

McDonald's Corporation

(Incorporated in the State of Delaware, United States of America)

as Issuer

U.S.\$6,000,000,000

PROGRAM FOR THE ISSUANCE OF GLOBAL MEDIUM-TERM NOTES

Application has been made to the Commission de Surveillance du Secteur Financier (the “CSSF”), in its capacity as competent authority under the Luxembourg Act dated July 10, 2005 on prospectuses for securities, as amended (the “Prospectus Act 2005”), to approve this base prospectus (the “Base Prospectus”) as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended. The CSSF has not reviewed any information in this Base Prospectus that pertains to offerings of Notes that are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Directive and, therefore, the CSSF has not approved any information contained herein that relates to such Notes, including the Form of Final Terms that pertains to such Notes. Application has also been made to the Luxembourg Stock Exchange for Notes (the “Notes”) issued under the Program for the Issuance of Global Medium-Term Notes (the “Program”) described in this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. However, Notes may also be issued under the Program that are admitted to trading on other markets or not listed on any exchange. Further, Notes that are initially listed on an exchange may subsequently be de-listed, as described in the section “European Union Transparency Directive,” contained herein, or at the Issuer's option if other statutory requirements become impracticable or unduly burdensome. This Base Prospectus shall be in force for a period of one year from the date set out hereunder.

The CSSF, in its capacity as competent authority under the Prospectus Act 2005, assumes no responsibility as to the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer, in accordance with Article 7(7) of the Prospectus Act 2005.

Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). Notes may not be offered, sold or delivered within the United States of America (the “United States” or the “U.S.”) or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S under the Securities Act), unless the Notes are registered under the Securities Act or an exemption therefrom is available. The Issuer is authorized to borrow up to U.S.\$6,000,000,000 (or such other amount as may be subsequently authorized, from time to time), or the equivalent thereof in foreign currencies, by means of incurring any form of indebtedness (excluding any borrowings made via commercial paper), including by issuing Notes under the Program.

An investment in Notes issued under the Program involves certain risks. For a discussion of these risks, see the “Risk Factors” section contained in this Base Prospectus.

Arranger for the Program

MORGAN STANLEY

Dealers

ANZ
BNP PARIBAS
CITIGROUP
CRÉDIT AGRICOLE CIB
DEUTSCHE BANK
HSBC
J.P. MORGAN
MIZUHO SECURITIES
RABOBANK INTERNATIONAL
SANTANDER GLOBAL BANKING & MARKETS
SMBC NIKKO
STANDARD CHARTERED BANK
UNICREDIT BANK
WESTPAC BANKING CORPORATION

BARCLAYS
BOFA MERRILL LYNCH
COMMERZBANK
CREDIT SUISSE
GOLDMAN SACHS INTERNATIONAL
ING
MITSUBISHI UFJ SECURITIES
MORGAN STANLEY
RBC CAPITAL MARKETS
SCOTIABANK
SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING
THE ROYAL BANK OF SCOTLAND
WELLS FARGO SECURITIES

November 20, 2013

McDonald's Corporation (the "**Issuer**" and the "**Company**") accepts responsibility for the information contained in this Base Prospectus and in the Final Terms relating to any Notes. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information contained in this Base Prospectus has been extracted from third party sources. The Issuer confirms that such information has been accurately reproduced and that, so far as the Issuer is aware, and is able to ascertain from information published by such third party sources, no facts have been omitted that would render the reproduced information inaccurate or misleading.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Final Terms of the Notes herein, in which event, if such Notes are to be admitted to trading on a regulated market in the European Economic Area or offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Directive, a further Base Prospectus, subject to approval by the CSSF, will be made available that will describe the effect of the agreement reached in relation to such Notes. For offerings of Notes that are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Directive, the Issuer may agree with any Dealer that such Notes may be issued in a form not contemplated by the Final Terms of the Notes herein, in which event a prospectus supplement, further Base Prospectus or other documentation, if appropriate, will be made available that will describe the effect of the agreement reached in relation to such Notes.

This Base Prospectus should be read and construed with any supplement hereto and with any other documents incorporated by reference and, in relation to any Series (as defined herein) of Notes, should be read and construed together with the relevant Final Terms.

No person has been authorized by the Issuer to give any information or to make any representation that is not contained in, or is otherwise inconsistent with, this Base Prospectus or any other document entered into in relation to the Program or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorized by the Issuer or any Dealer. Neither the Issuer nor any Dealer takes any responsibility for any other information that others may give you.

See "Risk Factors" beginning on Page 5 for a discussion of certain factors to be considered in connection with an investment in the Notes.

This Base Prospectus, together with any prospectus supplement, is a "base prospectus" for the purposes of Article 5.4 of the Prospectus Directive. The expression "**Prospectus Directive**" means Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State (as defined below)), and includes any relevant implementing measure in the Relevant Member State (as defined below). The expression "**2010 PD Amending Directive**" means Directive 2010/73/EU amending the Prospectus Directive and Directive 2004/109/EC on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "**Transparency Directive**"). A "**Relevant Member State**" is any Member State of the European Economic Area that has implemented the Prospectus Directive. The distribution of this Base Prospectus and any relevant Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions, including in the United States and the United Kingdom, may be restricted by law. Persons into whose possession this Base Prospectus or any relevant Final Terms come are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any relevant Final Terms and other offering material relating to the Notes, see the section "Subscription and Sale" contained herein. In particular, the Notes have not been and will not be registered under the Securities Act. Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as such terms are defined in Regulation S under the Securities Act), unless the Notes are registered under the Securities Act or an exemption therefrom is available. **Neither this Base Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.**

Application has been made to the Luxembourg Stock Exchange for Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). Notes may be admitted to listing and trading and/or quotation on other or further stock exchanges. The Issuer may elect to issue Notes under the Program that will not be listed on any stock exchange.

Series of Notes may be rated or unrated. Where a Series is rated, such rating will not necessarily be the same as the rating(s) assigned to the Issuer. The rating of certain Series may be specified in the relevant Final Terms. Whether or not each

credit rating applied for in relation to a relevant Series will be issued or endorsed by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”), will be disclosed in the relevant Final Terms.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer or any Dealer that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be deemed to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The Dealers have not separately verified the information contained in this Base Prospectus. No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates make any representation or warranty, or accept any responsibility, as to the accuracy or completeness of the information relating to the Issuer contained in this Base Prospectus.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date thereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no material adverse change in the financial situation of the Issuer since the date thereof or, as the case may be, the date upon which this Base Prospectus has been most recently amended or supplemented or the balance sheet date of the most recent financial statements which are deemed to be incorporated into this Base Prospectus by reference, or that any other information supplied in connection with the Program is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

All references in this Base Prospectus to “**U.S. dollars**,” “**U.S.\$**” or “**\$**” are to the lawful currency of the United States, all references to “**pounds sterling**” or “**£**” are to the lawful currency of the United Kingdom, all references to “**Australian dollars**” or “**A\$**” are to the lawful currency of the Commonwealth of Australia and all references to “**euro**” and “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

In connection with the issue of any Tranche (as defined herein) of Notes, the Dealer or Dealers (if any) named as the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in the relevant Final Terms may over-allot Notes or effect transactions (outside Australia and on a market operated outside Australia) with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

An investor intending to acquire or acquiring any Notes from an offeror will do so, and offers and sales of the Notes to an investor by an offeror will be made, in accordance with any terms and other arrangements in place between such offeror and such investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with investors (other than the Arranger and the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The investor must look to the offeror at the time of such offer for the provision of such information. The Issuer has no responsibility to an investor in respect of such information.

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RISK FACTORS

Set out below are factors the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes or that may be otherwise material to the Notes. Prospective investors should read this Base Prospectus, as supplemented, and the relevant Final Terms in their entirety and form their own conclusions regarding investing in any Notes, in addition to consulting their respective financial and legal advisors about the risks entailed by an investment in any Notes and the suitability of any investment in Notes in light of their respective particular circumstances. Prospective investors should also consider carefully, among other factors, the matters described below.

The following risk factors have been separated into two groups:

- *Risks related to the Notes; and*
- *Risks related to the Issuer.*

The occurrence of the events described below under the risks relating to the Issuer could have a material adverse effect on the Issuer's businesses, prospects, financial condition, results of operations and/or cash flows. Furthermore, other unknown or unpredictable economic, business, competitive, regulatory, geopolitical or other factors could also have material adverse effects on the Issuer's future results.

Risks Related to the Notes

Notes denominated in currencies other than U.S. dollars are subject to exchange rate and exchange control risks.

An investment in a Note denominated in a specified currency other than the currency of the jurisdiction in which a particular investor resides, does business or reports its operating results entails significant risks. These risks include the possibility of significant changes in rates of exchange between the specified currency and the investor's currency resulting from the official redenomination or revaluation of the specified currency and the possibility of the imposition or modification of foreign exchange controls by either the investor's jurisdiction or foreign governments. These risks generally depend on factors over which the Issuer has no control, such as economic and political events and the supply of and demand for the relevant currencies. Moreover, if payments on Notes denominated in currencies other than U.S. dollars are determined by reference to a formula containing a multiplier or leverage factor, the effect of any change in the exchange rates between the applicable currencies will be magnified. In recent years, rates of exchange between some currencies have been highly volatile, and you should be aware that volatility may occur in the future. Fluctuations in any particular exchange rate that have occurred in the past, however, are not necessarily indicative of fluctuations in the rate that may occur during the term of any Note. Depreciation of a specified currency for a Note against the investor's currency would result in a decrease in the effective yield of such Note (in terms of the investor's currency) below its coupon rate and, in certain circumstances, could result in a loss to a particular investor (in terms of that investor's currency).

Except as set forth below, if payment in respect of a Note is required to be made in a currency other than U.S. dollars, and such currency is unavailable to the Issuer due to the imposition of exchange controls or other circumstances beyond the Issuer's control or is no longer used by the government of the relevant country (unless otherwise replaced by the euro) or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of such Note will be made in U.S. dollars until such currency is again available to the Issuer or so used. The amounts payable on any date in such currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for such currency or as otherwise indicated in the relevant Final Terms. Any payment in respect of such Note so made in U.S. dollars will not constitute an event of default under the terms and conditions of the Notes.

The paying agent will make all determinations referred to above at its sole discretion. All determinations will, in the absence of clear error, be binding on holders of the Notes.

Early redemption may adversely affect your return on the Notes.

If the Notes are redeemable at the Issuer's option, the Issuer may choose to redeem the Notes at times when prevailing interest rates are relatively low. In addition, if the Notes are subject to mandatory redemption, the Issuer may be required to redeem the Notes at times when prevailing interest rates are relatively low. As a result, you generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the Notes being redeemed. An optional redemption feature is likely to limit the market value of Notes. During any period in which the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. The market value of redeemable Notes may also be similarly limited at other times.

Interest rate conversion, if applicable, may affect the market value of the Notes.

Certain fixed/floating rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the fixed/floating rate Notes may be less favorable than the then-prevailing spreads on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then-prevailing rates on its Notes.

Under the Savings Directive, the Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross-up payments, and this would result in holders receiving less interest than expected.

Under Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entities established in, that other Member State. However, for a transitional period, Austria and Luxembourg will instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be permitted to elect that certain procedures relating to the provision of information be applied rather than requiring withholding. The rate of withholding is 35%. The transitional period will terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange-of-information procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favor of automatic exchange of information with effect from January 1, 2015.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures to the Savings Directive.

A proposal for amendments to the Savings Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax pursuant to the Savings Directive were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

There may not be any trading market for the Notes; many factors affect the trading and market value of the Notes.

Upon issuance, the Notes will not have an established trading market. The Issuer cannot assure you that a trading market for the Notes will ever develop, or that any such market will be maintained if developed. In addition to the Issuer’s creditworthiness, many factors affect the trading market for, and trading value of, the Notes. These factors include:

- the method of calculating the principal, premium, if any, and interest, if any, in respect of the Notes,
- the time remaining to the maturity of the Notes,
- the outstanding amount of the Notes,
- any redemption features of the Notes,
- the level, direction and volatility of market interest rates generally, and
- fluctuations in exchange rates between an investor’s currency and the specified currency in which a Note is denominated.

There may be a limited number of buyers when you decide to sell your Notes. This may affect the price you receive for your Notes or your ability to sell your Notes at all. In addition, Notes that are designed for specific investment objectives or strategies often experience a more limited trading market and more price volatility than those not so designed. You should not purchase Notes unless you understand and know you can bear all of the investment risks involving the Notes.

The Issuer’s credit ratings may not reflect all risks of an investment in the Notes.

The credit ratings of the Issuer or the Program may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, your Notes. In addition, real or anticipated changes in the Issuer’s or the Program’s credit ratings will generally affect any trading market for, or trading value of, your Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There is no assurance that a credit rating will remain for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances so warrant. The impact of other activities that the Issuer undertakes, including its stock repurchase program, changes in its dividend rate and, particularly, increases in its debt levels could also result in future declines in its credit ratings. See “Risks Related to the Issuer – Trading volatility and price of the Issuer’s common stock may be affected by many factors.” In the event that a credit rating assigned to the Notes or the Issuer is subsequently lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes, and the market value of the Notes is likely to be adversely affected.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”), from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies

published by the European Securities and Markets Authority (“ESMA”) on its Web site in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in the section “McDonald’s Corporation — Credit Ratings” of this Base Prospectus and will be disclosed in the Final Terms relating to any issue of Notes.

The Issuer may elect to de-list the Notes if statutory requirements become impracticable or unduly burdensome.

Any Notes that are listed on the Official List of the Luxembourg Stock Exchange or any other listing authority, stock exchange or quotation system may be de-listed if statutory requirements become impracticable or unduly burdensome. The Issuer must comply with numerous statutory requirements, including but not limited to the Prospectus Directive and its implementing rules and regulations and the Transparency Directive. The Transparency Directive was implemented in Luxembourg by the law and a Grand-Ducal regulation of January 11, 2008 regarding transparency requirements for issuers of securities (the “**Transparency Law**”), which aims at issuers whose securities are admitted to trading on a regulated market and where Luxembourg is the home Member State. Both the Prospectus Directive and Transparency Directive require issuers, whose securities are admitted to trading on a regulated market in any Member State, to prepare their consolidated accounts in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 (“**IFRS**”); however, the European Commission has determined that U.S. Generally Accepted Accounting Principles shall be deemed “equivalent” to IFRS (Commission Decision 2008/961/EC; Commission Regulation (EC) No. 1289/2008). If the Transparency Law (and/or any other European or national legislation) is interpreted or takes effect in a form that would require the Issuer to publish or produce its financial statements according to accounting principles other than U.S. statutory accounting principles or that would otherwise impose requirements on the Issuer that it determines in good faith are impracticable or unduly burdensome, the Issuer may elect to de-list the Notes. The Issuer will use its reasonable efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or system, as it and the relevant Dealers may decide. If such an alternative admission is not available to the Issuer, or is, in the Issuer’s opinion, unduly burdensome, an alternative admission may not be obtained. Notice of any de-listing and/or alternative admission will be given as described in Condition 16 in the section “Terms and Conditions of the Notes.”

Because the Notes are unsecured, your right to receive payments may be adversely affected.

The Notes will be unsecured. If the Issuer defaults on the Notes, or in the event of a bankruptcy, liquidation or reorganization, then, to the extent that the Issuer has granted security over its assets, the assets that secure those obligations will be used to satisfy the obligations thereunder before the Issuer could sell or otherwise dispose of those assets in order to make payment on the Notes. As a result of the granting of such security, there may only be limited assets available to make payments on the Notes in the event of an acceleration of the Notes.

Notes may be issued at a substantial discount or premium.

Notes may be issued at a substantial discount or premium from their principal amount. The market value of such Notes may fluctuate to a greater extent in relation to general changes in interest rates than do market values for conventional interest-bearing securities. Generally, the longer the remaining term of such Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors in the Notes are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each investor of the Notes should consult his, her or its, as the case may be, legal advisors to determine whether and to what extent (1) the Notes constitute legal investments; (2) the Notes can be used as collateral for various types of borrowing; and (3) other restrictions might apply to the purchase or pledge of any Notes. Financial institutions should consult their respective legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes may not be a suitable investment for all investors.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (1) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement; (2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of the investor’s particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on the investor’s overall investment portfolio; (3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes; (4) understand thoroughly the terms of the relevant Notes and be familiar with the behavior of any relevant indices and financial markets; and (5) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect the investor’s investment and the investor’s ability to bear the applicable risks.

A prospective investor should not invest in Notes unless it has the expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes, and the impact this investment will have on the prospective investor’s overall investment portfolio.

Modifications and waivers.

The Terms and Conditions of the Notes contain provisions for calling meetings of holders of the Notes to consider matters affecting their interests generally. Certain changes require each affected holder's approval, others require no approval by holders and still others require the approval of 25% of the holders.

Potential conflicts of interest.

All or some of the Dealers and their affiliates (including their parent companies) have and/or may in the future engage, in the ordinary course of business, in investment banking, commercial banking and/or other financial advisory and commercial dealings with the Issuer and its affiliates. They have or may, in the ordinary course of their business, (i) engage in investment banking, trading or hedging activities; (ii) act as underwriters in connection with offerings of securities issued by the Issuer and its affiliates; or (iii) act as financial advisors to the Issuer or its affiliates. In the context of these transactions, certain of such Dealers have or may hold securities issued by the Issuer or its affiliates. Where applicable, they have or will receive customary fees and commissions for these transactions.

Potential conflicts of interest may arise between the calculation agent, if any, for a Tranche of Notes and the Noteholders, including with respect to certain discretionary determinations and judgments that such calculation agent may make pursuant to the Terms and Conditions that may influence the amount receivable upon redemption of the Notes.

Change of law.

The Terms and Conditions of the Notes are based on the laws of the State of New York, United States of America, in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the State of New York or administrative practice after the date of issue of the relevant Notes.

Risks Related to the Issuer

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

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

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

The Issuer's ability to remain a relevant and trusted brand and to increase sales and profits depends largely on how well the Issuer executes the Plan to Win and its global growth priorities.

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

- The Issuer's ability to anticipate and respond effectively to trends or other factors that affect the IEO segment and its competitive position in the diverse markets it serves, such as spending patterns, demographic changes, trends in food preparation, consumer preferences and publicity about it, all of which can drive perceptions of its business or affect the willingness of other companies to enter into site, supply or other arrangements with the Issuer;
- The Issuer's continued innovation in all aspects of the McDonald's experience to differentiate the McDonald's experience in a way that balances value with margin levels;
- The impact of planned changes to the Issuer's value menu, which has been an important component of its overall menu strategy; the Issuer's ability to continue robust menu development and manage the complexity of its restaurant operations; the Issuer's ability to adapt its plans to deliver a locally-relevant experience in a highly competitive, value-driven operating environment; the Issuer's ability to leverage promotional or operating successes across markets; and whether sales gains associated with new product introductions are sustained;
- The risks associated with the Issuer's franchise business model, including whether its franchisees have the experience and financial resources to be effective operators and remain aligned with the Issuer on operating, promotional and capital-intensive initiatives, and the potential impact on the Issuer if they experience food safety or other operational

problems or project a brand image inconsistent with its values, particularly if the Issuer's contractual and other rights and remedies are limited, costly to exercise or subject to litigation;

- The success of the Issuer's tiered approach to menu offerings; the impact of pricing, product, marketing and promotional plans on sales and margins; and the Issuer's ability to adjust these plans to respond quickly to changing economic and competitive conditions;
- The Issuer's ability to drive restaurant improvements that achieve optimal capacity, particularly during peak mealtime hours, and motivate the Issuer's restaurant personnel and its franchisees to achieve consistency and high service levels so as to improve perceptions of the Issuer's ability to meet expectations for quality food served in clean and friendly environments;
- The Issuer's plans for restaurant reimagining and rebuilding, and whether the Issuer is able to identify and develop restaurant sites consistent with its plans for net growth of Systemwide restaurants and achieve its sales and profitability targets;
- Whether the Issuer's global digital initiatives will drive growth in guest counts and customer engagement, and the impact that third-party loyalty programs and other customer data aggregators may have on the Issuer's ability to do so;
- The success of the Issuer's sustainability initiatives to support its brand ambition of good food, good people and good neighbor, which will require Systemwide coordination and alignment, including with its franchisees, and whether the Issuer will be effective in addressing these and other matters of social responsibility in a way that inspires trust and confidence;
- The costs and risks associated with the Issuer's increasing use of technological and digital systems (e.g., point-of-sale and other in-store systems or platforms) that support its restaurants and that are made available to franchisees along with related services; the risk that the Issuer will not fully realize the benefits of the significant investments it is making to enhance the customer experience; the potential for system performance failures, security breaches involving its systems or those of third-party providers; legal risks associated with providing technology-related services to franchisees, including those relating to data collection, protection and management; and litigation risk involving intellectual property rights;
- The Issuer's ability to respond effectively to adverse perceptions about the quick-service category of the IEO segment or about its food (including its nutritional content and preparation), promotions and premiums, such as Happy Meal toys (collectively, its "**products**"), how the Issuer sources the commodities it uses, and its ability to manage the potential impact on McDonald's of food-borne illnesses or product safety issues;
- The impact of campaigns by labor organizations and activists, including through the use of social media and other mobile communications and applications, to promote adverse perceptions of the quick-service category of the IEO segment or the Issuer's brand, management, suppliers or franchisees, or to promote or threaten boycotts, strikes or other actions involving the industry, McDonald's or its suppliers and franchisees;
- The impact of events such as boycotts or protests, labor strikes and supply chain interruptions (including due to lack of supply or price increases) that can adversely affect the Issuer or the suppliers, franchisees and others that are also part of the McDonald's System and whose performance has a material impact on the Issuer's results; and
- The Issuer's ability to recruit and retain qualified personnel to manage its operations and growth.

The Issuer's results and financial condition are affected by global and local market conditions, and the prolonged challenging economic environment can be expected to continue to pressure its results.

The Issuer's results of operations are substantially affected by economic conditions, both globally and in local markets, and conditions can also vary substantially by market. The current global environment has been characterized by persistently weak economies, high unemployment rates, inflationary pressures and volatility in financial markets. Many major economies, both advanced and developing, are also facing significant economic issues. These include, in the U.S., concerns about the federal deficit and the potential adverse effects of the automatic government spending cuts in 2013 and 2014 as well as the potential impact from any future government shutdown. In the Eurozone, consumer and business confidence and spending continue to be depressed in many markets. Important markets in Asia, which have been key drivers of global growth, have also been experiencing declining growth rates. Uncertainty about the long-term investment environment could further depress capital investment and economic activity.

