**Diversification**

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

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

**Termination and Forfeitures**

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

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

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

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

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

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

**Rollovers**

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

**In-Service Withdrawals**

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

**Pass Through Dividend Election**

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

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

**Loans**

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

**Voting**

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

**Plan Termination**

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

**2. Summary of Significant Accounting Policies**

**Use of Estimates**

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



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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

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

**Investment Valuation**

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

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

**Company Contributions**

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

**Unallocated Net Assets Available for Benefits**

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

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## McDonald's Corporation Profit Sharing and Savings Plan

## Notes to Financial Statements (continued)

**3. Investments**

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

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

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

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

\* Includes nonparticipant directed (see Note 4).

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## McDonald's Corporation Profit Sharing and Savings Plan

## Notes to Financial Statements (continued)

**3. Investments (continued)**

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

	<b>2004 Average Yield</b>	<b>2003 Average Yield</b>	<b>2004 Crediting Interest Rate*</b>	<b>2003 Crediting Interest Rate*</b>	<b>Book Value</b>	<b>Fair Market Value</b>	<b>Fair Value of Wrapper</b>
Bank of America	<b>4.03%</b>	10.78%	<b>4.98%</b>	6.92%	\$ 13,873,156	\$ 14,178,068	\$ (304,912)
Bank of America	<b>4.48</b>	2.94	<b>4.76</b>	1.27	45,736,325	46,462,914	(726,589)
JP Morgan Chase	<b>4.60</b>	3.61	<b>3.90</b>	1.39	48,345,216	49,495,468	(1,150,252)
Monumental Life Insurance Co.	<b>4.29</b>	3.24	<b>4.21</b>	1.26	51,647,464	52,279,485	(632,021)
Pacific Life Insurance Company	<b>4.88</b>	5.69	<b>4.87</b>	5.69	102,147,569	104,723,330	(2,575,761)
Principal Life Insurance Company	<b>4.73</b>	4.73	<b>4.71</b>	5.21	42,839,522	45,519,796	(2,680,274)
State Street Bank & Trust	<b>4.39</b>	2.78	<b>4.34</b>	2.43	46,982,195	47,748,728	(766,533)
UBS AG	<b>4.00</b>	3.12	<b>4.13</b>	3.46	41,731,498	42,226,762	(495,264)
					<b>\$ 393,302,945</b>	<b>\$ 402,634,551</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. The unallocated ESOP, as disclosed in the Unallocated Account column on pages 2 through 4 of the basic financial statements, consists solely of nonparticipant-directed investments.

**5. Notes Payable**

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

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

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## McDonald's Corporation Profit Sharing and Savings Plan

## Notes to Financial Statements (continued)

**5. Notes Payable (continued)**

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

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

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

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

**6. Administrative Fees**

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

**7. Income Tax Status**

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

**8. Transactions With Parties in Interest**

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

**9. Risks and Uncertainties**

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

**10. Securities Lending**

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

**11. Subsequent Events**

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

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

**Eligibility**

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

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McDonald's Corporation Profit Sharing and Savings Plan

Notes to Financial Statements (continued)

**11. Subsequent Events (continued)**

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

**Investments and Elections**

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

**Allocation of Contributions and Earnings**

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

**Vesting**

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

**Terminations and Forfeitures**

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

### **Pass Through Dividend Election**

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

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**Supplemental Schedules**

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## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets

(Held at End of Year)

EIN #36-2361282 Plan #001

December 31, 2004

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



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## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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



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## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

## Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

EIN #36-2361282 Plan #001

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



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## McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4i Schedule of Assets

(Held at End of Year) (continued)

EIN #36-2361282 Plan #001

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

\* *Party in interest.*

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

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McDonald's Corporation Profit Sharing and Savings Plan

Schedule H, Line 4j Schedule of Reportable Transactions

EIN #36-2361282 Plan #001

Year Ended December 31, 2004

*(In Thousands)*

<b>Identity of Party Involved</b>	<b>Description of Asset</b>	<b>Purchase Price</b>	<b>Selling Price</b>	<b>Cost of Asset</b>	<b>Current Value of Asset on Transaction Date</b>	<b>Net Gain (Loss)</b>
<b>Category (iii) Series of transactions in excess of 5% of plan assets</b>						
The Northern Trust Company	Collective Short Term Fund	\$ 625,643	\$	\$ 625,643	\$ 625,643	\$
			617,878	617,878	617,878	
McDonald's Corporation	McDonald's Corporation Common Stock	16,360		16,360	16,360	
			91,321	46,346	91,321	44,975

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

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**SIGNATURES**

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

McDONALD S CORPORATION  
PROFIT SHARING AND SAVINGS PLAN

By: ADMINISTRATIVE COMMITTEE

Date: June 28, 2005

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