These conditions are adversely affecting sales and/or guest counts in many of the Issuer's markets, including most of its major markets. The Issuer is also facing increasing competition from an expanded set of competitors that include many non-traditional market participants such as conventional retailers and coffee shops. To address this environment, the Issuer has intensified its focus on value as a driver of guest counts through menu, pricing and promotional actions. These actions have adversely affected the Issuer's margin percent, and margins will remain under pressure. The key factors that can affect the Issuer's operations, plans and results in this environment are the following:

- Whether the Issuer's strategies will be effective in enabling further market share gains, which have been achieved at declining rates in recent periods, while at the same time enabling the Issuer to achieve its targeted operating income growth despite the current adverse economic conditions, resurgent competitors and an increasingly complex and costly advertising environment;
- The effectiveness of the Issuer's supply chain management to assure reliable and sufficient product supply on favorable terms;
- The impact on consumer disposable income levels and spending habits of governmental actions to manage national economic matters, whether through austerity or stimulus measures and initiatives intended to control wages, unemployment, credit availability, inflation, taxation and other economic drivers;
- The impact on restaurant sales and margins of ongoing commodity price volatility, and the effectiveness of pricing, hedging and other actions taken to address this environment;
- The impact on the Issuer's margins of labor costs that the Issuer cannot offset through price increases, and the long-term trend toward higher wages and social expenses in both mature and developing markets, which may intensify with increasing public focus on these issues;
- The impact of foreign exchange and interest rates on the Issuer's financial condition and results;
- The challenges and uncertainties associated with operating in developing markets, which may entail a relatively higher risk of political instability, economic volatility, crime, corruption and social and ethnic unrest, all of which are exacerbated in many cases by a lack of an independent and experienced judiciary and uncertainties in how local law is applied and enforced, including in areas most relevant to commercial transactions and foreign investment;
- The nature and timing of decisions about underperforming markets or assets, including decisions that result in impairment charges that reduce the Issuer's earnings; and
- The impact of changes in the Issuer's debt levels on its credit ratings, interest expense, availability of acceptable counterparties, ability to obtain funding on favorable terms or the Issuer's operating or financial flexibility, especially if lenders impose new operating or financial covenants.

Increasing legal and regulatory complexity will continue to affect the Issuer's operations and results in material ways.

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

- The cost, compliance and other risks associated with the often conflicting and highly prescriptive regulations the Issuer faces, including where inconsistent standards imposed by governmental authorities can adversely affect popular perceptions of the Issuer's business and increase its exposure to litigation or governmental investigations or proceedings;
- The impact of new, potential or changing regulations that can affect the Issuer's business plans, such as those relating to product packaging, marketing and the nutritional content and safety of its food and other products, as well as the risks and costs of its labeling and other disclosure practices, particularly given varying legal requirements and practices for testing and disclosure within the Issuer's industry, ordinary variations in food preparation among its own restaurants, and the need to rely on the accuracy and completeness of information from third-party suppliers;
- The impact of nutritional, health and other scientific studies and conclusions, which constantly evolve and often have contradictory implications, but nonetheless drive popular opinion, litigation and regulation (including tax initiatives intended to drive consumer behavior) in ways that could be material to the Issuer's business;
- The impact of litigation trends, particularly in the Issuer's major markets, including class actions, labor, employment and personal injury claims, litigation with or involving the Issuer's relationship with franchisees, landlord/tenant disputes and intellectual property claims (including often aggressive or opportunistic attempts to enforce patents used in information technology systems); the relative level of the Issuer's defense costs, which vary from period to period depending on the number, nature and procedural status of pending proceedings; the cost and other effects of settlements or judgments, which may require the Issuer to make disclosures or take other actions that may affect perceptions of the Issuer's brand and products; and the scope and terms of insurance or indemnification protections that the Issuer may have;
- Adverse results of pending or future litigation, including litigation challenging the composition and preparation of the Issuer's products, or the appropriateness or accuracy of the Issuer's marketing or other communication practices;
- The risks and costs to the Issuer, its franchisees and its supply chain of the effects of climate change, greenhouse gases, energy and water resources, as well as the increased public focus, including by governmental and

non-governmental organizations, on these and other environmental sustainability matters (e.g., land use, packaging and waste, and animal health and welfare) and the increased pressure to make commitments or set targets and take actions to meet them, which could expose the Issuer to market, operational and execution costs or risks, particularly when actions are undertaken Systemwide;

- The increasing focus on workplace practices and conditions and costs and other effects of compliance with U.S. and overseas regulations affecting the Issuer's workforce and labor practices, including those relating to wage and hour practices, healthcare, immigration, retirement and other employee benefits and unlawful workplace discrimination, and the Issuer's exposure to reputational and other harm as a result of perceptions about the Issuer's workplace practices or conditions or those of its franchisees;
- Disruptions in the Issuer's operations or price volatility in a market that can result from governmental actions, such as price, foreign exchange or import-export controls, increased tariffs or government-mandated closure of the Issuer or its suppliers' operations, and the cost and disruption of responding to governmental investigations or proceedings, whether or not they have merit;
- The legal and compliance risks and costs associated with privacy, data protection and similar laws, particularly as they apply to children, the potential costs (including the loss of consumer confidence) arising from alleged security breaches of information systems, and the risk of resulting criminal penalties or civil liability related to such breaches;
- The impact on the Issuer's operations of tax and other regulations affecting capital flows, financial markets or financial institutions, which can limit the Issuer's ability to manage and deploy its liquidity or increase its funding costs; and
- The impact of changes in financial reporting requirements, accounting principles or practices, including with respect to the Issuer's critical accounting estimates, changes in tax accounting or tax laws (or related authoritative interpretations), particularly if corporate tax reform becomes a key component of budgetary initiatives in the United States and elsewhere, and the impact of settlements of pending or any future adjustments proposed by the Internal Revenue Service or other taxing authorities in connection with the Issuer's tax audits, all of which will depend on their timing, nature and scope.

Trading volatility and price of the Issuer's common stock may be affected by many factors.

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

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

The Issuer's results and prospects can be adversely affected by events such as severe weather conditions, natural disasters, hostilities and social unrest, among others.

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

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Base Prospectus, including particularly the sections entitled “Risk Factors,” “McDonald’s Corporation – Strategic Direction and Financial Performance,” “McDonald’s Corporation – Outlook” and certain documents incorporated by reference into this document, contain forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “thinks,” “estimates,” “seeks,” “expects,” “predicts,” “potential” and similar expressions. These statements relate to future events or future financial performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those implied by these forward-looking statements. As you read and consider this Base Prospectus, you should carefully understand that the forward-looking statements are not guarantees of performance or results.

The forward-looking statements included and incorporated by reference in this document are only made as of the date of this document or the respective documents incorporated by reference in this Base Prospectus, as applicable. All future written and oral forward-looking statements attributable to the Issuer or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and the Issuer cannot predict those events or their impact. The Issuer assumes no obligation to update any forward-looking statements after the date of this Base Prospectus as a result of new information, future events or developments, except as required by the Prospectus Directive or other applicable securities laws.

GENERAL DESCRIPTION OF THE PROGRAM

McDonald's Corporation is the Issuer of the Notes under the Program. The arranger for the Program is Morgan Stanley & Co. International plc. The dealers for the program are Australia and New Zealand Banking Group Limited (ABN 11 005 357 522), Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, ING Bank N.V., J.P. Morgan Securities plc, Merrill Lynch International, Mitsubishi UFJ Securities International plc, Mizuho International plc, Morgan Stanley & Co. International plc, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), RBC Europe Limited, Scotiabank Europe plc, SMBC Nikko Capital Markets Limited, Société Générale, Standard Chartered Bank, The Royal Bank of Scotland plc, UniCredit Bank AG, Wells Fargo Securities International Limited and Westpac Banking Corporation and any other dealer appointed from time to time by the Issuer either generally in respect of the Program or in relation to a particular Tranche.

The Issuer may issue Notes up to a maximum of U.S.\$6,000,000,000 in aggregate principal amount or the equivalent thereof in one or more foreign currencies under the Program, representing the total aggregate amount that the Issuer is authorized to borrow (excluding any borrowings made via commercial paper), which borrowings may include (i) offerings of notes, bonds or other evidences of indebtedness in public or private markets anywhere in the world; (ii) borrowings from banks or other financial institutions; and (iii) any other form of indebtedness. The Issuer may reauthorize the issuance of Notes, and the maximum aggregate principal amount of Notes that may be issued may be increased (any such increase subject to compliance with the relevant terms of the Dealership Agreement), from time to time. Notes may have a maturity between one month and 60 years, subject, in relation to specific currencies, to compliance with all applicable legal, regulatory and central bank requirements.

Each Series may be admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange and/or any other stock exchange, as may be agreed upon by and between the Issuer and the relevant Dealer and specified in the relevant Final Terms, or may be unlisted. Further, Notes that are initially listed on an exchange may subsequently be de-listed, as described in the section "European Union Transparency Directive" or at the Issuer's option if other statutory requirements become impracticable or unduly burdensome.

Final Terms will be prepared in respect of each Tranche, a copy of which will, in the case of Notes to be traded on the regulated market of the Luxembourg Stock Exchange, be delivered to the CSSF and Luxembourg Stock Exchange, each on or before the closing date for the sale of such Notes.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes, which, as completed in relation to any Notes by the relevant Final Terms and as otherwise provided below, will be applicable to each Series:

Unless otherwise specified in the relevant Final Terms, the Notes are issued pursuant to and in accordance with the Second Amended and Restated Fiscal and Paying Agency Agreement (as amended, supplemented or replaced, the “**Fiscal Agency Agreement**”), dated October 2, 2012, as amended, by and among McDonald’s Corporation (the “**Issuer**”), BNP Paribas Securities Services, Luxembourg Branch, in its capacity as fiscal agent (such fiscal agent or such other person acting in a similar capacity as specified in the relevant Final Terms, the “**Fiscal Agent**,” which expression shall include any successor to such agent in such capacity), principal paying agent (such principal paying agent or such other person acting in a similar capacity as specified in the relevant Final Terms, the “**Principal Paying Agent**,” which expression shall include any successor to such principal paying agent in such capacity), registrar (such registrar or such other person acting in a similar capacity as specified in the relevant Final Terms, the “**Registrar**,” which expression shall include any successor to such registrar in such capacity) and transfer agent (such transfer agent or such other person acting in a similar capacity as specified in the relevant Final Terms, the “**Transfer Agent**,” which expression shall include any successor to such transfer agent in such capacity), and the paying agents named therein (the “**Paying Agents**,” which expression shall include the Fiscal Agent, Principal Paying Agent and any substitute or additional paying agents appointed in accordance with the Fiscal Agency Agreement). Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents and the Registrar. All persons from time to time entitled to the benefit of obligations under any Notes shall be deemed to have notice of, and shall be bound by, all of the provisions of the Fiscal Agency Agreement insofar as they relate to the relevant Notes.

The Notes are issued in series (each, a “**Series**”), and each Series may comprise one or more tranches (“**Tranches**” and each, a “**Tranche**”) of Notes. Each Tranche will be the subject of final terms (each, a “**Final Terms**”), a copy of which will be available for inspection (and a copy of which may be obtained) during normal business hours at the specified office of the Fiscal Agent. In the case of a Tranche in relation to which application has not been made for listing on any stock exchange, copies of the Final Terms will only be available for inspection by a Holder (as defined in Conditions 2.01 and 2.07) in respect of such Notes. The Notes of each Series will all be subject to identical terms, except that (i) the issue date and the amount of the first payment of interest may be different in respect of different Tranches; and (ii) a Series may comprise Notes in more than one denomination. The Notes of each Tranche will all be subject to identical terms in all respects except that a Tranche may comprise Notes of different denominations. Notes may be issued at any price, as specified in the relevant Final Terms.

References in these Terms and Conditions to Notes are to Notes of the relevant Series.

References in these Terms and Conditions to the Final Terms are to the Final Terms prepared in relation to the Notes of the relevant Tranche or Series.

In respect of any Notes, references herein to these Terms and Conditions are to these Terms and Conditions, as completed by the relevant Final Terms. For offerings of Notes that are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Directive, the Final Terms prepared in relation to the Notes of such issuance may supplement, modify or replace these Terms and Conditions.

Capitalized terms used in these Terms and Conditions and not otherwise defined herein or in the relevant Final Terms shall have the meanings given to them in Condition 21.

1. Form and Denomination

1.01 Notes may be issued in registered form (“**Registered Notes**”) or bearer form (“**Bearer Notes**”), as specified in the relevant Final Terms. Bearer Notes may not be issued unless such Notes are treated as issued in registered form for U.S. federal income tax purposes. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*, except in the case of the exchange of Global Bearer Notes (as defined herein) for Definitive Notes (as defined herein) in certain limited circumstances, as described below.

Registered Notes

1.02 Each Tranche of Registered Notes will be represented upon issue by a global Note in registered form (a “**Global Registered Note**”). Global Registered Notes will be registered in the name of a nominee for a common depositary (a “**Common Depositary**”) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system. Under certain limited circumstances, interests in a Global Registered Note may be exchanged for definitive Notes in registered form, which will be serially numbered (“**Definitive Notes**”).

Bearer Notes

1.03 Each Tranche of Bearer Notes will be represented upon issue by a global Note in bearer form (a “**Global Bearer Note**”). Global Bearer Notes will be delivered to a Common Depositary (or a nominee thereof) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, in any case as part of an arrangement that results in the issuance of a debt obligation in registered form for U.S. federal income tax purposes. Under certain limited circumstances, interests in a Global Bearer Note may be exchanged for Definitive Notes.

Definitive Notes

1.04 Interests in a Global Registered Note or a Global Bearer Note will be exchanged by the Issuer in whole, but not in part only, at the option of the Holder of such Global Registered Note or Global Bearer Note, as the case may be, for Definitive Notes, (a) if an Event of Default (as described in Condition 7.01) occurs in respect of any Note of the relevant Series or (b) if either Euroclear; Clearstream, Luxembourg; or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so without a successor. Interests in a Global Registered Note or a Global Bearer Note will be exchanged by the Issuer in whole, but not in part only, at the option of the Issuer upon a change in tax law that would be adverse to the Issuer but for the issuance of Definitive Notes, completed in accordance with the terms and conditions of the Fiscal Agency Agreement. For the avoidance of doubt, no Holder shall be permitted to remove or repossess a Global Registered Note or a Global Bearer Note from Euroclear; Clearstream, Luxembourg; or any other relevant clearing system, except in exchange for Definitive Notes in the circumstances permitted by this Condition 1.04, and such Holder will be required to provide any information necessary for the exchange of such interest for Definitive Notes. Any exchange of Notes pursuant to this Condition 1.04 shall be at the cost and expense of the Issuer.

Denominations

1.05 Notes will have a minimum denomination of €100,000 (or at least the equivalent thereof in a foreign currency using the spot rate as of the date of issue) or as specified in the Final Terms; *provided that*, any such denomination specified in the Final Terms will not be less than €100,000 (or at least the equivalent thereof in a foreign currency using the spot rate as of the date of issue), unless such Notes will neither be admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Directive. Notes (including Notes denominated in pounds sterling) in respect of which the issue proceeds are to be accepted in the United Kingdom or which issue otherwise constitutes a contravention of Section 19 of the Financial Services and Markets Act 2000 (“FSMA”) and which have a maturity of less than one year shall have a minimum denomination and redemption value of £100,000 (or at least the equivalent thereof in a foreign currency using the spot rate as of the date of issue). Notes having an original term to maturity of 183 days or less shall have a minimum denomination of \$500,000 (or at least the equivalent thereof in a foreign currency) and, at the Issuer’s election, shall be issued in a manner that satisfies the requirements of Treasury regulation section 1.6049-5(b)(10). Notes of one denomination may not be exchanged for Notes of any other denomination.

Currency of Notes

1.06 The Notes are denominated in such currency as may be specified in the Final Terms. Any currency may be so specified subject to compliance with all applicable legal, regulatory and central bank requirements.

Legending

1.07 All Global Bearer Notes having an original term to maturity of 183 days or less will bear the following legend: “By accepting this obligation, the holder represents and warrants that it is not a United States person (other than an exempt recipient described in section 6049(b)(4) of the U.S. Internal Revenue Code and the regulations thereunder) and that it is not acting for or on behalf of a United States person (other than an exempt recipient described in section 6049(b)(4) of the U.S. Internal Revenue Code and the regulations thereunder).”

2. Title and Transfer

Registered Notes

2.01 The Registrar will maintain the register (the “**Register**”) in accordance with the provisions of the Fiscal Agency Agreement. A Registered Note will be issued to each Holder (as defined below) in respect of its registered holding. If issued, each Definitive Note will be numbered serially and recorded in the Register. References herein to the “**Holders**” or “**holders**” of Registered Notes are to the persons in whose name such Registered Notes are for the time being registered in the Register (or, in the case of a joint holding, the first named thereof), unless otherwise specified in the relevant Final Terms. So long as a Common Depositary (or a nominee thereof) is the person in whose name any Global Registered Note is registered in the Register, such Common Depositary (or a nominee thereof) will be considered the sole Holder of the Notes represented by such Global Registered Note for all purposes under these Terms and Conditions.

2.02 The Holder of any Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof), and no person shall be liable for so treating such Holder.

2.03 Subject to Conditions 2.05 and 2.06 below, a Registered Note may be transferred upon surrender of the relevant Global Registered Note or Definitive Note (as the case may be), with the endorsed form of transfer duly completed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or such Transfer Agent (as the case may be) may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however*, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes represented by the surrendered Global Registered Note or

Definitive Note are the subject of the transfer, a new Global Registered Note or Definitive Note in respect of the balance of the Registered Notes will be issued to the transferor.

2.04 Within five business days of the surrender of a Global Registered Note or a Definitive Note in accordance with Condition 2.03 above, the Registrar will register the transfer in question and shall assist the Fiscal Agent in delivering a new Global Registered Note or a Definitive Note (as the case may be) of a like principal amount to the Registered Notes transferred to each relevant Holder at its specified office or (as the case may be) the specified office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose of such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or the relevant Transfer Agent (as the case may be) has its specified office).

2.05 The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or such Transfer Agent (as the case may be) may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

2.06 Holders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

Bearer Notes

2.07 Title to Global Bearer Notes passes by delivery. References herein to the “**Holders**” or “**holders**” of Global Bearer Notes are to the bearers of such Notes, unless otherwise specified in the relevant Final Terms. For the avoidance of doubt, so long as a Common Depositary (or a nominee thereof) is the bearer of any Global Bearer Note, such Common Depositary (or nominee thereof) will be considered the sole Holder of the Notes represented by such Global Bearer Note for all purposes under these Terms and Conditions.

2.08 The Holder of any Global Bearer Note will (unless otherwise specified in the relevant Final Terms and except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

3. Status of the Notes

The Notes are unsecured obligations of the Issuer, ranking equally with all other unsecured and unsubordinated indebtedness for borrowed money of the Issuer. Certain unsecured obligations of the Issuer may, however, under certain circumstances, become secured by mortgages pursuant to negative pledge covenants applicable to such obligations while the Notes remain unsecured (see Condition 4 below).

4. Certain Covenant

The Issuer hereby agrees that if it shall create, incur or assume any Real Property Mortgage as security for any Public Indebtedness incurred after the date hereof, and as a result thereof is required by any agreement or instrument to secure any other Public Indebtedness then outstanding by such Real Property Mortgage, then the Issuer will secure the Notes equally and ratably with all such Public Indebtedness.

The term “**Real Property**” means land, leases, the buildings or improvements on owned or leased land or leased premises, either owned in fee simple or leased by the Issuer or one of its subsidiaries. The term “**Real Property Mortgage**” means a mortgage upon or affecting Real Property. The term “**Public Indebtedness**” means any obligation for money borrowed or incurred in connection with the acquisition of stock or assets of any other corporation or entity (whether by purchase, merger or otherwise) and which is evidenced by securities publicly distributed by or on behalf of the Issuer.

5. Interest

Interest

5.01 Notes may be interest-bearing or non-interest-bearing, as specified in the Final Terms.

Interest-bearing Notes

5.02 Notes which are specified in the Final Terms as being interest-bearing shall bear interest from their Interest Commencement Date at the Interest Rate payable in arrears on each Interest Payment Date.

If specified in the Final Terms, the Interest Rate payable may be converted, at the option of the Issuer, from a fixed rate to a floating rate, or from a floating rate to a fixed rate, at any time, including between Interest Payment Dates.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on the relevant Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified, and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

Floating Rate Notes

5.03 If the relevant Final Terms specify the Interest Rate applicable to the Notes as being “Floating Rate,” it shall also specify which page (the “**Relevant Screen Page**”) on the Reuters Screen, or any other information service, shall be applicable. If such a

page is so specified, the Interest Rate applicable to the relevant Notes for each Interest Accrual Period shall be determined by the Calculation Agent on the following basis:

- (i) the Calculation Agent will determine the Reference Rate (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the Reference Rates) in the Relevant Currency for a period of the duration of the relevant Interest Accrual Period on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if, on any Interest Determination Date, no such rate so appears (or, as the case may be, if fewer than two such rates so appear) or if the Relevant Screen Page is unavailable, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the Reference Rates by four Reference Banks at approximately the Relevant Time on the Interest Determination Date to prime banks in the London interbank market for a period of the duration of the relevant Interest Accrual Period and in an amount that is representative for a single transaction in the relevant market at the Relevant Time;
- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or
- (iv) if fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Center (or, in the case of Notes denominated in euro, in such financial center or centers as the Calculation Agent may select) selected by the Calculation Agent, at approximately 11:00 a.m. (Relevant Financial Center time (or local time at such other financial center or centers as aforesaid)) on the first day of the relevant Interest Accrual Period for loans in the Relevant Currency to leading European banks for a period of the duration of the relevant Interest Accrual Period and in an amount that is representative for a single transaction in the relevant market at the Relevant Time,

and the Interest Rate applicable to such Notes during each Interest Accrual Period will be the sum of the relevant margin (the “**Relevant Margin**”) specified in the relevant Final Terms and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) so determined; *provided, however*, that if the Calculation Agent is unable to determine a rate (or, as the case may be, an arithmetic mean of rates) in accordance with the above provisions in relation to any Interest Accrual Period, the Interest Rate applicable to such Notes during such Interest Accrual Period will be the sum of the Relevant Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) determined in relation to such Notes in respect of the last preceding Interest Accrual Period.

Maximum or Minimum Interest Rate

5.04 If any Maximum or Minimum Interest Rate is specified in the relevant Final Terms, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

Accrual of Interest

5.05 Interest shall accrue on the Outstanding Principal Amount of each Note during each Interest Accrual Period from the Interest Commencement Date. Interest will cease to accrue on the due date for redemption therefor unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 6.10) is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the relevant Final Terms (“**Default Interest Rate**”) until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 16 that the Fiscal Agent has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

Interest Amount(s), Calculation Agent and Reference Banks

5.06 If a Calculation Agent is specified in the Final Terms, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount (as defined in Condition 6.10), obtain any quote or make any determination or calculation) will determine the Interest Rate and calculate the amount(s) of interest payable (the “**Interest Amount(s)**”), which may be the Fixed Coupon Amount or the Broken Amount, as the case may be, in respect of each denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount (as defined in Condition 6.10), obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or the Redemption Amount (as defined in Condition 6.10) to be notified to the Fiscal Agent, the Issuer, the Holders in accordance with Condition 16 and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day (or, if the Calculation Agent is located in Luxembourg, the fourth Luxembourg Banking Day) thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or

shortening of an Interest Accrual Period or the Interest Period. If the Notes become due and payable pursuant to Condition 7, the Interest Rate and the accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will ensure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Interest Rate applicable to the Notes and a Calculation Agent, if provision is made for one in the Final Terms.

If the Calculation Agent is incapable or unwilling to act as such, or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

Calculations and Adjustments

5.07 The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the Outstanding Principal Amount by the Day Count Fraction, except that if the Final Terms specifies a specific amount in respect of such period, the amount of interest payable in respect of such Note for such period will be equal to such specified amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

For the purposes of any calculations referred to in these Terms and Conditions (unless otherwise specified in the Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 percent being rounded up to 0.00001 percent), (b) all U.S. dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

Non-interest-bearing Notes

5.08 If any Maturity Redemption Amount (as defined in Condition 6.01) in respect of any Note which is non-interest-bearing is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortization Yield as specified in, or determined in accordance with the provisions of, the Final Terms or at such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 16 that the Fiscal Agent has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.07 as if the Interest Rate was the Amortization Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Final Terms or, if not so specified, 30E/360 (as defined in Condition 21).

6. Redemption and Purchase

Redemption at Maturity

6.01 Unless previously redeemed, or purchased and cancelled, each Note shall be redeemed at its maturity redemption amount (the “**Maturity Redemption Amount**”) (which shall be its Outstanding Principal Amount) on the date or dates (or, in the case of Notes which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Final Terms.

Early Redemption for Taxation Reasons

6.02 If, in relation to any Series:

- (i) as a result of any change in, or amendment to, the laws, regulations or rulings of the United States or of any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the application, interpretation or administration of any such laws, regulations or rulings which becomes effective on or after the date of issue of such Notes or any other date specified in the Final Terms, the Issuer would be required to pay additional amounts as provided in Condition 8;
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and

- (iii) such circumstances are evidenced by the delivery by the Issuer to the Fiscal Agent of a certificate signed by the Issuer stating that the said circumstances prevail and describing the facts leading thereto and an opinion of legal counsel reasonably satisfactory to the Fiscal Agent to the effect that such circumstances prevail;

then the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Notes in accordance with Condition 16 (which notice shall be irrevocable), redeem all (but not part) of the outstanding Notes comprising the relevant Series at their early tax redemption amount (the "**Early Redemption Amount (Tax)**") (which shall be their Outstanding Principal Amount or, in the case of Notes which are non-interest-bearing, their Amortized Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon; *provided, however*, that no such notice of redemption may be given earlier than 90 days (or, in the case of Notes which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Notes plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.06.

Optional Early Redemption (Call)

6.03 If this Condition 6.03 is specified in the Final Terms as being applicable, the Issuer may, having given the appropriate notice and subject to such conditions as may be specified in the Final Terms, redeem all (but not, unless and to the extent that the Final Terms specifies otherwise, in part only) of the Notes of the relevant Series at their call early redemption amount (the "**Early Redemption Amount (Call)**") (which shall be their Outstanding Principal Amount or, in the case of Notes which are non-interest-bearing, their Amortized Face Amount or such other redemption amount (in any case, not less than the Minimum Redemption Amount nor more than the Maximum Redemption Amount if so specified in the Final Terms) as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued interest (if any) thereon on the date specified in such notice.

The Issuer may not exercise such option in respect of any Note that is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under Condition 6.06.

6.04 The appropriate notice referred to in Condition 6.03 is a notice given by the Issuer to the Holders of the Notes of the relevant Series in accordance with Condition 16, which notice shall be irrevocable and shall specify:

- (i) the Series subject to redemption;
- (ii) whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and the serial numbers (if applicable) of the Notes of the relevant Series which are to be redeemed;
- (iii) the due date(s) for such redemption, which shall be not less than thirty days nor more than sixty days after the date on which such notice is given (the "**Call Option Date(s)**") or a day falling within such period (the "**Call Option Period**"), as may be specified in the Final Terms and which is, in the case of Notes which bear interest at a floating rate, a date upon which interest is payable; and
- (iv) the Early Redemption Amount (Call) at which such Notes are to be redeemed.

Partial Redemption

6.05 If the Notes of a Series are to be redeemed in part only on any date in accordance with Condition 6.03:

- (i) in the case of Definitive Notes, the Definitive Notes to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair; and
- (ii) in the case of a Global Registered Note or Global Bearer Note, the Notes to be redeemed shall be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (as the case may be),

subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Notes may be listed; *provided that*, any such redemption in part only must be of an amount not less than the Minimum Redemption Amount nor more than the Maximum Redemption Amount if so specified in the relevant Final Terms and in any case shall not result in any redemption that would cause outstanding Notes to be in a denomination less than any specified minimum denomination set forth in the relevant Final Terms.

Optional Early Redemption (Put)

6.06 If this Condition 6.06 is specified in the relevant Final Terms as being applicable and subject to further qualification therein, the Issuer shall, upon the exercise of the relevant option by the Holder of any Note of the relevant Series, redeem such Note on

the date specified in the relevant Put Notice (as defined below) at its put early redemption amount (the “**Early Redemption Amount (Put)**”) (which shall be its Outstanding Principal Amount or, if such Note is non-interest-bearing, its Amortized Face Amount or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms), together with accrued interest (if any) thereon. In order to exercise such option, the Holder must, not less than forty-five days before the date on which such redemption is required to be made as specified in the Put Notice (the “**Put Date(s)**”) (or a day falling within such period (the “**Put Period**”) as may be specified in the relevant Final Terms), deposit the relevant Note during normal business hours at the specified office of any Paying Agent together with a duly completed early redemption notice (“**Put Notice**”) specifying the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the relevant Final Terms or an integral multiple thereof). Each relevant Put Notice shall be in such form as may be agreed to by the Issuer and the Fiscal Agent and shall be made available at the specified office of any of the Paying Agents. No Note so deposited and option exercised may be withdrawn (except as provided in the Fiscal Agency Agreement).

The Holder may not exercise such option in respect of any Note that is the subject of an exercise by the Issuer of its option to redeem such Note under either Condition 6.02 or 6.03.

Purchase of Notes

6.07 The Issuer or any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

Cancellation of Redeemed and Purchased Notes

6.08 All unmatured Notes redeemed or purchased in accordance with this Condition 6, or as otherwise specified in the relevant Final Terms, will be cancelled forthwith and may not be reissued or resold.

Further Provisions applicable to Redemption Amount

6.09 The provisions of Condition 5.06 and the last paragraph of Condition 5.07 shall apply to any determination or calculation of the Redemption Amount required by the relevant Final Terms to be made by the Calculation Agent.

6.10 References herein to “**Redemption Amount**” shall mean, as appropriate, the Maturity Redemption Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms. If any Minimum Redemption Amount or Maximum Redemption Amount is specified in the relevant Final Terms, then the Redemption Amount shall in no event be greater than the maximum or less than the minimum so specified.

6.11 In the case of any Note which is non-interest-bearing, the “**Amortized Face Amount**” shall be an amount equal to the sum of:

- (i) the Issue Price specified in the relevant Final Terms; and
- (ii) the product of the Amortization Yield (compounded annually) being applied to the Issue Price from (and including) the Issue Date specified in the Final Terms to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction specified in the relevant Final Terms for the purposes of this Condition 6.11.

6.12 In the case of any Note that is non-interest-bearing, if any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortized Face Amount shall be calculated as provided in Condition 6.11 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Note becomes due and repayable were replaced by references to the earlier of:

- (i) the date on which, upon due presentation or surrender of the relevant Note (if required), the relevant payment is made; and
- (ii) (except where presentation or surrender of the relevant Note is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent having received the funds required to make such payment, notice is given to the Holders of the Notes in accordance with Condition 16 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

7. Events of Default

7.01 The following events or circumstances (each an “**Event of Default**”) shall be acceleration events in relation to the Notes of any Series, namely:

- (i) failure on the part of the Issuer to pay all or any part of any installment of interest on any of the Notes of a particular Series (whether at maturity or on redemption or otherwise) for 30 days after such payment shall become due and payable;

- (ii) failure on the part of the Issuer to pay all or any part of the principal of the Notes of a particular Series (whether at maturity or on redemption or otherwise) for 15 days after such payment shall become due and payable;
- (iii) failure on the part of the Issuer to perform or observe any other term, covenant or agreement on the part of the Issuer contained in the Notes of a particular Series for a period of 60 days (120 days with respect to the Issuer's compliance with the Issuer's Certain Covenant described in Condition 4) after there has been given, by registered or certified mail, to the Issuer and the Fiscal Agent by the Holders of 25% or more in aggregate principal amount of the Notes of the relevant Series at the time outstanding a written notice specifying such failure and stating that such is a "Notice of Default" hereunder;
- (iv) the entry by a court having jurisdiction in the premises of a decree or order for relief in respect of the Issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Issuer or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, if such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or
- (v) the commencement by the Issuer of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the Issuer's consent to the entry of an order for relief in any involuntary case under any such law, or its consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Issuer or for any substantial part of its property, or the making by the Issuer of any general assignment for the benefit of creditors, or its failure generally to pay its debts as they become due or the taking by the Issuer of any corporate action in furtherance of any of the foregoing.

7.02 If such an Event of Default shall occur and be continuing, in relation to any Series, the Holder of the relevant Series may, at such Holder's option, declare the Outstanding Principal Amount of such Note (or, if such Note is non-interest-bearing, its Amortized Face Amount) or such other early termination amount (the "**Early Termination Amount**") as may be specified in, or determined in accordance with, the provisions of the relevant Final Terms) and the accrued, but unpaid, stated interest thereon, if any, to be due and payable immediately by written notice to the Issuer and the Fiscal Agent, and unless all such defaults shall have been cured by the Issuer prior to receipt of such written notice, the Outstanding Principal Amount of such Note and the accrued, but unpaid, stated interest thereon, if any, shall become and be immediately due and payable.

8. Taxation

8.01 All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United States or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, assessments or governmental charges is required by law. In that event, the Issuer or a paying agent (on behalf of the Issuer) will make all required withholdings and deductions, will remit the full amount withheld or deducted to the relevant taxing authority as required by law, and will pay such additional amounts as may be necessary in order that the net amounts receivable by a Holder who is a U.S. Alien, after such withholding or deduction, shall equal the amounts that would have been receivable by such Holder in the absence of such withholding or deduction, except that the obligation to pay such additional amounts shall not apply to:

- (i) any tax, assessment or other governmental charge that would not have been imposed but for (a) the existence of any present or former connection between such Holder (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such Holder, if such Holder is an estate or a trust, or a member or shareholder of such Holder, if such Holder is a partnership or a corporation) and the United States, including, without limitation, such Holder (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in trade or business or present therein or having or having had a permanent establishment therein or (b) such Holder's past or present status as a personal holding company or private foundation or other tax-exempt organization with respect to the United States or as a corporation that accumulates earnings to avoid U.S. federal income tax;
- (ii) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or other governmental charge;
- (iii) any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the Holder for payment more than 30 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurs later;
- (iv) any tax, assessment or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a Note;
- (v) any tax, assessment or other governmental charge required to be deducted or withheld by any Paying Agent from a payment on a Note, if such payment can be made without such deduction or withholding by any other Paying Agent;

(vi) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with any applicable certification, documentation, information or other reporting requirement concerning the nationality, residence, identity or connection with the United States of the Holder or beneficial owner of a Note if, without regard to any tax treaty, such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;

(vii) any tax, assessment or other governmental charge that would not have been imposed but for a failure by the Holder or beneficial owner (or any financial institution through which the Holder or beneficial owner holds any Note or through which payment on the Note is made) to comply with any applicable certification, documentation, information or other reporting requirement (including entering into and complying with an agreement with the Internal Revenue Service) imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code as in effect on the date of issuance of the Notes, or any successor or amended version of these provisions that are substantially similar, and any regulations or authoritative guidance promulgated thereunder;

(viii) any tax, assessment or governmental charge imposed on a Holder that actually or constructively owns 10 percent or more of the combined voting power of all classes of stock of the Issuer or that is a controlled foreign corporation related to the Issuer through stock ownership;

(ix) in respect of any tax, assessment or other governmental charge imposed on a Holder by reason of its past or present status as a bank that acquired any Notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; or

(x) in respect of any combination of items (i), (ii), (iii), (iv), (v), (vi), (vii), (viii) and (ix) above,

nor shall such additional interest be paid with respect to a payment on a Note to a Holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to the additional interest had such beneficiary, settlor, member or beneficial owner been the Holder of such Note.

The term “**U.S. Alien**” means any person who, for U.S. federal income tax purposes, is a foreign corporation, a nonresident alien individual, a nonresident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for U.S. federal income tax purposes, a foreign corporation, a nonresident alien individual or a nonresident alien fiduciary of a foreign estate or trust.

8.02 Any reference in these Terms and Conditions to “**principal**” or “**interest**” in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8. Unless the context otherwise requires, any reference in these Terms and Conditions to “**principal**” shall include any premium payable in respect of a Note, any Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and “**interest**” shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

9A. Payments – Registered Notes

This Condition 9A is only applicable to Registered Notes.

9A.01 Payments of principal in respect of each Registered Note (whether or not in global form) shall be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of any of the Paying Agents. Such payments shall be made in the manner provided in Condition 9A.02 below.

9A.02 Payments of interest or principal, as the case may be, in respect of each Registered Note (whether or not in global form) will (other than to the extent provided below) be made by a check in the Relevant Currency drawn on a Designated Bank (as defined below) and mailed by uninsured mail on the Business Day immediately preceding the relevant due date to the Holder (i) in the case of any Global Registered Note, at the close of business on the last Business Day on which Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system specified in the Final Terms are open for business (such date, the “**Global Registered Note Record Date**”) that shall immediately precede the relevant due date, and (ii) in the case of any Definitive Note, at the close of business on the fifteenth day (whether or not such fifteenth day is a Business Day) that shall precede the relevant due date (the “**Definitive Note Record Date**”) at such Holder’s address shown in the Register on the Definitive Note Record Date. The delivery of such payment by mail shall be at the Holder’s risk. Upon application of the Holder to the specified office of any Paying Agent before the Global Registered Note Record Date or the Definitive Note Record Date, as applicable, such payment of interest or principal, as the case may be, may be made on the relevant due date by wire transfer to the Designated Account (as defined below) of the Holder (i) in the case of any Global Registered Note, at the close of business on the Global Registered Note Record Date, and (ii) in the case of any Definitive Note, at the close of business on the Definitive Note Record Date. Notwithstanding the previous sentence, if: (a) a Holder has not provided a Designated Account; or (b) the nominal amount of the Registered Notes held by a Holder is less than U.S.\$1,000,000 (or its approximate equivalent in any other Relevant Currency), payment may, at the Issuer’s option, instead be made by a check in the Relevant Currency drawn on a Designated Bank. For these purposes, “**Designated Account**” means the account maintained by a Holder with a Designated Bank and identified as such in the Register and “**Designated Bank**” means (in the case of payment in a Relevant Currency other than euro) a bank in the principal financial center of the country of such Relevant Currency or (in the case of a payment

in euro) any bank that processes payments in euro. Any such wire transfer application shall be deemed to relate to all future payments of interest and principal (other than interest due on redemption) in respect of the Registered Notes which become payable to the Holder who has made the initial application until the Paying Agent is notified in writing to the contrary by such Holder. Notwithstanding the foregoing, payment of any interest due in respect of each Registered Note on redemption shall be made in the same manner as, and together with, payment of the principal amount of such Registered Note.

Holders of Registered Notes shall not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Notes as a result of a check mailed or a wire transfer made in accordance with this Condition 9A.02 arriving after the due date for payment, being lost in the mail or failing to transmit, as the case may be. No commissions or expenses shall be charged to such Holders by any Paying Agent in respect of any payments of principal or interest in respect of the Registered Notes.

9A.03 If the Holder is to receive payment of any amount due in respect of any Registered Note by wire transfer to a Designated Account and the due date is not a Business Day and a Banking Day, then the Holder thereof shall not be entitled to payment thereof until the next day which is such a day, or as otherwise specified in the relevant Final Terms, and from such day and thereafter shall be entitled to receive payment by check on any Banking Day, and shall be entitled to payment by wire transfer to a Designated Account on any day which is a Banking Day, a Business Day and a day on which commercial banks and foreign exchange markets settle payments in the Relevant Currency in the place where the relevant Designated Account is located and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.05 or, if appropriate, Condition 5.08.

9B. Payments – Bearer Notes

This Condition 9B is only applicable to Bearer Notes.

9B.01 Payment of amounts (other than interest) due in respect of Bearer Notes shall be made against presentation and surrender of the relevant Bearer Notes at the specified office of any of the Paying Agents. Payment of amounts in respect of interest will be made against presentation of the relevant Bearer Note at the specified office of any of the Paying Agents.

9B.02 If the due date for payment of any amount due in respect of any Bearer Note is not a Business Day, then the Holder thereof shall not be entitled to payment thereof until the next Business Day, at the place of payment, with the same force and effect as if made on the date fixed for payment, and no interest shall accrue for the period after such date unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.05 or, if appropriate, Condition 5.08.

9C. Payments – General Provisions

9C.01 Payments of amounts due (whether principal, interest or otherwise) in respect of Notes shall be made in the Relevant Currency in which such amount is due as provided above. Payments will, without prejudice to the provisions of Condition 8, be subject in all cases to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Holders of Notes in respect of such payments.

9C.02 Except as otherwise specified in the relevant Final Terms, any monies paid by the Issuer to any Paying Agent (or such other person specified by the relevant Final Terms) for the payment of principal or interest on any Notes which remain unclaimed at the end of the applicable proscription period, as described in Condition 10, shall be repaid to the Issuer and all liability of such Paying Agent with respect thereto shall cease and the Holder shall thereafter look only to the Issuer for any payment to which such Holder is entitled.

Redenomination

9C.03 Where “Redenomination” is specified in the relevant Final Terms as being applicable, the Issuer may, without the consent of the Holders of the Notes, on giving at least 30 days’ prior notice to the Holders of the Notes in accordance with Condition 16, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) each denomination will be deemed to be denominated in such amount of euro as is equivalent to its denomination or the amount of interest so specified in the Relevant Currency at the Established Rate, rounded down to the nearest euro 0.01;
- (ii) after the Redenomination Date, all payments in respect of the Notes, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Relevant Currency were to euro. Payments will be made in the manner provided in Condition 9A or Condition 9B, as applicable;
- (iii) if the Notes are Notes which bear interest at a fixed rate and interest for any period ending on or after the Redenomination Date is required to be calculated for a period of less than one year, it will be calculated on the basis of the applicable Day Count Fraction specified in the relevant Final Terms;

(iv) if the Notes are Notes which bear interest at a floating rate the relevant Final Terms will specify any relevant changes to the provisions relating to interest; and

(v) such other changes shall be made to these Terms and Conditions as the Issuer may decide, after consultation with the Fiscal Agent, and as may be specified in the notice, to conform them to conventions then applicable to Notes denominated in euro or to enable the Notes to be consolidated with other Notes whether or not originally denominated in the Relevant Currency or euro. Any such other changes will not take effect until after they have been notified to the Holders of the Notes in accordance with Condition 16.

Exchangeability

9C.04 When “**Exchangeability**” is specified in the relevant Final Terms as being applicable, the Issuer may, without the consent of the Holders on giving at least 30 days’ prior notice to the Holders in accordance with Condition 16, elect that, with effect from the Redemption Date or such later date for payment of interest under the Notes as it may specify in the notice, the Notes shall be exchangeable for Notes expressed to be denominated in euro in accordance with such arrangements as the Issuer may decide, with the approval of the Fiscal Agent and as will be specified in the notice.

10. Proscription

Claims against the Issuer for payment of principal and interest in respect of Notes will be proscribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.

11. The Paying Agents, the Calculation Agent and the Registrar

11.01 The Calculation Agent in respect of any Notes shall be specified in the Final Terms. The Issuer reserves the right at any time (subject to the notice periods set forth in the Fiscal Agency Agreement) to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent), the Calculation Agent, or the Registrar and to appoint additional or other Paying Agents, another Calculation Agent, or another Registrar; *provided* that, except as otherwise specified in the relevant Final Terms, it will at all times maintain (i) a Fiscal Agent (which may be the Registrar); (ii) a Paying Agent (which may be the Fiscal Agent) with a specified office in a continental European city; (iii) so long as any of the Notes are admitted to trading on the Luxembourg Stock Exchange’s regulated market and listed on the Official List of the Luxembourg Stock Exchange and/or any other stock exchange, and the rules of such stock exchange so require, a Paying Agent (which may be the Fiscal Agent) with a specified office in Luxembourg and/or in such other place as may be required by the rules of such other stock exchange; (iv) a Calculation Agent where required by the relevant Final Terms applicable to any Notes; and (v) a Registrar (which may be the Fiscal Agent) (in the case of (i), (ii), (iv) and (v) with a specified office located in such place (if any) as may be required by these Terms and Conditions) and, *provided further*, that, in the event Definitive Notes are issued, the Issuer will appoint a Paying Agent located in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC (or any law implementing or complying with, or introduced in order to conform to, such Directive). The Paying Agents, the Calculation Agent, and the Registrar reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of any Paying Agent or the Registrar will be given promptly by the Issuer to the Holders in accordance with Condition 16.

11.02 The Paying Agents, the Calculation Agent, and the Registrar act solely as agents of the Issuer and, except as provided in the Fiscal Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Note and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Fiscal Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

12. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or such Paying Agent or Paying Agents or other persons as may be specified for such purpose in the Final Terms (“**Replacement Agent**”), subject to all applicable laws and the requirements of any stock exchange on which the Notes are listed, upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Notes must be surrendered before replacements will be delivered therefor.

13. Meetings of Holders and Modification

The Fiscal Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Notes of any Series to consider any matter affecting their interest.

Amendment Without Consent of Holders of Notes

13.01 The Fiscal Agency Agreement and these Terms and Conditions may be modified or amended by the Issuer and the Fiscal Agent, without the consent of any Holders of Notes, for the purpose of (i) curing any ambiguity, or curing, correcting or supplementing any defective provisions contained therein or herein; (ii) adding to the covenants of the Issuer for the benefit of the Holders of Notes; (iii) surrendering any right or power conferred upon the Issuer; (iv) effecting any assumption by any direct or indirect wholly-owned subsidiary of the Issuer of the Issuer’s obligations herein or in the Fiscal Agency Agreement; or (v) in any other manner which the Issuer and the Fiscal Agent may deem necessary or desirable and which will not be inconsistent with the Notes and which will

not adversely affect the interests of the Holders of the Notes in any material respect, to all of which each Holder of any Note shall, by acceptance thereof, consent.

Amendment With Consent of Holders of Notes

13.02 The Fiscal Agency Agreement and these Terms and Conditions may also be modified or amended by the Issuer and the Fiscal Agent, and past defaults thereunder or hereunder or future compliance therewith or herewith by the Issuer may be waived, either with the written consent of the Holders of not less than 25% in aggregate principal amount of the affected Series at the time outstanding, or by the adoption, at a meeting duly convened and held in accordance with the provisions of the Fiscal Agency Agreement, of a resolution by the Holders of not less than 25% in aggregate principal amount of the affected Series at the time outstanding; *provided, however*, that no such modification, amendment or waiver may, without the consent or affirmative vote of the Holder of each Note affected thereby:

- (i) waive a default in the payment of the principal of or interest on any Note, or change the stated maturity of the principal of or payment date of interest on any Note, or reduce the principal amount of or interest thereon, or change the obligation of the Issuer to pay additional amounts pursuant to Condition 8 hereof, or change the coin or currency in which the principal of any Note or the interest thereon is payable (other than for payments to be made in euro), or impair the right to institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the applicable redemption date);
- (ii) modify the obligation of the Issuer to maintain an office or agency in Europe; or
- (iii) reduce the percentage in principal amount of Notes at the time outstanding, the consent of whose Holders is required for any modification or amendment to the Fiscal Agency Agreement or these Terms and Conditions or to waive future compliance therewith or past default thereunder, or reduce the percentage of votes required for the adoption of a resolution or the quorum required at any meeting of Holders of Notes at which a resolution is to be adopted.

It shall not be necessary for the Holders of Notes to approve the particular form of any proposed modification, amendment or waiver but it shall be sufficient if they approve the substance thereof. Any instrument given by or on behalf of any Holder in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Note.

Effect of Amendments

13.03 Any modifications, amendments or waivers to the Fiscal Agency Agreement or to these Terms and Conditions in accordance with the foregoing provisions will be conclusive and binding on all Holders of the affected Notes, whether or not they have given such consent or were present at such meeting, and on all future Holders of the affected Notes, whether or not notation of such modifications, amendments or waivers is made upon such Notes.

14. Consolidation, Merger, Etc.

14.01 The Issuer may, without consent of the Holders of any Notes, consolidate with or merge into any other corporation or sell or convey its properties and assets substantially as an entirety to any person, provided that:

- (i) the corporation formed by such consolidation or into which the Issuer is merged or the person which acquires by conveyance or transfer, or which leases, the properties and assets of the Issuer substantially as an entirety shall be a corporation organized and existing under the laws of the United States, any State thereof or the District of Columbia (the “**Successor Corporation**”) and shall, by amendment to the Fiscal Agency Agreement signed by the Issuer and such Successor Corporation and delivered to the Fiscal Agent, assume the due and punctual payment of the principal of and interest on all the Notes and the performance of every covenant hereof and of the Fiscal Agency Agreement on the part of the Issuer to be performed or observed; and
- (ii) immediately after giving effect to such transaction, no Event of Default (as described in Condition 7), and no event that, with notice or lapse of time or both, would become such an Event of Default, shall have happened and be continuing.

14.02 Upon any consolidation or merger, or any conveyance, transfer or lease of the properties and assets of the Issuer substantially as an entirety, or any assumption, the Successor Corporation shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Fiscal Agency Agreement and the Notes with the same effect as if the Successor Corporation had been named as the Issuer therein and herein and the Issuer, except in the case of a lease of the Issuer’s properties and assets, shall be released from its liability on any of the Notes and under the Fiscal Agency Agreement.

15. Assumption

15.01 Any wholly-owned subsidiary may assume the obligations and covenants of the Issuer herein and under the Fiscal Agency Agreement, provided that:

- (i) such subsidiary shall expressly assume, by amendment to the Fiscal Agency Agreement signed by the Issuer and such subsidiary and delivered to the Fiscal Agent, the due and punctual payment of the principal of and interest on

all the Notes and the performance of every covenant hereof and of the Fiscal Agency Agreement on the part of the Issuer to be performed or observed;

(ii) immediately after giving effect to such transaction, no Event of Default (as described in Condition 7), and no event which, with notice or lapse of time or both, would become such an Event of Default, shall have happened and be continuing;

(iii) such subsidiary has satisfied or arranged to be paid in full all taxes payable by such subsidiary upon such assumption and if such subsidiary is not organized under the laws of the United States, or any State thereof or the District of Columbia or any political subdivision thereof, it shall agree to indemnify and hold harmless the Holder of each Note against (1) any tax, assessment or governmental charge imposed on such Holder by a jurisdiction other than the United States or any political subdivision or taxing authority thereof or therein with respect to, and withheld on the making of, any payment of principal of or interest (including any additional amounts pursuant to Condition 8) on such Note and which would not have been so imposed and withheld had such assumption not been made and (2) any tax, assessment or governmental charge imposed on or relating to, and any costs or expenses involved in, such assumption;

(iv) the Issuer irrevocably and unconditionally guarantees the performance of all obligations and covenants of such subsidiary under the Fiscal Agency Agreement and under this Note; and

(v) the Issuer has delivered to the Fiscal Agent an officer's certificate and an opinion of counsel, each stating that such assumption and the amendment to the Fiscal Agency Agreement required pursuant to clause (i) above comply with this Condition 15 and the Fiscal Agency Agreement and that all conditions precedent herein and therein provided for relating to such transaction have been complied with.

15.02 Upon any assumption by a wholly-owned subsidiary of the Issuer, such subsidiary shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Fiscal Agency Agreement and the Notes with the same effect as if such subsidiary had been named as the Issuer therein and herein and the Issuer shall be released from its liability as obligor on any of the Notes and under the Fiscal Agency Agreement. Any other wholly-owned subsidiary of the Issuer may subsequently assume the obligations and covenants herein and under the Fiscal Agency Agreement on the same terms and conditions as provided herein.

15.03 For the purposes of this Condition 15, "**wholly-owned subsidiary**" means any corporation of which there is owned, directly or indirectly, by or for the Issuer, voting shares that in the aggregate entitle the holders thereof to cast 100% of the votes that may be cast by the holders of all the outstanding voting shares of such first mentioned corporation for the election of its directors and includes any corporation in like relationship to a wholly-owned subsidiary; and for this purpose "**voting shares**" means shares of the capital stock of any class of a corporation having under ordinary circumstances the right to elect at least a majority of the directors of such corporation.

16. Notices

Notices to Holders will be deemed to be validly given if (i) in the case of any Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange (so long as such Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require), published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or *Tageblatt*) and/or the Luxembourg Stock Exchange's Web site, www.bourse.lu, or, (ii) in the case of any Notes that are not admitted to trading or listed on any market, published in a leading English language daily newspaper having general circulation in Europe, in the case of Bearer Notes, or sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register, in the case of Registered Notes. If the Notes are in global form, then notice may alternatively be given in the manner provided under "Provisions Relating to the Notes While in Global Form." The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Notes are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, then on the first date on which publication shall have been made in all the required newspapers).

17. Further Issues

The Issuer may from time to time, without the consent of the Holders of any Notes, create and issue further instruments, notes, bonds or debentures having the same terms and conditions as such Notes in all respects (or in all respects except for the first payment of interest, if any, on them and the denomination thereof) so as to form a single series with the Notes of any particular Series.

18. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

19. Law and Jurisdiction

19.01 The Notes shall be governed by, and construed in accordance with, the internal laws of the State of New York, United States. The Issuer submits to the jurisdiction of the courts in the State of New York and the federal courts in the United States having jurisdiction in the State of New York.

19.02 The Issuer agrees that the process by which any proceedings in New York are begun may be served on it by being delivered to The Prentice-Hall Corporation System, Inc. at 80 State Street, Albany, New York 12207-2543, United States. If the appointment of the person mentioned in this Condition 19.02 ceases to be effective, the Issuer shall forthwith appoint a further person in New York to accept service of process on its behalf in New York and notify the name and address of such person to the Fiscal Agent and, failing such appointment within fifteen days, any Holder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing contained herein shall affect the right of any Holder to serve process in any other manner permitted by law.

20. Final Terms

In connection with any issuance of Notes that are admitted to trading on a regulated market in the European Economic Area or offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Directive, the Issuer shall prepare Final Terms to complete these Terms and Conditions. In connection with any issuance of Notes that are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Directive, the Issuer may prepare Final Terms to supplement, modify or replace these Terms and Conditions.

21. Definitions

“Applicable Business Day Convention” means the “Business Day Convention” which may be specified in the Final Terms as applicable to any date in respect of the Notes unless the Final Terms specifies “No Adjustment” in relation to any date in which case such date shall not be adjusted in accordance with any Business Day Convention. Where the Final Terms fails to specify either an applicable Business Day Convention or “No Adjustment” for the purposes of an Interest Payment Date or an Interest Period End Date, then in the case of Notes which bear interest at a fixed rate, “No Adjustment” shall be deemed to have been so specified; and in the case of Notes which bear interest at a floating rate, the Modified Following Business Day Convention shall be deemed to have been so specified. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any Notes.

“Banking Day” means, unless otherwise specified in the relevant Final Terms, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that city.

“Business Day” means a day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law, regulation or executive order to close in the Relevant Financial Center and, in relation to Notes payable in euro, a day on which the TARGET2 System is operating or in any other place or any other days as may be specified in the Final Terms.

“Business Day Convention” means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Final Terms in relation to any date applicable to any Notes, shall have the following meanings:

“Following Business Day Convention” means that such date shall be postponed to the first following day that is a Business Day;

“Modified Following Business Day Convention” means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

“Preceding Business Day Convention” means that such date shall be brought forward to the first preceding day that is a Business Day; and

“FRN Convention” or “Eurodollar Convention” means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Final Terms after the calendar month in which the preceding such date occurred provided that:

if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

“Calculation Agent” means such agent as may be specified in the Final Terms as the Calculation Agent.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any period of time (**“Calculation Period”**), such day count fraction as may be specified in the Final Terms and:

if **“Actual/365”** or **“Actual/Actual (ISDA)”** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (b) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

if **“Actual/Actual (ICMA)”** is so specified, means:

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period; and (y) the number of Determination Periods normally ending in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where

“Determination Period” means the period from and including an Interest Determination Date in any year to but excluding the next Interest Determination Date.

if **“Actual/365 (Fixed)”** is so specified, means the actual number of days in the Calculation Period divided by 365;

if **“Actual/360”** is so specified, means the actual number of days in the Calculation Period divided by 360;

if **“30/360,” “360/360”** or **“Bond Basis”** is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes the last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and

if **“30E/360”** or **“Eurobond Basis”** is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

“Established Rate” means the rate for the conversion of the Relevant Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 1091(4) of the Treaty.

“euro” means the currency of participating member states of the European Union adopted in accordance with the Treaty.

“Interest Accrual Period” means, in respect of an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on but excluding the next succeeding Interest Period End Date during that Interest Period provided always that the first Interest Accrual Period shall commence on and include the Interest Commencement Date and the final Interest Accrual Period shall end on but exclude the date of final maturity.

“Interest Commencement Date” means the date of issue of the Notes (as specified in the Final Terms) or such other date as may be specified as such in the Final Terms.

“Interest Determination Date” means, in respect of any Interest Accrual Period, the date which is such number (if any) of Banking Days in such city(ies) as may be specified in the Final Terms prior to the first day of such Interest Accrual Period, or if none is specified, the date which is two London Banking Days prior to the first day of such Interest Accrual Period.

“Interest Payment Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the Final Terms and, if an Applicable Business Day Convention is specified in the Final Terms, as the same may be adjusted in accordance with the Applicable Business Day Convention or if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as being the Interest Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the date of issue of the Notes (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

“Interest Period” means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date provided always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the date of final maturity.

“Interest Period End Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the Final Terms and, if an Applicable Business Day Convention is specified in the Final Terms, as the same may be adjusted in accordance with the Applicable Business Day Convention or, if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or, if none of the foregoing is specified in the Final Terms, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Notes.

“Interest Rate” means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of Relevant Currency) of interest payable in respect of the Notes specified in, or calculated or determined in accordance with the provisions of, the Final Terms.

“Outstanding Principal Amount” means, in respect of a Note, its principal amount currently outstanding.

“Redenomination Date” means any date for payment of interest under the Notes specified by the Issuer which occurs on or after the start of the third stage of European Economic and Monetary Union pursuant to the Treaty or, if the country of the Relevant Currency is not one of the countries then participating in such third stage, which occurs on or after such later date as it does so participate.

“Reference Banks” means such banks as may be specified in the Final Terms as the Reference Banks or, if fewer than four such banks are specified, then such banks and up to four additional major banks in the London interbank market as selected by the Calculation Agent, such that the total number of banks is four (unless more than four banks are specified in the Final Terms).

“Reference Rate” means the rate specified in the relevant Final Terms.

“Relevant Currency” means the currency of denomination of the Notes shown on such Notes and which is specified in the Final Terms.

“Relevant Date” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the monies payable has not been received by the Fiscal Agent on or prior to such due date, it means the first date on which, the full amount of such monies having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of the Notes of the relevant Series in accordance with Condition 16.

“Relevant Financial Center” means the principal financial center of the country of the Relevant Currency or such other city as specified in the relevant Final Terms.

“Relevant Time” means the time as of which any rate is to be determined as specified in the Final Terms or, if none is specified, at which it is customary to determine such rate.

“Reuters Screen” means, when used in connection with a designated page and any designated information, the display page so designated on the Reuters Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying such information).

“TARGET2 System” means the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET2) System.

“Treaty” means the Treaty of Rome of March 25, 1957, as amended by various agreements, including the Treaty on European Union (1993), the Treaty of Amsterdam (1999), the Treaty of Nice (2003) and as further amended, from time to time.

“U.S. Internal Revenue Code” means the U.S. Internal Revenue Code of 1986, as amended.

PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Unless otherwise specified in the relevant Final Terms, the following provisions are applicable to Global Registered Notes and Global Bearer Notes.

(A) Relationship with Clearing Systems

So long as any of the Notes remain in global form, payments will be made by the Holder to each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as having a beneficial interest represented by a Global Registered Note or Global Bearer Note in accordance with customary operating procedures of the relevant clearing system. Such persons must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other clearing system (as the case may be) for such person's share of each payment made by the Issuer to the Holder of such Global Registered Note or Global Bearer Note (as the case may be) and in relation to all other rights arising under the Global Registered Note or Global Bearer Note, subject to and in accordance with the respective rules and procedures of Euroclear and/or Clearstream, Luxembourg and/or such other clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Registered Note or Global Bearer Note (as the case may be), and such obligations of the Issuer will be discharged by payment to the Holder of such Global Registered Note or Global Bearer Note (as the case may be) in respect of each amount so paid.

(B) Form and Exchange

(1) Form of Global Registered Notes or Global Bearer Notes: Unless otherwise specified in the Final Terms:

- (i) Global Registered Notes will be registered in the name of a Common Depositary (or a nominee thereof) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; and
- (ii) Global Bearer Notes will be delivered to a Common Depositary (or a nominee thereof) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

(2) Exchange for Definitive Notes: Interests in a Global Registered Note or Global Bearer Note will be exchanged by the Issuer in whole, but not in part only, at the option of the Holder of such Note, for Definitive Notes, (a) if an Event of Default (as described in Condition 7.01 in "Terms and Conditions of the Notes") occurs in respect of any Note of the relevant Series or (b) if either Euroclear; Clearstream, Luxembourg; or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so without a successor. Interests in a Global Registered Note or Global Bearer Note will be exchanged by the Issuer in whole, but not in part only, at the option of the Issuer upon a change in tax law that would be adverse to the Issuer but for the issuance of Definitive Notes, completed in accordance with the terms and conditions of the Fiscal Agency Agreement. For the avoidance of doubt, no Holder shall be permitted to remove or repossess a Global Registered Note or Global Bearer Note from Euroclear; Clearstream, Luxembourg; or any other relevant clearing system, except in exchange for Definitive Notes in registered form in the circumstances permitted by Condition 1.04 in "Terms and Conditions of the Notes," and such Holder will be required to provide any information necessary for the exchange of such interest for Definitive Notes. Any exchange of Notes pursuant to Condition 1.04 shall be at the cost and expense of the Issuer.

(C) Amendment to Conditions

The Global Registered Notes and Global Bearer Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

(1) Meetings: The Holder of a Global Registered Note or Global Bearer Note, respectively, shall (unless such Global Registered Note or Global Bearer Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Holders and, at any such meeting, as having one vote in respect of each minimum denomination of Notes for which such Global Registered Note or Global Bearer Note may be exchanged.

(2) Cancellation: Cancellation of any Note represented by a Global Registered Note or Global Bearer Note that is required by the Terms and Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Registered Note or Global Bearer Note.

(3) Purchase: Notes represented by a Global Registered Note or Global Bearer Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

(4) Issuer's Option: Any option of the Issuer provided for in the Terms and Conditions of the Notes while such Notes are represented by a Global Registered Note or a Global Bearer Note shall be exercised by the Issuer giving notice to the Holders within the time limits set out in and containing the information required by the Terms and Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be

required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as having a beneficial interest represented by such Global Registered Note or Global Bearer Note will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg and/or any other clearing system (as the case may be).

(5) Holders' Options: Any option of the Holders provided for in the Terms and Conditions of any Notes while such Notes are represented by a Global Registered Note or a Global Bearer Note may be exercised by the Holder of such Global Registered Note or Global Bearer Note, respectively, by giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised. The Notice shall state the principal amount of Notes in respect of which the option is exercised, and the Holder shall present for notation such Global Registered Note or Global Bearer Note, respectively, to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent.

(6) Notices: So long as any Notes are represented by a Global Registered Note or Global Bearer Note, and such Global Registered Note or Global Bearer Note is registered or held on behalf of a clearing system, notices to the persons shown in the records of such clearing system as having a beneficial interest represented by a Global Registered Note or Global Bearer Note may be given by delivery of the relevant notice to the clearing system for communication by it to such persons in substitution for publication, as required by the Terms and Conditions or by delivery of the relevant notice to the Holder of such Global Registered Note or Global Bearer Note, respectively, except that so long as the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange and the rules of that exchange so require, notice shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or *Tageblatt*) and/or the Luxembourg Stock Exchange's Web site, www.bourse.lu. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, then on the first date on which publication shall have been made in all the required newspapers) or, as the case may be, on the fourth weekday after the date of such delivery to Euroclear and/or Clearstream, Luxembourg and/or such other clearing system.

(7) Payments: So long as any of the Notes remains in global form, payments will be made by the Holder to the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (as the case may be) as having a beneficial interest represented by a Global Registered Note or a Global Bearer Note in accordance with customary operating procedures of the relevant clearing system. The provision of Condition 11.01 requiring the Issuer to appoint a Paying Agent located in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC (or any law implementing or complying with, or introduced in order to conform to, such Directive) will apply to Definitive Notes only.

EUROPEAN UNION TRANSPARENCY DIRECTIVE

The European Parliament and the Council have adopted the Transparency Directive on the harmonization of transparency requirements relating to financial information of issuers whose securities are admitted to trading on a regulated market in the European Union, such as the “Bourse de Luxembourg,” the regulated market of the Luxembourg Stock Exchange. The Transparency Directive has been implemented in Luxembourg by the Transparency Law which aims at issuers whose securities are admitted to trading on a regulated market and where Luxembourg is the home Member State. The Transparency Directive requires issuers, whose securities are admitted to trading on a regulated market in any Member State, to prepare their consolidated accounts in accordance with IFRS; however, the European Commission has determined that U.S. Generally Accepted Accounting Principles shall be deemed “equivalent” to IFRS (Commission Decision 2008/961/EC; Commission Regulation (EC) No. 1289/2008). If the Transparency Law (and/or any other European or national legislation) is interpreted or takes effect in a form that would require the Issuer to publish or produce its financial statements according to accounting principles other than U.S. statutory accounting principles or that would otherwise impose requirements on the Issuer that it determines in good faith are impracticable or unduly burdensome, the Issuer may elect to de-list the Notes. The Issuer will use its reasonable efforts to obtain an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, exchange and/or system, as it and the relevant Dealers may decide. If such an alternative admission is not available to the Issuer, or is, in the Issuer’s opinion, unduly burdensome, an alternative admission may not be obtained. Notice of any de-listing and/or alternative admission will be given as described in Condition 16 in the section “Terms and Conditions of the Notes.”

**FORM OF FINAL TERMS APPLICABLE TO ISSUANCES OF NOTES
SUBJECT TO THE PROSPECTUS DIRECTIVE**

The following is a Pro Forma Final Terms for an issue of Notes under the Program if such Notes are to be admitted to trading on a regulated market in the European Economic Area or offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Directive.

FINAL TERMS

dated [date]

McDonald's Corporation
(the "Issuer")

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

under the U.S.\$6,000,000,000

Program for the Issuance of Global Medium-Term Notes

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated November 20, 2013 [as supplemented by the Prospectus Supplement[s] dated ____] which [together] constitute[s] a Prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”), as amended (which includes the amendments made by Directive 2010/73/EU, to the extent that such amendments have been implemented in a Relevant Member State). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Base Prospectus [and the Prospectus Supplement[s] is/are] available for viewing at BNP Paribas Securities Services, Luxembourg Branch, 33, rue de Gasperich, Howald - Hesperange, L-2085 Luxembourg or at the Issuer’s registered office, c/o The Prentice-Hall Corporation System, Inc., 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States, and copies may be obtained from BNP Paribas Securities Services, Luxembourg Branch, 33, rue de Gasperich, Howald - Hesperange, L-2085 Luxembourg or from the Issuer, c/o The Prentice-Hill Corporation System, Inc., 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States. To the extent the Notes described herein are admitted to trading on the Luxembourg Stock Exchange’s regulated market and listed on the Official List of the Luxembourg Stock Exchange, the Base Prospectus and these Final Terms will be available for viewing on the Web site of the Luxembourg Stock Exchange at www.bourse.lu.

1. [(i)] Series Number: [Specify]

 [(ii) Tranche Number: [Specify]]

 [(iii) Fungibility; Date on which Notes become fungible: [Not Applicable/The Notes constitute a further issuance of *[insert description of the Series]* and shall be consolidated and form a single series. The newly issued Notes and the outstanding Notes shall be interchangeable for trading purposes with *[insert description of the Series]* on [Issue Date] [date on which any transfer restrictions expire]. Upon completion of this offering, the aggregate principal amount of outstanding Notes of this Series will be *[insert amount]*.]
2. Relevant Currency or Currencies: [Specify]

 —of Denomination

 —of Payment

 (Condition 1.06)
3. Aggregate Principal Amount of Notes:

- [(i)] Series [(including Aggregate Principal Amount of previously issued tranches of the same Series)]: [Specify]
- [(ii)] Tranche: [Specify]
4. Issue Price: [] percent of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. Specified Denomination(s): [Specify] [plus integral multiples of [. . .]]
(Condition 1.05)
6. (i) Issue Date: [Specify]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
(Condition 21)
7. Maturity Date: [Specify date or (if FRN Convention applies) Interest Payment Date occurring in or nearest to the specified month and year]
(Condition 6.01)
8. Interest: [Specify]
(Condition 5)
- Interest Basis: [[•]% per annum Fixed Rate]
[[Specify Reference Rate] Plus/Minus [•]% per annum Floating Rate]
[Zero Coupon]
(further particulars specified below)
- Default Interest Rate: [Specify, if different from the Interest Rate]
(Condition 5.05)
9. Change of Interest Basis: [Specify details of any provision for convertibility of Notes into another interest basis]
10. Optional Early Redemption Options: [Optional Early Redemption (Put)]
[Optional Early Redemption (Call)]
[(further particulars specified below)]
11. Method of distribution: [Syndicated/Non-syndicated]
12. Relevant corporate authorization(s) required for issuance of Notes: [Specify]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable] *[if not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Rate[(s)] of Interest: [] percent per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrears]
(Condition 5)
- (ii) Interest Payment Date(s): [Specify dates] in each year, commencing on [specify date], [up to and including/excluding the Maturity Date], [adjusted in accordance with [specify applicable Business Day Convention and any applicable Business Center(s) for the definition of “Business Day”]/ No Adjustment] *[If nothing is specified, there will be no adjustment]*

- (iii) Fixed Coupon Amount(s): [] per [] in Principal Amount
- (iv) Broken Amount(s): *[Specify particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*
- (v) Day Count Fraction: (Condition 21) [Actual/365] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis]
- (vi) Interest Determination Dates: (Condition 21) [] in each year
[Specify number of Banking Days in which city(ies), if different from Condition 21]
14. Floating Rate Note Provisions *[Applicable/Not Applicable] [if not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Interest Period(s): *[Specify]*
- (ii) Specified Interest Payment Dates: *[Specify]*
- (iii) Interest Payment Dates or (if the Applicable Business Day Convention is the FRN Convention) Interest Period: *[Specify dates or (if the Applicable Business Day Convention is the FRN Convention) number of months]*
- (iv) Interest Period End Dates or (if the Applicable Business Day Convention is the FRN Convention) Interest Accrual Period: *[Specify. If nothing is specified, Interest Period End Dates will correspond with Interest Payment Dates]*
- (v) (a) Business Day Convention: *[Specify, unless no adjustment is required, in which case specify "No Adjustment." If nothing is specified, Modified Following Business Day Convention shall be deemed so specified]*
- for Interest Payment Dates: []
- for Interest Period End Dates: []
- for Maturity Date: []
- any other date: []
- (b) Definition of Business Day: (Condition 21) *[Specify any additional places or days for the purpose of adjusting any date in accordance with a Business Day Convention]*
- (vi) Relevant Financial Center: (Condition 21) *[Specify]*
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: *[Screen Rate Determination unless unavailable, in which case, using Reference Bank quotations, as described in Condition 5.03]*
- (viii) Interest Determination Dates: (Condition 21) [] in each year
[Specify number of Banking Days in which city(ies), if different from Condition 21]
- (ix) Calculation Agent: (Condition 21) *[Specify name and office]*

- (x) Screen Rate Determination:
(Condition 5.03)
- Reference Rate: [LIBOR] [EURIBOR] [Specify other]
- Interest Determination Date(s): [] in each year. [Specify number of Banking Days in which city(ies), if different from Condition 21]
- Relevant Time: [] [a.m./p.m.] [Specify city] time
(Condition 21)
- Relevant Screen Page: [[Reuters Screen/Other] page []]
(Condition 5.03)
- (xi) Reference Banks: [Specify]
(Condition 21)
- (xii) Relevant Margin(s): Plus/Minus [] percent per annum
(Condition 5.03)
- (xiii) Minimum Interest Rate: [] percent per annum
(Condition 5.04)
- (xiv) Maximum Interest Rate: [] percent per annum
(Condition 5.04)
- (xv) Day Count Fraction: [Actual/365] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)]
(Condition 21) [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis]
- (xvi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [Specify]
15. Zero Coupon Note Provisions
(Condition 5.08)
- [Applicable/Not Applicable] *[If applicable, redemption shall be at par, and the Notes shall be issued at a discount. If not applicable, delete the remaining sub-paragraphs of this paragraph.]*
- (i) Amortization Yield: [] percent per annum
- (ii) Any other formula/basis of determining amount payable: [Specify]
- (iii) Rate of interest on overdue amounts: [Specify, if not the Amortization Yield]
- (iv) Day Count Fraction: [Actual/365] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)]
[Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis]

PROVISIONS RELATING TO REDEMPTION

16. Optional Early Redemption (Call):
(Condition 6.03)
- [Applicable/Not Applicable] *[if not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Call Option Date(s)/Call Option Period: [Specify]

- (ii) Early Redemption Amount (Call) of each Note and method, if any, of calculation of such amount(s): ☐ per Note of ☐ [*specified denomination*] [*Specify amount, if not the Outstanding Principal Amount or, in the case of any Notes which are non-interest-bearing, the Amortized Face Amount*]
- (iii) Redeemable in part: ☐ Applicable/Not Applicable [*Specify, otherwise redemption will only be permitted of entire Series*]
- (a) Minimum Redemption Amount: ☐ Specify
- (b) Maximum Redemption Amount: ☐ Specify
- (iv) Notice period: ☐ Specify
17. Optional Early Redemption (Put): (Condition 6.06) ☐ Applicable/Not Applicable [*if not applicable, delete the remaining sub-paragraphs of this paragraph*]
- (i) Put Date(s)/Put Period: ☐ Specify
- (ii) Early Redemption Amount (Put) of each Note and method, if any, of calculation of such amount(s): ☐ per Note of ☐ [*specified denomination*] [*Specify amount, if not the Outstanding Principal Amount or, in the case of any Notes which are non-interest-bearing, the Amortized Face Amount*]
- (iii) Notice period: ☐ Specify
18. Early Redemption Amount (Tax):
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons: (Condition 6.02) ☐ Specify amount, if not the Outstanding Principal Amount or, in the case of any Notes which are non-interest-bearing, the Amortized Face Amount
- (ii) Date after which changes in law, etc. entitle the Issuer to redeem: ☐ Specify, if not the Issue Date

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. Form of Notes: ☐ Global Registered Notes
- ☐ Global Bearer Notes
- ☐ Definitive Note
20. Applicable Business Day Convention: (Condition 21) ☐ Following Business Day Convention ☐ Modified Following Business Day Convention ☐ Preceding Business Day Convention ☐ FRN Convention ☐ Eurodollar Convention ☐ No Adjustment

Signed on behalf of the Issuer:

By: _____
Duly authorized

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing: [Luxembourg Stock Exchange] [*Specify other*] [Not Applicable]

Admission to trading: [Application has been made for the Notes to be admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange] [*Specify other*] with effect from [].] [Not Applicable]

[*If fungible issue, indicate that original securities are already admitted to trading*]

Estimate of the total expenses related to the admission to trading: [*Specify*]

2. RATINGS

Ratings: [The Notes to be issued [have been]/[are expected to be] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].]

[*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.*]

[*Depending on the identity of the relevant credit rating agency and its status, include the appropriate paragraph(s) below:*]

[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). As such, [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its Web site in accordance with the CRA Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). [*Insert the legal name of the relevant non-EU credit rating agency entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its Web site in accordance with the CRA Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). The ratings [have been]/[are expected to be] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation.

[*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). As such, [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority [(“**ESMA**”)] on its Web site in accordance with the CRA Regulation. [ESMA has indicated that ratings issued in [*Japan /*

Australia / the United States / Canada / Hong Kong / Singapore / Argentina / Mexico / Brazil (delete as appropriate)] (such as the ratings by [insert the legal name of the relevant non-EU credit rating agency entity] that have been endorsed by [insert the legal name of the relevant EU credit rating agency entity that applied for registration] may be used in the European Union by the relevant market participants.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended (the “CRA Regulation”), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its Web site in accordance with the CRA Regulation]/[although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [insert the legal name of the relevant non-EU credit rating agency entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its Web site in accordance with the CRA Regulation].]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save as discussed in “Subscription and Sale,” so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]/[Include a description of any interest in the issue/offer, including conflicts of interest, that is material to the issue/offer, detailing the persons involved and the nature of such interest.]

4. [FIXED RATE NOTES ONLY – YIELD]

Indication of yield: []

5. OPERATIONAL INFORMATION

ISIN Code: [Specify]

Common Code: [Specify]

Other Relevant Security Code: [Specify]/[Not Applicable]

Any Clearing System(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Specify]/[Not Applicable]

Delivery: [Delivery [against/free of] payment] [Specify whether customary medium-term note/ eurobond/other settlement and payment procedures apply]

Registrar: [Specify]

Transfer Agent: [Specify]

Names and addresses of initial Paying Agent(s): [Specify]

Names and addresses of additional Paying Agent(s): [Specify]/[Not Applicable]

6. DISTRIBUTION

Capacity in which named advisors have acted: *[Specify]*/*[Not Applicable]*

**FORM OF FINAL TERMS APPLICABLE TO ISSUANCES OF NOTES
NOT SUBJECT TO THE PROSPECTUS DIRECTIVE**

The following is a Pro Forma Final Terms for an issue of Notes under the Program if such Notes are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Directive. The CSSF has not reviewed information contained in these Final Terms and, therefore, the CSSF has not approved these Final Terms.

FINAL TERMS

dated [date]

**McDonald's Corporation
(the "Issuer")**

Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]

under the U.S.\$6,000,000,000

Program for the Issuance of Global Medium-Term Notes

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated November 20, 2013 [as supplemented by the Prospectus Supplement[s] dated ____]. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Base Prospectus [and the Prospectus Supplement[s] is/are] available for viewing at BNP Paribas Securities Services, Luxembourg Branch, 33, rue de Gasperich, Howald - Hesperange, L-2085 Luxembourg or at the Issuer's registered office, c/o The Prentice-Hall Corporation System, Inc., 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States, and copies may be obtained from BNP Paribas Securities Services, Luxembourg Branch, 33, rue de Gasperich, Howald - Hesperange, L-2085 Luxembourg or from the Issuer, c/o The Prentice-Hall Corporation System, Inc., 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States.

1. [(i)] Series Number: [Specify]

[(ii)] Tranche Number: [Specify]

[(iii)] Fungibility; Date on which Notes become fungible: [Not Applicable/The Notes constitute a further issuance of [insert description of the Series] and shall be consolidated and form a single series. The newly issued Notes and the outstanding Notes shall be interchangeable for trading purposes with [insert description of the Series] on [Issue Date] [date on which any transfer restrictions expire]. Upon completion of this offering, the aggregate principal amount of outstanding Notes of this Series will be [insert amount].]
2. Relevant Currency or Currencies: [Specify]
—of Denomination
—of Payment
(Condition 1.06)
3. Aggregate Principal Amount of Notes:

[(i)] Series [(including Aggregate Principal Amount of previously issued tranches of the same Series)]: [Specify]

- [(ii) Tranche: [Specify]]
4. Issue Price: [] percent of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (if applicable)]
5. Specified Denomination(s): [Specify] [plus integral multiples of [. . .]]
(Condition 1.05)
6. (i) Issue Date: [Specify]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
(Condition 21)
7. Maturity Date: [Specify date or (if FRN Convention applies) Interest Payment Date occurring in or nearest to the specified month and year]
(Condition 6.01)
8. Interest: [Specify]
(Condition 5)
- Interest Basis: [[•]% per annum Fixed Rate]
[[Specify Reference Rate] Plus/Minus [•]% per annum Floating Rate]
[Zero Coupon]
[Other [specify]]
(further particulars specified below)
- Default Interest Rate: [Specify, if different from the Interest Rate]
(Condition 5.05)
9. Maturity Redemption/Payment Basis: [Redemption at par] [Specify other]
(Condition 6.01)
10. Change of Interest Basis: [Specify details of any provision for convertibility of Notes into another interest basis]
11. Optional Early Redemption Options: [Optional Early Redemption (Put)]
[Optional Early Redemption (Call)]
[(further particulars specified below)]
12. Method of distribution: [Syndicated/Non-syndicated]
13. Relevant corporate authorization(s) required for issuance of Notes: [Specify]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions [Applicable/Not Applicable] *[if not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Rate[(s)] of Interest: [] percent per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrears]
(Condition 5)
- (ii) Interest Payment Date(s): [Specify dates] in each year, commencing on [specify date], [up to and including/excluding the Maturity Date], [adjusted in accordance with [specify applicable Business Day Convention and any applicable Business Center(s) for the definition of “Business Day”]/ No Adjustment] *[If nothing is specified, there will be no adjustment]*

- (iii) Fixed Coupon Amount(s): [] per [] in Principal Amount
- (iv) Broken Amount(s): *[Specify particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]*
- (v) Day Count Fraction: *[Actual/365] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [Specify]*
- (vi) Interest Determination Dates: [] in each year
(Condition 21) *[Specify number of Banking Days in which city(ies), if different from Condition 21]*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes : [Not Applicable/give details]
15. Floating Rate Note Provisions *[Applicable/Not Applicable] [if not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Interest Period(s): *[Specify]*
- (ii) Specified Interest Payment Dates: *[Specify]*
- (iii) Interest Payment Dates or (if the Applicable Business Day Convention is the FRN Convention) Interest Period: *[Specify dates or (if the Applicable Business Day Convention is the FRN Convention) number of months]*
- (iv) Interest Period End Dates or (if the Applicable Business Day Convention is the FRN Convention) Interest Accrual Period: *[Specify. If nothing is specified, Interest Period End Dates will correspond with Interest Payment Dates]*
- (v) (a) Business Day Convention: *[Specify, unless no adjustment is required, in which case specify "No Adjustment." If nothing is specified, Modified Following Business Day Convention shall be deemed so specified]*
- for Interest Payment Dates: []
- for Interest Period End Dates: []
- for Maturity Date: []
- any other date: []
- (b) Definition of Business Day: *[Specify any additional places or days for the purpose of adjusting any date in accordance with a Business Day Convention]*
(Condition 21)
- (vi) Relevant Financial Center: *[Specify]*
(Condition 21)
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: *[Screen Rate Determination unless unavailable, in which case, using Reference Bank quotations, as described in Condition 5.03]*
- (viii) Interest Determination Dates: [] in each year
(Condition 21) *[Specify number of Banking Days in which city(ies), if different from Condition 21]*

- (ix) Calculation Agent: *[Specify name and office]*
(Condition 21)
- (x) Screen Rate Determination:
(Condition 5.03)
- Reference Rate: *[LIBOR] [EURIBOR] [Specify other]*
- Interest Determination Date(s): *[] in each year. [Specify number of Banking Days in which city(ies), if different from Condition 21]*
(Condition 21)
- Relevant Time: *[][a.m./p.m.] [Specify city] time*
(Condition 21)
- Relevant Screen Page: *[[Reuters Screen/Other] page []]*
(Condition 5.03)
- (xi) Reference Banks: *[Specify]*
(Condition 21)
- (xii) Relevant Margin(s): *Plus/Minus [] percent per annum*
(Condition 5.03)
- (xiii) Minimum Interest Rate: *[] percent per annum*
(Condition 5.04)
- (xiv) Maximum Interest Rate: *[] percent per annum*
(Condition 5.04)
- (xv) Day Count Fraction: *[Actual/365] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)]
[Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [Specify]*
(Condition 21)
- (xvi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: *[Specify]*
16. Zero Coupon Note Provisions *[Applicable/Not Applicable] [If not applicable, delete the remaining sub-paragraphs of this paragraph.]*
(Condition 5.08)
- (i) Amortization Yield: *[] percent per annum*
- (ii) Any other formula/basis of determining amount payable: *[Specify]*
- (iii) Rate of interest on overdue amounts: *[Specify, if not the Amortization Yield]*
- (iv) Day Count Fraction: *[Actual/365] [Actual/Actual (ISDA)] [Actual/Actual (ICMA)]
[Actual/365 (Fixed)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [Specify]*

PROVISIONS RELATING TO REDEMPTION

17. Optional Early Redemption (Call): *[Applicable/Not Applicable][if not applicable, delete the remaining sub-paragraphs of this paragraph]*
(Condition 6.03)
- (i) Call Option Date(s)/Call Option *[Specify]*

Period:

- (ii) Early Redemption Amount (Call) of each Note and method, if any, of calculation of such amount(s): *[[] per Note of [] [specified denomination]] [Specify amount, if not the Outstanding Principal Amount or, in the case of any Notes which are non-interest-bearing, the Amortized Face Amount]*
- (iii) Redeemable in part: *[Applicable/Not Applicable] [Specify, otherwise redemption will only be permitted of entire Series]*
- (a) Minimum Redemption Amount: *[Specify]*
- (b) Maximum Redemption Amount: *[Specify]*
- (iv) Notice period: *[Specify]*
18. Optional Early Redemption (Put): *[Applicable/Not Applicable] [if not applicable, delete the remaining sub-paragraphs of this paragraph]*
(Condition 6.06)
- (i) Put Date(s)/Put Period: *[Specify]*
- (ii) Early Redemption Amount (Put) of each Note and method, if any, of calculation of such amount(s): *[[] per Note of [] [specified denomination]] [Specify amount, if not the Outstanding Principal Amount or, in the case of any Notes which are non-interest-bearing, the Amortized Face Amount]*
- (iii) Notice period: *[Specify]*
19. Early Redemption Amount (Tax):
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons: *[Specify amount, if not the Outstanding Principal Amount or, in the case of any Notes which are non-interest-bearing, the Amortized Face Amount]*
(Condition 6.02)
- (ii) Date after which changes in law, etc. entitle the Issuer to redeem: *[Specify, if not the Issue Date]*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes: *[Global Registered Notes]*
[Global Bearer Notes]
[Definitive Note]
21. Applicable Business Day Convention: *[Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [FRN Convention] [Eurodollar Convention] [No Adjustment] [Specify]*
(Condition 21)
22. Events of Default: *[Specify, if not the Outstanding Principal Amount or, in the case of any Notes which are non-interest-bearing, the Amortized Face Amount]*
(Condition 7.01)
- (i) Early Termination Amount:

- (ii) Any additional (or modifications to) Events of Default: *[Specify]*
23. Redenomination, renominalization and reconventioning provisions: (Condition 9C.03) *[Applicable/Not Applicable]* The provisions in Condition 9C.03 apply. *[Specify any changes]*
24. Consolidation provisions: The provisions in Condition 14 apply.
25. Exchangeability: (Condition 9C.04) *[Applicable/Not Applicable]* The provisions in Condition 9C.04 apply.
26. Replacement of Notes: (Condition 12) *[Specify Replacement Agent, if other than (or in addition to) the Fiscal Agent]*
27. Notices: (Condition 16) *[Specify any other means of effective communication]*
28. Additional U.S. Tax Considerations: *[Specify details]/[Not Applicable]*
29. Selling restrictions:
- United States of America: Regulation S: [Category 2 restrictions apply unless otherwise specified]
- Other: As specified in the Base Prospectus. *[Specify changes to selling restrictions, or any modifications of or additions to selling restrictions contained in Dealership Agreement.]*
30. Governing Law (if different than in Terms and Conditions): *[Specify]/[Not Applicable]*
31. Other final terms: *[Not Applicable/give details]*

RESPONSIBILITY

To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer confirms that such information as may be contained herein has been accurately reproduced and that, so far as the Issuer is aware, and is able to ascertain from information published by the Issuer, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By: _____
 Name:
 Title:

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing: [Yes/No]
[if Yes, specify which Stock Exchange(s)]

Admission to trading: [Application has been made for the Notes to be admitted to trading on [] with effect from [].] [Not Applicable]

[If fungible issue, indicate that original securities are already admitted to trading]

Estimate of the total expenses related to the admission to trading: [Applicable to debt securities with a denomination per unit of EUR 100,000 (or its equivalent in another currency) or more.]

2. RATINGS

Ratings: [The Notes to be issued [have been]/[are expected to be] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)].]

[The above disclosure should reflect the rating allocated to Notes of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.]

[Depending on the identity of the relevant credit rating agency and its status, include the appropriate paragraph(s) below:]

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). As such, [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its Web site in accordance with the CRA Regulation.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). [Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its Web site in accordance with the CRA Regulation.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). The ratings [have been]/[are expected to be] endorsed by [insert the legal name of the relevant EU-registered credit rating agency entity] in accordance with the CRA Regulation.

[Insert the legal name of the relevant EU-registered credit rating agency entity] is established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). As such, [insert the legal name of the relevant EU credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority [(“**ESMA**”)] on its Web site in accordance with the CRA Regulation. [ESMA has indicated that ratings issued in [Japan /

Australia / the United States / Canada / Hong Kong / Singapore / Argentina / Mexico / Brazil (delete as appropriate)] (such as the ratings by [insert the legal name of the relevant non-EU credit rating agency entity] that have been endorsed by [insert the legal name of the relevant EU credit rating agency entity that applied for registration] may be used in the European Union by the relevant market participants.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended (the “CRA Regulation”), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its Web site in accordance with the CRA Regulation]/[although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [insert the legal name of the relevant non-EU credit rating agency entity] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its Web site in accordance with the CRA Regulation].]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save as discussed in “Subscription and Sale,” so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]/[Include a description of any interest in the issue/offer, including conflicts of interest, that is material to the issue/offer, detailing the persons involved and the nature of such interest.]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Reasons for the offer: [The Issuer intends to use the net proceeds from the sale of the Notes for general corporate purposes, which may include refinancing of debt, capital expenditures, payment of dividends, and the purchase of its common stock.] *[If different, specify.]*

[Estimated net proceeds: []]

Estimated total expenses: []. *[Include breakdown of expenses. If Definitive Notes available, specify that the Issuer must bear the costs of producing Definitive Notes.]*

5. [FIXED RATE NOTES ONLY – YIELD]

Indication of yield: [].

The yield is calculated on the basis of the Issue Price using the process set forth in the Base Prospectus. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

ISIN Code: *[Specify]*

Common Code: *[Specify]*

Other Relevant Security Code: *[Specify]/[Not Applicable]*

Any Clearing System(s) other than Euroclear and Clearstream, Luxembourg and the relevant *[Specify]/[Not Applicable]*

identification number(s):

Delivery: [Delivery [against/free of] payment] [Specify whether customary medium-term note/ eurobond/other settlement and payment procedures apply]

Registrar: [Specify]

Transfer Agent: [Specify]

Names and addresses of initial Paying Agent(s): [Specify]

Names and addresses of additional Paying Agent(s): [Specify]/[Not Applicable]

7. DISTRIBUTION

If syndicated, names and addresses of Dealers/Managers and commitments: [Not Applicable]/[give names, addresses and underwriting commitments below; include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers]

Morgan Stanley & Co. International plc [address]

—Arranger: [Specify name and address]

—Relevant [Joint] Dealer[s]/[Joint] Lead Manager[s]: [Specify]/[Not Applicable]

—Other Dealers/Managers:

—Portion of the issue not being sold on a firm commitment basis: [Specify]/[Not Applicable]

Date of Terms Agreement: [Date]

Stabilizing Manager(s) (if any): [Specify name and address of the entities which have indicated they will act as intermediaries in secondary trading and description of the main terms of their commitment]/[Not Applicable]

If non-syndicated, name and address of Dealer: [Specify name and address]/[Not Applicable]

Total commission and concession: [] percent of the Aggregate Principal Amount

[Commission Payable:] [] percent

[Selling Concession:] [] percent

Tranche(s) reserved for certain countries: [Specify, where the offer is being made simultaneously in the markets of two or more countries, any tranche reserved for certain of these]/[Not Applicable]

Process for notification of amounts allotted; whether dealing may begin before notification is made: [Specify]/[Not Applicable]

Amount of expenses and taxes charged to the subscriber or purchaser: [Specify]/[Not Applicable]

Capacity in which named advisors have acted: [Specify]/[Not Applicable]

McDONALD'S CORPORATION

Incorporation and Organizational Structure

The legal and commercial name of the Issuer is McDonald's Corporation. The Issuer is a corporation that was organized under the laws of the State of Delaware, United States, on March 1, 1965, as the successor to an Illinois corporation formed in 1956. Its principal executive offices are at One McDonald's Plaza, Oak Brook, Illinois 60523, United States. Its telephone number is +1.630.623.3000, and its registered office in Delaware is c/o The Prentice-Hall Corporation System, Inc., 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States. Delaware does not issue registration numbers. The Issuer is a parent company and conducts worldwide operations through its subsidiaries.

Business Activity

The Issuer franchises and operates McDonald's restaurants. Of the 34,923 restaurants in 119 countries at September 30, 2013, 28,281 were licensed to franchisees (including 20,117 franchised to conventional franchisees, 4,566 licensed to developmental licensees and 3,598 licensed to foreign affiliates ("affiliates") – primarily Japan) and 6,642 were operated by the Issuer. Under the Issuer's conventional franchise arrangement, franchisees provide a portion of the capital required by initially investing in the equipment, signs, seating and décor of their restaurant businesses, and by reinvesting in the business. The Issuer owns the land and building or secures long-term leases for both Company-operated and conventional franchised restaurant sites. This maintains long-term occupancy rights, helps control related costs and assists in alignment with franchisees. In certain circumstances, the Issuer participates in reinvestment for conventional franchised restaurants. Under the Issuer's developmental license arrangement, licensees provide capital for the entire business, including the real estate interest, and the Issuer has no capital invested. In addition, the Issuer has an equity investment in a limited number of affiliates that invest in real estate and operate and/or franchise restaurants within a market.

The Issuer views itself primarily as a franchisor and believes franchising is important to delivering great, locally-relevant customer experiences and driving profitability. However, directly operating restaurants is paramount to being a credible franchisor and is essential to providing the Issuer's personnel with restaurant operations experience. In the Company-operated restaurants, and in collaboration with franchisees, the Issuer further develops and refines operating standards, marketing concepts and product and pricing strategies, so that only those that it believes are most beneficial are introduced in the restaurants. The Issuer continually reviews, and as appropriate adjusts, its mix of Company-operated and franchised restaurants to help optimize overall performance.

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

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

The Issuer and its franchisees purchase food, packaging, equipment and other goods from numerous independent suppliers. The Issuer has established and strictly enforces high quality standards and product specifications. The Issuer has quality centers around the world to ensure that its high standards are consistently met. The quality assurance process not only involves ongoing product reviews, but also on-site supplier visits. A quality leadership board, composed of the Issuer's technical, safety and supply chain specialists, provides strategic global leadership for all aspects of food quality and safety. In addition, the Issuer works closely with suppliers to encourage innovation, assure best practices and drive continuous improvement. Leveraging scale, supply chain infrastructure and risk management strategies, the Issuer also collaborates with suppliers toward a goal of achieving competitive, predictable food and paper costs over the long term.

Independently owned and operated distribution centers, approved by the Issuer, distribute products and supplies to most McDonald's restaurants. In addition, restaurant personnel are trained in the proper storage, handling and preparation of products and in the delivery of customer service.

McDonald's global brand is well known. Marketing, promotional and public relations activities are designed to promote the Issuer's brand image and differentiate the Issuer from competitors. Marketing and promotional efforts focus on value, food taste, menu choice, nutrition, convenience and the customer experience. The Issuer continuously endeavors to improve its social responsibility and environmental practices to achieve long-term sustainability, which benefits the Issuer and the communities it serves.

The Issuer's restaurants are located in the United States and in many foreign locations, principally Japan, China, Germany, Canada, France, the United Kingdom and Australia. No one restaurant location accounts for more than 10% of the Issuer's gross revenue. At September 30, 2013, 34,923 McDonald's quick-service restaurants existed worldwide in 119 countries, of which 14,213 were located in the United States and 20,710 were located outside of the United States.

Products

McDonald's restaurants offer a substantially uniform menu, although there are geographic variations to suit local consumer preferences and tastes. In addition, the Issuer tests new products on an ongoing basis.

McDonald's menu includes hamburgers and cheeseburgers, Big Mac, Quarter Pounder with Cheese, Filet-O-Fish, several chicken sandwiches, Chicken McNuggets, Snack Wraps, french fries, salads, oatmeal, shakes, McFlurry desserts, sundaes, soft serve cones, pies, soft drinks, coffee, McCafé beverages and other beverages. In addition, the restaurants sell a variety of other products during limited-time promotions.

McDonald's restaurants in the U.S. and many international markets offer a full or limited breakfast menu. Breakfast offerings may include Egg McMuffin, Sausage McMuffin with Egg, McGriddles, biscuit and bagel sandwiches and hotcakes.

Intellectual Property

The Issuer owns or is licensed to use valuable intellectual property including trademarks, service marks, patents, copyrights, trade secrets and other proprietary information. The Issuer considers the trademarks "McDonald's" and "The Golden Arches Logo" to be of material importance to its business. Depending on the jurisdiction, trademarks and service marks generally are valid as long as they are used and/or registered. Patents, copyrights and licenses are of varying remaining durations.

Competition

McDonald's restaurants compete with international, national, regional and local retailers of food products. The Issuer competes on the basis of price, convenience, service, menu variety and product quality in a highly fragmented global restaurant industry.

In measuring the Issuer's competitive position, management reviews data compiled by Euromonitor International, a leading source of market data with respect to the global restaurant industry. The Issuer's primary competition, which management refers to as the Informal Eating Out ("IEO") segment, includes the following restaurant categories defined by Euromonitor International: quick-service eating establishments, casual dining full-service restaurants, 100% home delivery/takeaway providers, street stalls or kiosks, specialist coffee shops, juice/smoothie bars and self-service cafeterias. The IEO segment excludes establishments that primarily serve alcohol and full-service restaurants other than casual dining.

Based on data from Euromonitor International, the global IEO segment was composed of approximately 7.0 million outlets and generated \$1.05 trillion in annual sales in 2011, the most recent year for which data is available. McDonald's Systemwide 2011 restaurant business accounted for approximately 0.5% of those outlets and about 8% of the sales.

Management also on occasion benchmarks McDonald's against the entire restaurant industry, including the IEO segment defined above and all other full-service restaurants. Based on data from Euromonitor International, the restaurant industry was composed of approximately 14.8 million outlets and generated about \$2.11 trillion in annual sales in 2011. McDonald's Systemwide restaurant business accounted for approximately 0.2% of those outlets and about 4% of the sales.

Research and Development

The Issuer operates research and development facilities in the United States, Europe and Asia. While research and development activities are important to the Issuer's business, these expenditures are not material. Independent suppliers also conduct research activities that benefit the Issuer, its franchisees and suppliers (collectively referred to as the "System").

Environmental Matters

Increased focus by U.S. and overseas governmental authorities on environmental matters is likely to lead to new governmental initiatives, particularly in the area of climate change. While the Issuer cannot predict the precise nature of these initiatives, it expects that they may impact the Issuer's business both directly and indirectly. Although the impact would likely vary by world region and/or market, the Issuer believes that adoption of new regulations may increase costs, including for the Issuer, its franchisees and suppliers. Also, there is a possibility that governmental initiatives, or actual or perceived effects of changes in weather patterns or climate, could have a direct impact on the operations of the Issuer's restaurants or the operations of its suppliers in ways which it cannot predict at this time.

The Issuer monitors developments related to environmental matters and plans to respond to governmental initiatives in a timely and appropriate manner. At this time, the Issuer has already begun to undertake its own initiatives relating to preservation of the environment, including the development of a means to monitor and reduce energy use, in many of its markets.

Number of Employees

The Issuer computes the number of its employees once per year, at year-end. The Issuer's number of employees worldwide, including Company-operated restaurant employees, was approximately 440,000 as of December 31, 2012.

Investments

The Issuer has not made any principal investments since the date of its last published unaudited financial statements. General information regarding the Issuer's investments in 2013 can be found in the interim financial statements included herein beginning on Page 86.

Strategic Direction and Financial Performance

The information disclosed in this section and the “Outlook” section below should be read in connection with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in the Issuer’s (a) Form 10-K for the fiscal year ended December 31, 2012; (b) Form 10-Q for the quarterly period ended March 31, 2013; (c) Form 10-Q for the quarterly period ended June 30, 2013; and (d) Form 10-Q for the quarterly period ended September 30, 2013, which are herein incorporated by reference.

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

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

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

Global comparable sales increased 0.9% and 0.3% for the quarter and nine months, respectively. The overall challenging environment, namely flat to declining informal eating out markets, diminishing ability to raise menu prices and heightened competitive activity, continued to pressure performance. On a consolidated basis, comparable guest counts decreased 1.4% for the nine months. Comparable sales are driven by changes in guest counts and average check, which are affected by changes in pricing and product mix. Generally, the goal is to achieve a balanced contribution from both guest counts and average check.

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

U.S. comparable sales increased 0.7% and 0.2% for the quarter and nine months, respectively. New product introductions across the four key growth categories of chicken, beef, breakfast and beverages, and ongoing support for everyday value and McDonald’s classic core favorites, contributed to the segment’s sales performance. Sales results for the quarter were also positively impacted by the popular Monopoly promotion. Moving forward, U.S. business initiatives are designed to satisfy evolving customer expectations through a balanced approach to value, variety and convenience. Additionally, ongoing restaurant reimagining and customer service initiatives continue to be a priority in enhancing the customer experience.

In Europe, comparable sales increased 0.2% for the quarter and decreased 0.3% for the nine months, respectively, reflecting positive performance in the U.K. and Russia, and continued weak performance in Germany. Solid results in France also contributed to the quarter. Looking ahead, Europe remains focused on reigniting momentum with enhanced premium beverage and menu items and everyday affordability options across all dayparts. In addition, Europe continues to focus on enhancing the customer experience through ongoing restaurant reimagining and technology initiatives.

In APMEA, comparable sales decreased 1.4% and 1.7% for the quarter and nine months, respectively, primarily due to negative results in Japan, China and Australia, partly offset by positive performance in several other markets. APMEA remains focused on driving performance by offering comprehensive value platforms, accelerating growth at breakfast, modernizing the customer experience through ongoing restaurant reimagining, and broadening accessibility through service and convenience initiatives and new restaurant development.

Third Quarter and Nine Months 2013 Operating Results Included:

- Global comparable sales increased 0.9% for the quarter and 0.3% for the nine months.
- Consolidated revenues increased 2% (2% in constant currencies) for the quarter and nine months.
- Consolidated operating income increased 6% (6% in constant currencies) for the quarter and increased 2% (3% in constant currencies) for the nine months.
- Diluted earnings per share were \$1.52 for the quarter and \$4.16 for the nine months, up 6% (7% in constant currencies) and 5% (5% in constant currencies), respectively. Foreign currency translation negatively impacted diluted earnings per share by \$0.01 for the quarter and \$0.03 for the nine months.
- For the nine months, the Issuer paid total dividends of \$2.3 billion and repurchased 13.3 million shares for \$1.3 billion.
- The quarterly cash dividend increased 5% to \$0.81 per share – the equivalent of \$3.24 annually – effective for the fourth quarter 2013.

Outlook

The Issuer expects the dynamics of the current environment to persist, namely flat to declining informal eating out markets, diminishing ability to raise menu prices, ongoing cost pressures and heightened competitive activity. As a result, for the fourth quarter, the Issuer expects its global comparable sales performance to be in-line with recent quarterly trends while restaurant margin percentages are expected to decline at a level relatively similar to its first quarter results. While the Issuer does not provide specific guidance on earnings per share, the following information is provided to assist in forecasting the Issuer's future results.

- Changes in Systemwide sales are driven by comparable sales and net restaurant unit expansion. The Issuer expects net restaurant additions to add approximately 2.5 percentage points to 2013 Systemwide sales growth (in constant currencies), most of which will be due to the 1,135 net traditional restaurants added in 2012.
- The Issuer does not generally provide specific guidance on changes in comparable sales. However, as a perspective, assuming no change in cost structure, a 1 percentage point increase in comparable sales for either the U.S. or Europe would increase annual diluted earnings per share by about 4 cents.
- With about 75% of the Issuer's grocery bill comprised of 10 different commodities, a basket of goods approach is the most comprehensive way to look at the Issuer's commodity costs. For the full year 2013, the total basket of goods cost is expected to increase 1.5-2.0% in the U.S. and Europe.
- The Issuer expects full-year 2013 selling, general and administrative expenses to decrease between 2-3% in constant currencies.
- Based on current interest and foreign currency exchange rates, the Issuer expects interest expense for the full year 2013 to increase approximately 1-2% compared with 2012.
- A significant part of the Issuer's operating income is generated outside the U.S., and about 35% of its total debt is denominated in foreign currencies. Accordingly, earnings are affected by changes in foreign currency exchange rates, particularly the Euro, British Pound, Australian Dollar and Canadian Dollar. Collectively, these currencies represent approximately 65% of the Issuer's operating income outside the U.S. If all four of these currencies moved by 10% in the same direction, the Issuer's annual diluted earnings per share would change by about 25 cents.
- The Issuer expects the effective income tax rate for the full-year 2013 to be 31% to 33%. Some volatility may be experienced between the quarters resulting in a quarterly tax rate that is outside the annual range.
- The Issuer expects capital expenditures for 2013 to be about \$3.0 billion. Over half of this amount will be used to open new restaurants. The Issuer expects to open about 1,500 restaurants including about 500 restaurants in affiliated and developmental licensee markets, such as Japan and Latin America, where the Issuer does not fund any capital expenditures. The Issuer expects net additions of about 1,200 traditional restaurants. The remaining capital will be used to reinvest in existing locations, in part through reimagining. More than 1,600 restaurants worldwide are expected to be reimaged, including locations in affiliated and developmental licensee markets that require no capital investment from the Issuer.

On November 14, 2013, the Issuer updated certain elements of its Outlook for 2014, as follows:

- The Issuer expects capital expenditures of \$2.9 to 3.0 billion, providing for 1,500 to 1,600 new restaurant openings and about 1,000 reimages.
- Commodity cost forecasts reflect an increase in the Issuer's overall basket of goods of 1.0% to 2.0% in the U.S. and 1.5% to 2.5% in Europe.
- The Issuer expects selling, general and administrative expenses to increase approximately \$200 million, reflecting:
 - Higher employee expenses, primarily due to the impact of below-target 2013 incentive pay, as well as costs to support restaurant growth, capacity enhancements and digital initiatives, and
 - Expenses associated with the Issuer's Worldwide Owner/Operator convention and sponsorship of the Winter Olympic Games in Sochi.

The Following Definitions Apply to These Terms as Used Throughout This Base Prospectus:

- Information in constant currency is calculated by translating current year results at prior year average exchange rates. Management reviews and analyzes business results excluding the effect of foreign currency translation and bases incentive compensation plans on these results because they believe this better represents the Issuer's underlying business trends.
- Systemwide sales include sales at all restaurants, whether operated by the Issuer or by franchisees. While franchised sales are not recorded as revenues by the Issuer, management believes the information is important in understanding the Issuer's financial performance because these sales are the basis on which the Issuer calculates and records franchised revenues and are indicative of the financial health of the franchisee base.

- Comparable sales represent sales at all restaurants and comparable guest counts represent the number of transactions at all restaurants, whether operated by the Issuer or by franchisees, in operation at least thirteen months including those temporarily closed. Some of the reasons restaurants may be temporarily closed include reimaging or remodeling, rebuilding, road construction and natural disasters. Comparable sales exclude the impact of currency translation. Comparable sales are driven by changes in guest counts and average check, which is affected by changes in pricing and product mix. Management reviews the increase or decrease in comparable sales and comparable guest counts compared with the same period in the prior year to assess business trends. The number of weekdays and weekend days, referred to as the calendar shift/trading day adjustment, can impact comparable sales and guest counts. In addition, the timing of holidays can also impact comparable sales and guest counts.

Public Announcements

The Issuer's current practice is to issue sales information on a monthly basis for each of the first two months of every quarter and earnings information, along with third month sales, on a quarterly basis.

Management

The following are the executive officers and members of the Board of Directors of the Issuer.

Executive Officers

Jose Armario, 54, is Corporate Executive Vice President—Global Supply Chain, Development and Franchising, a position he has held since October 2011. He previously served as Group President, McDonald's Canada and Latin America from February 2008 through September 2011 and President, McDonald's Latin America from December 2003 to February 2008. Mr. Armario has served the Issuer for 17 years.

Peter J. Bensen, 51, is Corporate Executive Vice President and Chief Financial Officer, a position he has held since January 2008. From April 2007 through December 2007, he served as Corporate Senior Vice President—Controller. Prior to that time, Mr. Bensen served as Corporate Vice President—Assistant Controller from February 2002 through March 2007. He has served the Issuer for 17 years.

Stephen J. Easterbrook, 46, is Corporate Executive Vice President and Global Chief Brand Officer, a position he has held since June 2013. From September 2012 through May 2013, Mr. Easterbrook served as the Chief Executive Officer of Wagamama Limited and from September 2011 to September 2012, he served as the Chief Executive Officer of PizzaExpress Limited. Prior to September 2011, Mr. Easterbrook served in a number of roles with the Issuer. From December 2010 to September 2011, he held the position of President, McDonald's Europe, and from September 2010 to December 2010, he served as Corporate Executive Vice President and Global Chief Brand Officer. Mr. Easterbrook served as Chief Executive Officer and President, McDonald's U.K. from April 2006 to September 2010 and was given additional responsibility as President, Northern Division, Europe from January 2007 to September 2010. Except for the period he was with PizzaExpress and Wagamama, Mr. Easterbrook has served the Issuer for 19 years.

Timothy J. Fenton, 56, is Chief Operating Officer, a position he has held since July 2012. From January 2005 through June 2012, he held the position of President, McDonald's Asia/Pacific, Middle East and Africa and he served as President, East Division for McDonald's USA from May 2003 to January 2005. Mr. Fenton has served the Issuer for 39 years.

Richard Floersch, 56, is Corporate Executive Vice President and Chief Human Resources Officer. Mr. Floersch joined the Issuer in November 2003. He previously served as Senior Vice President of Human Resources for Kraft Foods from 1998 through 2003. Mr. Floersch has served the Issuer for ten years.

Douglas M. Goare, 61, is President, McDonald's Europe, a position he has held since October 2011. From February 2011 through September 2011, he served as Corporate Executive Vice President of Supply Chain and Development. From June 2007 through November 2010, he held the position of Corporate Senior Vice President of Supply Chain. In addition to this role, Mr. Goare assumed responsibility for Development in December 2010 and served as Corporate Senior Vice President of Supply Chain and Development through January 2011. Mr. Goare has served the Issuer for 34 years.

David L. Hoffmann, 45, is President of Asia/Pacific, Middle East and Africa, a position he has held since July 2012. From January 2012 through June 2012, he held the position of Senior Vice President and Restaurant Support Officer for Asia/Pacific, Middle East and Africa. Prior to that time, he held the position of Vice President of Strategy, Insights and Development for Asia/Pacific, Middle East and Africa from May 2011 through December 2011. From November 2008 through April 2011, he held the position of Executive Vice President of McDonald's Japan. He held the position of Senior Vice President – Strategy and Franchising of McDonald's Japan from August 2007 through October 2008. Mr. Hoffman has served the Issuer for 17 years.

Kenneth M. Koziol, 54, is Corporate Executive Vice President – Chief Restaurant Officer, a position he has held since February 2013. From July 2006 through January 2013, he held the position of Corporate Senior Vice President – Innovation. Prior to that time, Mr. Koziol served as Corporate Vice President – Restaurant Solutions Group Worldwide Innovation from June 2004 to July 2006. Mr. Koziol has served the Issuer for 25 years.

Kevin M. Ozan, 50, is Corporate Senior Vice President – Controller, a position he has held since February 2008. From May 2007 through January 2008, he served as Corporate Vice President – Assistant Controller. He previously served as a Senior Director in Investor Relations from May 2006 to April 2007. Mr. Ozan has served the Issuer for 16 years.

Gloria Santona, 63, is Corporate Executive Vice President, General Counsel and Secretary, a position she has held since July 2003. From June 2001 to July 2003, she served as Corporate Senior Vice President, General Counsel and Secretary. Ms. Santona has served the Issuer for 36 years.

Jeffrey P. Stratton, 58, is President, McDonald's USA, a position he has held since December 2012. He previously served as Corporate Executive Vice President—Chief Restaurant Officer from January 2005 through November 2012 and prior to that, served as U.S. Executive Vice President, Chief Restaurant Officer from January 2004 through December 2004. Preceding this, he served as Senior Vice President, Chief Restaurant Officer of McDonald's USA from May 2002 to January 2004. Mr. Stratton has served the Issuer for 40 years.

Donald Thompson, 50, is President and Chief Executive Officer, a position he has held since July 2012. He served as President and Chief Operating Officer from January 2010 through June 2012. Mr. Thompson was also elected a Director in January 2011. Prior to that, he served as President, McDonald's USA, from August 2006 to January 2010, and as Executive Vice President and Chief Operations Officer for McDonald's USA from January 2005 to August 2006. Mr. Thompson has served the Issuer for 23 years.

Directors

Susan E. Arnold, 59

Director since 2008

Class 2014

Other current directorships: The Walt Disney Company

Career highlights:

- The Procter & Gamble Company, a manufacturer and marketer of consumer goods
 - Special assignment reporting to Chief Executive Officer (2009)
 - President—Global Business Units (2007–2009)
 - Vice Chair, P&G Beauty and Health (2006–2007)
 - Vice Chair, P&G Beauty (2004–2006)

Experience and qualifications: Ms. Arnold was a senior executive responsible for major consumer brands in a large, global brand management company. She has knowledge of product development, strategy and business development, finance, marketing and consumer insights and sustainability.

Robert A. Eckert, 59

Director since 2003

Class 2015

Other current directorships: Amgen Inc. and Levi Strauss & Co.

Former directorships (within past five years): Mattel, Inc.

Career highlights:

- Mattel, Inc., a designer, manufacturer and marketer of toy products
 - Chairman of the Board (2000–2012)
 - Chief Executive Officer (2000–2011)

Experience and qualifications: Having served as chief executive officer of large, global branded companies (consumer branded and food products), Mr. Eckert has knowledge of product development, marketing and consumer insights, corporate governance, leadership development and succession planning, finance, risk assessment, supply chain management and distribution, and strategy and business development.

Enrique Hernandez, Jr., 58

Director since 1996

Class 2015

Other current directorships: Chevron Corporation, Nordstrom, Inc. and Wells Fargo & Company

Career highlights:

- Inter-Con Security Systems, Inc., a provider of high-end security and facility support services to government, utilities and industrial customers
 - President and Chief Executive Officer (1986–Present)

- Nordstrom, Inc.
 - Non-executive Chairman (2006–Present)

Experience and qualifications: Mr. Hernandez is the chief executive officer of a global security company and has been a director of several large public companies in various industries. He has knowledge of strategy and business development, corporate governance, finance, risk assessment, and leadership development and succession planning.

Jeanne P. Jackson, 62

Director since 1999

Class 2015

Other current directorships: Kraft Foods Group, Inc.

Former directorships (within past five years): Harrah's Entertainment, Inc., Motorola Mobility Holdings, Inc., NIKE, Inc. and Nordstrom, Inc.

Career highlights:

- NIKE, Inc., a designer, marketer and distributor of athletic footwear, equipment and accessories
 - President, Direct to Consumer (2009–Present)
- MSP Capital, a private investment company
 - Chief Executive Officer (2002–2009)

Experience and qualifications: Ms. Jackson is a senior executive for a major consumer retailer and has experience as a senior executive in global brand management with several other major consumer retailers. She also has been a director of several large, public companies, primarily involved in consumer goods and services. She has knowledge of product development, strategy and business development, leadership development and succession planning, finance, and marketing and consumer insights.

Richard H. Lenny, 61

Director since 2005

Class 2014

Other current directorships: ConAgra Foods, Inc. and Discover Financial Services

Career highlights:

- Friedman, Fleischer & Lowe, LLC, a private equity firm
 - Operating partner (2011–Present)
- The Hershey Company, a manufacturer, distributor and marketer of candy, snacks and candy-related grocery products
 - Chairman, President and Chief Executive Officer (2002–2007)

Experience and qualifications: Mr. Lenny has experience as a chief executive officer for a global retail food company that is a major consumer brand. He has knowledge of strategy and business development, finance, marketing and consumer insights, supply chain management and distribution, risk assessment and sustainability.

Walter E. Massey, 75

Director since 1998

Class 2014

Former directorships (within past five years): Bank of America Corporation, BP p.l.c. and Delta Airlines, Inc.

Career highlights:

- School of the Art Institute of Chicago
 - President (2010–Present)
- Morehouse College
 - President Emeritus
 - President (1995–2007)

Experience and qualifications: Dr. Massey has experience in chief executive roles of several large academic organizations and as a director of multiple large, global public companies in various industries. He has knowledge of strategy, policy and government relations matters, sustainability, leadership development and succession planning, risk assessment, finance and shareholder relations.

Andrew J. McKenna, 84

Director since 1991

Non-Executive Chairman Since 2004

Class 2015

Other current directorships: Skyline Corporation

Former directorships (within past five years): Aon Corporation

Career highlights:

- Schwarz Supply Source, a printer, converter, producer and distributor of packaging and promotional material
 - Chairman (1992–Present)

Experience and qualifications: Mr. McKenna has experience as the chief executive officer of a large global provider of paper-based goods. He has knowledge of strategy and business development, corporate governance, risk assessment, leadership development and succession planning, shareholder relations and finance. He also has experience as a director of multiple large public companies, charities and civic organizations.

Cary D. McMillan, 55

Director since 2003

Class 2014

Other current directorships: American Eagle Outfitters, Inc.

Former directorships (within past five years): Hewitt Associates, Inc.

Career highlights:

- True Partners Consulting LLC, a professional services firm providing tax and other financial services
 - Chief Executive Officer (2005–Present)
- Sara Lee Branded Apparel, a branded apparel company
 - Chief Executive Officer (2001–2004)
- Sara Lee Corporation, a branded packaged goods company
 - Executive Vice President (2000–2004)

Experience and qualifications: In addition to serving as chief executive officer of a professional services firm, Mr. McMillan has experience as a senior executive of a large, globally branded consumer and food products company. He is also a certified public accountant. He has knowledge of strategy and business development, finance and accounting, risk assessment, product development, leadership development and succession planning, and supply chain management and distribution.

Sheila A. Penrose, 68

Director since 2006

Class 2014

Other current directorships: Jones Lang LaSalle Incorporated

Career highlights:

- Jones Lang LaSalle Incorporated, a global real estate services and investment management firm
 - Non-executive Chairman (2005–Present)
- Penrose Group, a provider of strategic advisory services on financial and organizational strategies
 - President (2000–2007)
- Boston Consulting Group, a global management consulting firm
 - Executive Advisor (2001–2008)

Experience and qualifications: Ms. Penrose has experience as a senior executive of a large investment services and banking company, as executive advisor to a leading global consulting firm, and as a Chairman of a large, global real estate services and investment management firm. She has knowledge of strategy and business development, finance, risk assessment, real estate, leadership development and succession planning, and sustainability.

John W. Rogers, Jr., 55

Director since 2003

Class 2014

Other current directorships: Ariel Investment Trust and Exelon Corporation

Former directorships (within past five years): Aon Corporation and Commonwealth Edison Company

Career highlights:

- Ariel Investments, LLC, a privately held institutional money management firm
 - Founder, Chairman of the Board and Chief Executive Officer (1983–Present)
- Ariel Investment Trust
 - Trustee (1986–1993; 2000–Present)

Experience and qualifications: Mr. Rogers is the chief executive officer of an institutional money management firm. He has knowledge of finance, shareholder relations, risk assessment, leadership development and succession planning, corporate responsibility, and strategy and business development. He also has experience as a director of multiple public companies, charities and civic organizations.

Roger W. Stone, 78

Director since 1989

Class 2014

Other current directorships: KapStone Paper and Packaging Corporation

Career highlights:

- KapStone Paper and Packaging Corporation, formerly Stone Arcade Acquisition Corporation, a producer of paper, packaging and forest products
 - Chairman and Chief Executive Officer (2005–Present)
- Stone Tan China Holding Corporation, an investment holding company
 - Chairman (2010–Present)
- Stone Tan China Acquisition (Hong Kong) Co. Ltd.
 - Chairman (2010–Present)
- Stone-Kaplan Investment, LLC
 - Manager (2004–2008)

Experience and qualifications: Mr. Stone is the chief executive officer of a large, global paper and packaging business. He has experience in the sourcing and sale of product packaging and related commodities, supply chain management and distribution, sustainability, strategy and business development, finance, leadership development and succession planning, and risk assessment.

Donald Thompson, 50

Director since 2011

Class 2015

Career highlights:

- McDonald's Corporation
 - President and Chief Executive Officer (2012–Present)
 - President and Chief Operating Officer (2010–2012)
 - President, McDonald's USA (2006–2010)
 - Executive Vice President and Chief Operations Officer, McDonald's USA (2005–2006)

Experience and qualifications: Mr. Thompson provides a Company perspective in Board discussions about the business, particularly with respect to worldwide operations, competitive landscape, senior leadership and strategic opportunities and challenges for the Company. In addition, as an independent director of another public company, Mr. Thompson has gained additional perspectives, including on governance and operational matters relevant to the Company.

Miles D. White, 58

Director since 2009

Class 2014

Other current directorships: Abbott Laboratories and Caterpillar, Inc.

Former directorships (within past five years): Motorola, Inc.

Career highlights:

- Abbott Laboratories, a global pharmaceuticals and biotechnology company
 - Chairman and Chief Executive Officer (1999–Present)

Experience and qualifications: Mr. White is the chief executive officer of a large pharmaceutical, biotechnology and nutritional health products company. He has knowledge of strategy and business development, risk assessment, finance, leadership development and succession planning, and corporate governance.

Each of the Issuer's Directors is a citizen of the United States. The business address of each Director and officer of the Issuer in his or her capacity as such is One McDonald's Plaza, Oak Brook, Illinois 60523, United States.

Conflicts of Interest

Policies and Procedures for Related Person Transactions

The McDonald's System has over 34,000 restaurants worldwide, most of which are independently owned and operated. Within this extensive System, it is not unusual for the Issuer's business to touch many companies in many industries, including suppliers of food and other products and services. The Board of Directors reviews and approves (or ratifies), as appropriate, transactions, relationships or arrangements in which the Issuer is a participant and that involve Directors, executive officers, beneficial owners of more than 5% of its common stock, their immediate family members, domestic partners and companies in which they have a material interest.

The Issuer's Board has adopted a policy that sets out procedures for the reporting, review and ratification of related person transactions. The policy operates in conjunction with other aspects of the Issuer's compliance program, including a requirement that Directors and employees report any circumstances that may create or appear to create a conflict, regardless of the amount involved. Directors and executive officers must also confirm information about related person transactions, and management reviews its books and records and makes other inquiries as appropriate.

Under the Board's policy, the Audit Committee evaluates related person transactions for purposes of recommending to the disinterested members of the Board that the transactions are fair, reasonable and within the Issuer's policies and should be approved or ratified.

The Issuer's Board has considered certain types of potential related person transactions and pre-approved them as not presenting material conflicts of interest. Those transactions include (a) compensation paid to Directors and executive officers that has been approved by the Board or the Compensation Committee; (b) Issuer contributions to Ronald McDonald House Charities, Inc. and certain other contributions made in limited amounts to other charitable or not-for-profit organizations; and (c) transactions in which the related person's interest arises solely from ownership of the Issuer's common stock and all holders of the common stock receive the same benefit on a pro rata basis. The Audit Committee considers the appropriateness of any related person transaction not within these pre-approved classes in light of all relevant factors, including:

- the terms of the transaction and whether they are arm's-length and in the ordinary course of the Issuer's business;
- the direct or indirect nature of the related person's interest in the transaction;
- the size and expected duration of the transaction; and
- other facts and circumstances that bear on the materiality of the related person transaction under applicable law and listing standards.

Related person transactions involving Directors are also subject to approval or ratification by the disinterested Directors when so required under Delaware law.

Related Person Transactions

In 2012, the Issuer and its subsidiaries purchased approximately \$660,000 worth of paper and other printed products (principally food product liners, trayliners, french fry bags, hash brown bags and bag stuffers) from Schwarz Supply Source. Director McKenna is Chairman of Schwarz, and during most of 2012 was a 33.66% shareholder of Schwarz. Members of Director McKenna's family were also shareholders of Schwarz during most of 2012. Mr. McKenna and his family members ceased to be shareholders of Schwarz on December 28, 2012. Schwarz's business with the Issuer and its subsidiaries represents less than 1% of Schwarz's total revenues. The Issuer believes that these purchases were made on terms at least as favorable as would have been available from other parties. The disinterested Directors ratified this transaction for 2012 and approved the continuation of this arrangement under similar terms for 2013.

In 2012, Inter-Con Security Systems, Inc. provided physical security services for the Issuer's home office campus. Director Hernandez is the President and Chief Executive Officer, as well as a 51.44% shareholder of Inter-Con. Payments by the Issuer to Inter-Con for 2012 for such services totaled approximately \$1.4 million. The Issuer believes that these services, which represent less than 1% of the revenues of Inter-Con, were made on terms at least as favorable as would have been available from other parties. The disinterested Directors ratified this transaction for 2012 and approved the continuation of this arrangement under similar terms for 2013.

During 2012, Mr. Stephen Stratton, the brother of Mr. Jeffrey Stratton, President, McDonald's USA, owned and operated three U.S. McDonald's restaurants. In January 2013, Mr. Stephen Stratton purchased a fourth U.S. McDonald's restaurant from a franchisee, consistent with the Issuer's policies regarding the sale of restaurants between franchisees. During 2012, Mr. Stephen Stratton paid rent and service fees under the terms of standard franchise agreements with McDonald's USA, LLC, a subsidiary of the Issuer, for the restaurants. These payments totaled \$1,190,270 in 2012, and were net of refunds that are associated with participation in various initiatives and promotions, which are generally available to all U.S. owner-operators.

Mr. Jeffrey Stratton's son-in-law, Mr. Jeff Ringel, is employed as a Vice President, Graphic Services of the Perseco business unit of HAVI Global Solutions ("HGS"). Mr. Brian Stratton, Mr. Jeffrey Stratton's son, is Director of Supply Chain for HAVI-ISIS Logistics, also a business unit of HGS. HGS and its business units have been significant suppliers of products and services to the McDonald's System. Messrs. Ringel and Stratton are employed by HGS on an at-will basis, and their compensation is determined at the discretion of HGS. In 2012, the Issuer and its subsidiaries made aggregate payments to HGS of approximately \$690 million.

Board Practices

The Issuer is subject to the corporate governance laws and requirements of the State of Delaware, the U.S. federal securities laws, and the New York Stock Exchange ("NYSE"). To the best of its knowledge and belief, the Issuer complies with the laws and

regulations of these corporate governance regimes. The Issuer's Corporate Governance principles provide for six standing committees, which include Audit; Compensation; Governance; Sustainability and Corporate Responsibility; Finance; and Executive.

The Audit Committee appoints the Issuer's independent auditors and evaluates their independence and performance. The Audit Committee reviews with the internal auditors and the independent auditors the overall scope and results of their respective audits, the internal accounting and financial controls, and the steps management has taken to monitor and control the Issuer's major risk exposures. The Audit Committee also reviews the Issuer's material financial disclosures and pre-approves all audit and permitted non-audit services. In addition, the Audit Committee annually reviews the adequacy and appropriateness of the Issuer's compliance programs including the Issuer's disclosure controls and procedures. Members of the Audit Committee are Directors Hernandez (Chairman), Massey, McMillan, Penrose and Stone. All members of the Audit Committee are independent within the meaning of the listing standards of the NYSE.

Share Capital and Shareholders

The Issuer's common stock trades under the symbol MCD and is listed on the NYSE in the United States. At September 30, 2013, the Issuer had 3.5 billion authorized shares of common stock, with \$0.01 par value, of which 1,660.6 million were issued and fully paid up and 995.0 million were outstanding. Common stock paid-in capital at September 30, 2013 was \$16.6 million. The number of shareholders of record and beneficial owners of the Issuer's common stock as of September 30, 2013 was approximately 1.8 million. To the best of its knowledge, the Issuer is not directly or indirectly owned or controlled by any major shareholders.

Each share of common stock is equal to every other share of common stock in every respect. Subject to any exclusive voting rights which may vest in holders of preferred stock, the shares of common stock entitle the holders thereof to one vote for each share upon all matters upon which stockholders have the right to vote.

Legal and Arbitration Proceedings

The Issuer has pending a number of lawsuits that have been filed in various jurisdictions. These lawsuits cover a broad variety of allegations spanning the Issuer's entire business. The following is a brief description of the more significant types of lawsuits. In addition, the Issuer is subject to various federal, state and local regulations that impact various aspects of its business, as discussed below. While the Issuer does not believe that any such claims, lawsuits or regulations will have a material adverse effect on its financial condition or results of operations, unfavorable rulings could occur. Were an unfavorable ruling to occur, there exists the possibility of a material adverse impact on net income for the period in which the ruling occurs or for future periods.

Franchising

A substantial number of the Issuer's restaurants are franchised to independent entrepreneurs operating under contractual arrangements with the Issuer. In the course of the franchise relationship, occasional disputes arise between the Issuer and its franchisees relating to a broad range of subjects including, but not limited to, quality, service and cleanliness issues, contentions regarding grants or terminations of franchises, delinquent payments of rents and fees, and franchisee claims for additional franchises or rewrites of franchises. Additionally, occasional disputes arise between the Issuer and individuals who claim they should have been granted a McDonald's franchise.

Suppliers

The Issuer and its affiliates and subsidiaries generally do not supply food, paper or related items to any McDonald's restaurants. The Issuer relies upon numerous independent suppliers that are required to meet and maintain the Issuer's high standards and specifications. On occasion, disputes arise between the Issuer and its suppliers which include, by way of example, compliance with product specifications and the Issuer's business relationship with suppliers. In addition, disputes occasionally arise on a number of issues between the Issuer and individuals or entities who claim that they should be (or should have been) granted the opportunity to supply products or services to the Issuer's restaurants.

Employees

Hundreds of thousands of people are employed by the Issuer and in restaurants owned and operated by subsidiaries of the Issuer. In addition, thousands of people from time to time seek employment in such restaurants. In the ordinary course of business, disputes arise regarding hiring, firing, promotion and pay practices, including wage and hour disputes, alleged discrimination and compliance with employment laws.

Customers

Restaurants owned by subsidiaries of the Issuer regularly serve a broad segment of the public. In so doing, disputes arise as to products, service, incidents, advertising, nutritional and other disclosures, as well as other matters common to an extensive restaurant business such as that of the Issuer.

Intellectual Property

The Issuer has registered trademarks and service marks, patents and copyrights, some of which are of material importance to the Issuer's business. From time to time, the Issuer may become involved in litigation to protect its intellectual property and defend against the alleged use of third-party intellectual property.

Government Regulations

Local, state and federal governments have adopted laws and regulations involving various aspects of the restaurant business including, but not limited to, advertising, franchising, health, safety, environment, zoning and employment. The Issuer strives to comply with all applicable existing statutory and administrative rules and cannot predict the effect on its operations from the issuance of additional requirements in the future.

Material Contracts

The Issuer has not entered into any material contracts outside the ordinary course of the Issuer's business that could result in the Issuer or any of its consolidated subsidiaries being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.

Dividends

The Issuer has paid dividends on common stock each and every year since paying its first dividend in 1976 and has increased the dividend amount at least once every year. Dividends are generally declared and paid on a quarterly basis, at the discretion of the Board. During the first quarter 2013, the Issuer paid a dividend of \$0.77 per share or \$772.2 million; during the second quarter 2013, the Issuer paid a dividend of \$0.77 per share or \$771.1 million; and during the third quarter 2013, the Issuer paid a dividend of \$0.77 per share or \$767.5 million. On September 18, 2013, the Issuer's Board of Directors declared a quarterly dividend for the fourth quarter 2013 of \$0.81 per share – a 5% increase over the Issuer's previous quarterly dividend rate. The new quarterly dividend of \$0.81 per share is equivalent to \$3.24 per share annually. As in the past, further dividends will be considered after reviewing dividend yields, profitability expectations and financing needs and will be declared at the discretion of the Issuer's Board of Directors.

The following table identifies the dividends paid in each of the last five years:

<u>In Millions</u>	<u>YTD 2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Common Stock Cash Dividends Paid ...	\$2,311*	\$2,897	\$2,610	\$2,408	\$2,235

* This amount does not reflect the dividend that has been declared but not paid as of the date of this Base Prospectus. On September 18, 2013, the Board of Directors declared a quarterly cash dividend of \$0.81 per share of common stock payable on December 16, 2013 to shareholders of record at the close of business on December 2, 2013.

Articles of Incorporation and By-Laws

The Restated Certificate of Incorporation of the Issuer is dated June 14, 2012, and the Amended and Restated By-Laws of the Issuer are dated July 19, 2012.

Purpose

According to Article 3 of the Issuer's Restated Certificate of Incorporation, the nature of the business of the Issuer and the objects and purposes to be transacted, promoted or carried on are as follows:

1. To obtain by license or otherwise and to grant to others by license or otherwise the right to the use of drive-in food establishment systems and food service systems of every kind and character, and to manage and operate drive-in and other restaurants and eating places of all kinds.
2. To manufacture, construct, lease, purchase and otherwise acquire; to hold, own, repair, maintain, operate and invest, trade and deal in; to lien, mortgage, pledge and otherwise encumber, and to let, assign, transfer, sell and otherwise dispose of goods, wares and merchandise and personal property of every kind and description and wherever situated.
3. To the same extent as natural persons might or could do, to purchase or otherwise acquire, hold, own, maintain, work, develop, sell, lease, sublease, exchange, hire, convey, mortgage or otherwise dispose of and turn to account and deal in, lands, leaseholds, any interests, estates and rights in real property, any personal or mixed property, and franchises, rights, licenses, permits or privileges of every character.
4. To acquire by purchase, exchange or otherwise, all, or any part of, or any interest in, the properties, assets, business and good will of any one or more persons, firms, associations, corporations or syndicates engaged in any business which the Issuer is authorized to engage in; to pay for the same in cash, property or its own or other securities; to hold, operate, reorganize, liquidate, sell or in any manner dispose of the whole or any part thereof; and in connection therewith, to assume or guarantee performance of any liabilities, obligations or contracts of such persons, firms, associations, corporations or syndicates, and to conduct in any lawful manner the whole or any part of any business thus acquired.
5. To acquire by purchase, subscription, contract or otherwise, and to hold for investment or otherwise, sell, exchange, mortgage, pledge or otherwise dispose of, or turn to account or realize upon, and generally to deal in and with, any and all kinds of securities issued or created by, or interests in, corporations, associations, partnerships, firms, trustees, syndicates, individuals, municipalities or other political or governmental divisions or subdivisions, or any thereof, or by any combinations,

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

6. To develop, apply for, obtain, register, purchase, lease, take licenses in respect of or otherwise acquire, and to hold, own, use, operate, enjoy, turn to account, grant licenses in respect of, manufacture under, introduce, sell, assign, mortgage, pledge or otherwise dispose of any and all inventions, devices, formulae, processes, improvements and modifications thereof, letters patent and all rights connected therewith or appertaining thereunto, copyrights, trademarks, trade names, trade symbols and other indications of origin and ownership, franchises, licenses, grants and concessions granted by or recognized under the laws of the United States of America or of any state or subdivision thereof or of any other country or subdivision thereof.
7. To loan money upon the security of real and/or personal property of whatsoever name, nature or description, or without security.
8. To borrow money for any of the purposes of the Issuer, from time to time, and without limit as to amount; to issue and sell its own securities in such amounts, on such terms and conditions, for such purposes and for such prices, as the Board of Directors shall determine; and to secure such securities, by mortgage upon, or the pledge of, or the conveyance or assignment in trust of, the whole or any part of the properties, assets, business and good will of the Issuer, then owned or thereafter acquired.

It is the intention that the objects and purposes set forth in the foregoing clauses of Article 3 shall not, unless otherwise specified herein, be in any way limited or restricted by reference to, or inference from, the terms of any other clause of Article 3 or any other article in the Issuer's Restated Certificate of Incorporation, but that the objects and purposes specified in each of said clauses shall be regarded as independent objects and purposes.

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

Authorized Capital

According to Article 4 of the Issuer's Restated Certificate of Incorporation, the total number of shares of stock that the Issuer has authority to issue is Three Billion Six Hundred Sixty-Five Million (3,665,000,000), consisting of Three Billion Five Hundred Million (3,500,000,000) shares of Common Stock with one cent (\$0.01) par value and One Hundred Sixty-Five Million (165,000,000) shares of Preferred Stock without par value.

Notices to Stockholders

The Issuer's Amended and Restated By-Laws set forth the manner and form in which the Issuer communicates notice of meetings to its stockholders.

The following is Article II, Section 9 ("Notice of Meetings") of the Issuer's Amended and Restated By-Laws, as currently in effect:

"Written or printed notice stating the place, if any, date, and hour of the meeting, the purpose or purposes for which the meeting is called, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, shall be given by the Secretary in advance of the meeting in accordance with applicable law to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting at his address as it appears on the records of the Corporation. Any previously scheduled meeting of the stockholders may be postponed, and (unless the Certificate of Incorporation otherwise provides) any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders. Business transacted at any special meeting shall be confined to the purpose or purposes stated in the notice of such special meeting."

The following is Article VI, Section 10 ("Notice and Waiver of Notice") of the Issuer's Amended and Restated By-Laws, as currently in effect:

"Whenever any notice is required by these By-Laws to be given, personal notice is not meant unless expressly so stated. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation. If delivered by facsimile, notice is given when verification that such notice was sent is received by the sender. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by statute. Without limiting the manner by which notice

otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law.

Whenever any notice whatever is required to be given under the provisions of any law or under the provisions of the Certificate of Incorporation of the Corporation or these By-Laws, a waiver thereof in writing signed by the person or persons entitled to said notice, or a waiver by electronic transmission by any such person, whether before or after the time stated therein, shall be deemed equivalent thereto. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at a meeting shall constitute waiver of notice except attendance for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened.”

Notwithstanding the foregoing, notices to the holders of the Notes are made in accordance with the Final Terms of the Notes.

Credit Ratings

The Issuer currently has a credit rating for senior unsecured notes and debentures of A2 from Moody’s Investors Service, Inc.; A from Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc.; and A from Fitch, Inc. None of the credit rating agencies referred to in the preceding sentence is established in the European Union or registered under the CRA Regulation and, therefore, is not included in the list of credit rating agencies published by ESMA on its Web site in accordance with the CRA Regulation. These ratings have been endorsed by Moody’s Investors Services Ltd., Standard & Poor’s Credit Market Services Europe Limited and Fitch Ratings Ltd. in accordance with the CRA Regulation. Notes may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche is rated, such rating will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from the sale of the Notes for general corporate purposes, which may include refinancing of debt, capital expenditures, payment of dividends, the purchase of its common stock, investments in or extensions of credit to its subsidiaries, or business expansion. Specific allocations of the proceeds for such purposes have not been made at this time.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of McDonald's Corporation

We have audited the accompanying consolidated balance sheets of McDonald's Corporation as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. 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 consolidated financial position of McDonald's Corporation at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), McDonald's Corporation's internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 25, 2013, expressed an unqualified opinion thereon.

ERNST & YOUNG LLP

Chicago, Illinois
February 25, 2013

FINANCIAL INFORMATION

The following tables set out the Issuer's consolidated statements of income, cash flows and shareholders' equity for the years ended December 31, 2012, 2011 and 2010, the Issuer's consolidated balance sheets as of December 31, 2012 and 2011, and the related notes. The United States does not require the Issuer to publish an unconsolidated annual report; therefore, no unconsolidated financial information is available about the Issuer in this Base Prospectus.

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Consolidated Statement of Income

<i>In millions, except per share data</i>	<i>Years ended December 31, 2012</i>	<i>2011</i>	<i>2010</i>
REVENUES			
Sales by Company-operated restaurants	\$ 18,602.5	\$ 18,292.8	\$ 16,233.3
Revenues from franchised restaurants	8,964.5	8,713.2	7,841.3
Total revenues	27,567.0	27,006.0	24,074.6
OPERATING COSTS AND EXPENSES			
Company-operated restaurant expenses			
Food & paper	6,318.2	6,167.2	5,300.1
Payroll & employee benefits	4,710.3	4,606.3	4,121.4
Occupancy & other operating expenses	4,195.2	4,064.4	3,638.0
Franchised restaurants-occupancy expenses	1,527.0	1,481.5	1,377.8
Selling, general & administrative expenses	2,455.2	2,393.7	2,333.3
Impairment and other charges (credits), net	8.0	(3.9)	29.1
Other operating (income) expense, net	(251.5)	(232.9)	(198.2)
Total operating costs and expenses	18,962.4	18,476.3	16,601.5
Operating income	8,604.6	8,529.7	7,473.1
Interest expense-net of capitalized interest of \$15.9, \$14.0 and \$12.0	516.6	492.8	450.9
Nonoperating (income) expense, net	9.0	24.7	21.9
Income before provision for income taxes	8,079.0	8,012.2	7,000.3
Provision for income taxes	2,614.2	2,509.1	2,054.0
Net income	\$ 5,464.8	\$ 5,503.1	\$ 4,946.3
Earnings per common share—basic	\$ 5.41	\$ 5.33	\$ 4.64
Earnings per common share—diluted	\$ 5.36	\$ 5.27	\$ 4.58
Dividends declared per common share	\$ 2.87	\$ 2.53	\$ 2.26
Weighted-average shares outstanding—basic	1,010.1	1,032.1	1,066.0
Weighted-average shares outstanding—diluted	1,020.2	1,044.9	1,080.3

See Notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

<i>In millions</i>	<i>Years ended December 31, 2012</i>	<i>2011</i>	<i>2010</i>
Net income	\$5,464.8	\$5,503.1	\$4,946.3
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments:			
Gain (loss) recognized in accumulated other comprehensive income (AOCI), including net investment hedges	274.7	(310.5)	(3.0)
Reclassification of (gain) loss to net income	(0.1)	25.4	
Foreign currency translation adjustments-net of tax benefit (expense) of \$(47.9), \$61.0 and \$52.2	274.6	(285.1)	(3.0)
Cash flow hedges:			
Gain (loss) recognized in AOCI	19.8	(12.2)	6.5
Reclassification of (gain) loss to net income	10.8	1.8	(8.0)
Cash flow hedges-net of tax benefit (expense) of \$(8.8), \$5.8 and \$1.1	30.6	(10.4)	(1.5)
Defined benefit pension plans:			
Gain (loss) recognized in AOCI	33.1	(8.1)	9.3
Reclassification of (gain) loss to net income	8.4	0.4	0.7
Defined benefit pension plans-net of tax benefit (expense) of \$(16.6), \$2.9 and \$(3.5)	41.5	(7.7)	10.0
Total other comprehensive income (loss), net of tax	346.7	(303.2)	5.5
Comprehensive income	\$5,811.5	\$5,199.9	\$4,951.8

See Notes to consolidated financial statements.

Consolidated Balance Sheet

<i>In millions, except per share data</i>	<i>December 31, 2012</i>	<i>2011</i>
ASSETS		
Current assets		
Cash and equivalents	\$ 2,336.1	\$ 2,335.7
Accounts and notes receivable	1,375.3	1,334.7
Inventories, at cost, not in excess of market	121.7	116.8
Prepaid expenses and other current assets	1,089.0	615.8
Total current assets	4,922.1	4,403.0
Other assets		
Investments in and advances to affiliates	1,380.5	1,427.0
Goodwill	2,804.0	2,653.2
Miscellaneous	1,602.7	1,672.2
Total other assets	5,787.2	5,752.4
Property and equipment		
Property and equipment, at cost	38,491.1	35,737.6
Accumulated depreciation and amortization	(13,813.9)	(12,903.1)
Net property and equipment	24,677.2	22,834.5
Total assets	\$ 35,386.5	\$ 32,989.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,141.9	\$ 961.3
Income taxes	298.7	262.2
Other taxes	370.7	338.1
Accrued interest	217.0	218.2
Accrued payroll and other liabilities	1,374.8	1,362.8
Current maturities of long-term debt		366.6
Total current liabilities	3,403.1	3,509.2
Long-term debt	13,632.5	12,133.8
Other long-term liabilities	1,526.2	1,612.6
Deferred income taxes	1,531.1	1,344.1
Shareholders' equity		
Preferred stock, no par value; authorized – 165.0 million shares; issued – none		
Common stock, \$.01 par value; authorized – 3.5 billion shares; issued – 1,660.6 million shares	16.6	16.6
Additional paid-in capital	5,778.9	5,487.3
Retained earnings	39,278.0	36,707.5
Accumulated other comprehensive income	796.4	449.7
Common stock in treasury, at cost; 657.9 and 639.2 million shares	(30,576.3)	(28,270.9)
Total shareholders' equity	15,293.6	14,390.2
Total liabilities and shareholders' equity	\$ 35,386.5	\$ 32,989.9

See Notes to consolidated financial statements.

Consolidated Statement of Cash Flows

<i>In millions</i>	<i>Years ended December 31, 2012</i>	<i>2011</i>	<i>2010</i>
Operating activities			
Net income	\$ 5,464.8	\$ 5,503.1	\$ 4,946.3
Adjustments to reconcile to cash provided by operations			
Charges and credits:			
Depreciation and amortization	1,488.5	1,415.0	1,276.2
Deferred income taxes	134.5	188.4	(75.7)
Impairment and other charges (credits), net	8.0	(3.9)	29.1
Share-based compensation	93.4	86.2	83.1
Other	(100.0)	(78.7)	211.6
Changes in working capital items:			
Accounts receivable	(29.4)	(160.8)	(50.1)
Inventories, prepaid expenses and other current assets	(27.2)	(52.2)	(50.8)
Accounts payable	124.1	35.8	(39.8)
Income taxes	(74.0)	198.5	54.9
Other accrued liabilities	(116.6)	18.7	(43.2)
Cash provided by operations	6,966.1	7,150.1	6,341.6
Investing activities			
Capital expenditures	(3,049.2)	(2,729.8)	(2,135.5)
Purchases of restaurant businesses	(158.5)	(186.4)	(183.4)
Sales of restaurant businesses and property	394.7	511.4	377.9
Other	(354.3)	(166.1)	(115.0)
Cash used for investing activities	(3,167.3)	(2,570.9)	(2,056.0)
Financing activities			
Net short-term borrowings	(117.5)	260.6	3.1
Long-term financing issuances	2,284.9	1,367.3	1,931.8
Long-term financing repayments	(962.8)	(624.0)	(1,147.5)
Treasury stock purchases	(2,615.1)	(3,363.1)	(2,698.5)
Common stock dividends	(2,896.6)	(2,609.7)	(2,408.1)
Proceeds from stock option exercises	328.6	334.0	463.1
Excess tax benefit on share-based compensation	142.3	112.5	128.7
Other	(13.6)	(10.6)	(1.3)
Cash used for financing activities	(3,849.8)	(4,533.0)	(3,728.7)
Effect of exchange rates on cash and equivalents	51.4	(97.5)	34.1
Cash and equivalents increase (decrease)	0.4	(51.3)	591.0
Cash and equivalents at beginning of year	2,335.7	2,387.0	1,796.0
Cash and equivalents at end of year	\$ 2,336.1	\$ 2,335.7	\$ 2,387.0
Supplemental cash flow disclosures			
Interest paid	\$ 533.7	\$ 489.3	\$ 457.9
Income taxes paid	2,447.8	2,056.7	1,708.5

See Notes to consolidated financial statements.

Consolidated Statement of Shareholders' Equity

In millions, except per share data	Common stock issued		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)			Common stock in treasury		Total shareholders' equity
	Shares	Amount			Pensions	Cash flow hedges	Foreign currency translation	Shares	Amount	
Balance at December 31, 2009	1,660.6	\$16.6	\$4,853.9	\$31,270.8	\$(134.6)	\$16.5	\$865.5	(583.9)	\$(22,854.8)	\$14,033.9
Net income				4,946.3						4,946.3
Other comprehensive income (loss), net of tax					10.0	(1.5)	(3.0)			5.5
Comprehensive income										4,951.8
Common stock cash dividends (\$2.26 per share)				(2,408.1)						(2,408.1)
Treasury stock purchases								(37.8)	(2,648.5)	(2,648.5)
Share-based compensation			83.1							83.1
Stock option exercises and other (including tax benefits of \$146.1)			259.4	2.7				14.7	359.9	622.0
Balance at December 31, 2010	1,660.6	16.6	5,196.4	33,811.7	(124.6)	15.0	862.5	(607.0)	(25,143.4)	14,634.2
Net income				5,503.1						5,503.1
Other comprehensive income (loss), net of tax					(7.7)	(10.4)	(285.1)			(303.2)
Comprehensive income										5,199.9
Common stock cash dividends (\$2.53 per share)				(2,609.7)						(2,609.7)
Treasury stock purchases								(41.9)	(3,372.9)	(3,372.9)
Share-based compensation			86.2							86.2
Stock option exercises and other (including tax benefits of \$116.7)			204.7	2.4				9.7	245.4	452.5
Balance at December 31, 2011	1,660.6	16.6	5,487.3	36,707.5	(132.3)	4.6	577.4	(639.2)	(28,270.9)	14,390.2
Net income				5,464.8						5,464.8
Other comprehensive income (loss), net of tax					41.5	30.6	274.6			346.7
Comprehensive income										5,811.5
Common stock cash dividends (\$2.87 per share)				(2,896.6)						(2,896.6)
Treasury stock purchases								(28.1)	(2,605.4)	(2,605.4)
Share-based compensation			93.4							93.4
Stock option exercises and other (including tax benefits of \$150.8)			198.2	2.3				9.4	300.0	500.5
Balance at December 31, 2012	1,660.6	\$16.6	\$5,778.9	\$39,278.0	\$(90.8)	\$35.2	\$852.0	(657.9)	\$(30,576.3)	\$15,293.6

See Notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Summary of Significant Accounting Policies

NATURE OF BUSINESS

The Company franchises and operates McDonald's restaurants in the global restaurant industry. All restaurants are operated either by the Company or by franchisees, including conventional franchisees under franchise arrangements, and foreign affiliates and developmental licensees under license agreements.

The following table presents restaurant information by ownership type:

<i>Restaurants at December 31,</i>	2012	2011	2010
Conventional franchised	19,869	19,527	19,279
Developmental licensed	4,350	3,929	3,485
Foreign affiliated	3,663	3,619	3,574
Franchised	27,882	27,075	26,338
Company-operated	6,598	6,435	6,399
Systemwide restaurants	34,480	33,510	32,737

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

CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. Investments in affiliates owned 50% or less (primarily McDonald's Japan) are accounted for by the equity method.

On an ongoing basis, the Company evaluates its business relationships such as those with franchisees, joint venture partners, developmental licensees, suppliers, and advertising cooperatives to identify potential variable interest entities. Generally, these businesses qualify for a scope exception under the variable interest entity consolidation guidance. The Company has concluded that consolidation of any such entity is not appropriate for the periods presented.

ESTIMATES IN FINANCIAL STATEMENTS

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

REVENUE RECOGNITION

The Company's revenues consist of sales by Company-operated restaurants and fees from franchised restaurants operated by conventional franchisees, developmental licensees and foreign affiliates.

Sales by Company-operated restaurants are recognized on a cash basis. The Company presents sales net of sales tax and other sales-related taxes. Revenues from conventional franchised restaurants include rent and royalties based on a percent of sales with minimum rent payments, and initial fees. Revenues from restaurants licensed to foreign affiliates and developmental licensees include a royalty based on a percent of sales, and may include initial fees. Continuing rent and royalties are recognized in the period earned. Initial fees are recognized upon opening of a restaurant or granting of a new franchise term, which is when the Company has performed substantially all initial services required by the franchise arrangement.

FOREIGN CURRENCY TRANSLATION

Generally, the functional currency of operations outside the U.S. is the respective local currency.

ADVERTISING COSTS

Advertising costs included in operating expenses of Company-operated restaurants primarily consist of contributions to advertising cooperatives and were (in millions): 2012—\$787.5; 2011—\$768.6; 2010—\$687.0. Production costs for radio and television advertising are expensed when the commercials are initially aired. These production costs, primarily in the U.S., as well as other marketing-related expenses included in Selling, general & administrative expenses were (in millions): 2012—\$113.5; 2011—\$74.4; 2010—\$94.5. Costs related to the Olympics sponsorship are included in these expenses for 2012 and 2010. In addition, significant advertising costs are incurred by franchisees through contributions to advertising cooperatives in individual markets.

SHARE-BASED COMPENSATION

Share-based compensation includes the portion vesting of all share-based awards granted based on the grant date fair value.

Share-based compensation expense and the effect on diluted earnings per common share were as follows:

<i>In millions, except per share data</i>	2012	2011	2010
Share-based compensation expense	\$ 93.4	\$ 86.2	\$ 83.1
After tax	\$ 63.2	\$ 59.2	\$ 56.2
Earnings per common share-diluted	\$ 0.06	\$ 0.05	\$ 0.05

Compensation expense related to share-based awards is generally amortized on a straight-line basis over the vesting period in Selling, general & administrative expenses. As of December 31, 2012, there was \$94.6 million of total unrecognized compensation cost related to nonvested share-based compensation that is expected to be recognized over a weighted-average period of 2.1 years.

The fair value of each stock option granted is estimated on the date of grant using a closed-form pricing model. The following table presents the weighted-average assumptions used in the option pricing model for the 2012, 2011 and 2010 stock option grants. The expected life of the options represents the period of time the options are expected to be outstanding and is based on historical trends. Expected stock price volatility is generally based on the historical volatility of the Company's stock for a period approximating the expected life. The expected dividend yield is based on the Company's most recent annual dividend rate. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant with a term equal to the expected life.

Weighted-average assumptions

	2012	2011	2010
Expected dividend yield	2.8%	3.2%	3.5%
Expected stock price volatility	20.8%	21.5%	22.1%
Risk-free interest rate	1.1%	2.8%	2.8%
Expected life of options <i>In years</i>	6.1	6.3	6.2
Fair value per option granted	\$13.65	\$12.18	\$9.90

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, with depreciation and amortization provided using the straight-line method over the following estimated useful lives: buildings—up to 40 years; leasehold improvements—the lesser of useful lives of assets or lease terms, which generally include option periods; and equipment—three to 12 years.

GOODWILL

Goodwill represents the excess of cost over the net tangible assets and identifiable intangible assets of acquired restaurant businesses. The Company's goodwill primarily results from purchases of McDonald's restaurants from franchisees and ownership increases in subsidiaries or affiliates, and it is generally assigned to the reporting unit expected to benefit from the synergies of the combination. If a Company-operated restaurant is sold within 24 months of acquisition, the goodwill associated with the acquisition is written off in its entirety. If a restaurant is sold beyond 24 months from the acquisition, the amount of goodwill written off is based on the relative fair value of the business sold compared to the reporting unit (defined as each individual country).

The Company conducts goodwill impairment testing in the fourth quarter of each year or whenever an indicator of impairment exists. If an indicator of impairment exists (e.g., estimated earnings multiple value of a reporting unit is less than its carrying value), the goodwill impairment test compares the fair value of a reporting unit, generally based on discounted future cash flows, with its carrying amount including goodwill. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss is measured as the difference between the implied fair value of the reporting unit's goodwill and the carrying amount of goodwill. Historically, goodwill impairment has not significantly impacted the consolidated financial statements.

The following table presents the 2012 activity in goodwill by segment:

<i>In millions</i>	<i>U.S.</i>	<i>Europe</i>	<i>APMEA⁽¹⁾</i>	<i>Other Countries & Corporate⁽²⁾</i>	<i>Consolidated</i>
Balance at December 31, 2011	\$ 1,254.4	\$ 801.6	\$ 405.4	\$ 191.8	\$ 2,653.2
Net restaurant purchases (sales)	39.8	54.2	21.3	(2.7)	112.6
Ownership changes and other				(3.5)	(3.5)
Currency translation		25.6	12.0	4.1	41.7
Balance at December 31, 2012	\$ 1,294.2	\$ 881.4	\$ 438.7	\$ 189.7	\$ 2,804.0

(1) APMEA represents Asia/Pacific, Middle East and Africa.

(2) Other Countries & Corporate represents Canada, Latin America and Corporate.

LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment annually in the fourth quarter and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of annually reviewing McDonald's restaurant assets for potential impairment, assets are initially grouped together at a television market level in the U.S. and at a country level for each of the international markets. The Company manages its restaurants as a group or portfolio with significant common costs and promotional activities; as such, an individual restaurant's cash flows are not generally independent of the cash flows of others in a market. If an indicator of impairment (e.g., negative operating cash flows for the most recent trailing 24-month period) exists for any grouping of assets, an estimate of undiscounted future cash flows produced by each individual restaurant within the asset grouping is compared to its carrying value. If an individual restaurant is determined to be impaired, the loss is measured by the excess of the carrying amount of the restaurant over its fair value as determined by an estimate of discounted future cash flows.

Losses on assets held for disposal are recognized when management and the Board of Directors, as required, have approved and committed to a plan to dispose of the assets, the assets are available for disposal, the disposal is probable of occurring within 12 months, and the net sales proceeds are expected to be less than its net book value, among other factors. Generally, such losses relate to restaurants that have closed and ceased operations as well as other assets that meet the criteria to be considered "available for sale".

FAIR VALUE MEASUREMENTS

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

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

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

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

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

The following tables present financial assets and liabilities measured at fair value on a recurring basis by the valuation hierarchy as defined in the fair value guidance:

December 31, 2012

<i>In millions</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Carrying Value</i>
Cash equivalents	\$ 670.8			\$ 670.8
Investments	155.1 *			155.1
Derivative assets	132.3 *	\$ 86.1		218.4
Total assets at fair value	\$ 958.2	\$ 86.1		\$1,044.3
Derivative payables		\$ (42.6)		\$ (42.6)
Total liabilities at fair value		\$ (42.6)		\$ (42.6)

December 31, 2011

<i>In millions</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Carrying Value</i>
Cash equivalents	\$ 581.7			\$ 581.7
Investments	132.4 *			132.4
Derivative assets	154.5 *	\$ 71.1		225.6
Total assets at fair value	\$ 868.6	\$ 71.1		\$ 939.7
Derivative payables		\$ (15.6)		\$ (15.6)
Total liabilities at fair value		\$ (15.6)		\$ (15.6)

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

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

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (e.g., when there is evidence of impairment). For the year ended December 31, 2012, no material fair value adjustments or fair value measurements were required for non-financial assets or liabilities.

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

At December 31, 2012, the fair value of the Company's debt obligations was estimated at \$15.6 billion, compared to a carrying amount of \$13.6 billion. The fair value was based on quoted market prices, Level 2 within the valuation hierarchy. The carrying amount for both cash equivalents and notes receivable approximate fair value.

FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to global market risks, including the effect of changes in interest rates and foreign currency fluctuations. The Company uses foreign currency denominated debt and derivative instruments to mitigate the impact of these changes. The Company does not use derivatives with a level of complexity or with a risk higher than the exposures to be hedged and does not hold or issue derivatives for trading purposes.

The Company documents its risk management objective and strategy for undertaking hedging transactions, as well as all relationships between hedging instruments and hedged items. The Company's derivatives that are designated as hedging instruments consist mainly of interest rate swaps, foreign currency forwards and foreign currency options, cross-currency swaps, and commodity forwards, further explained in the "Fair Value," "Cash Flow" and "Net Investment" hedge sections.

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

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

The following table presents the fair values of derivative instruments included on the Consolidated balance sheet as of December 31, 2012 and 2011:

Derivative Assets				Derivative Liabilities		
<i>In millions</i>	<i>Balance Sheet Classification</i>	2012	2011	<i>Balance Sheet Classification</i>	2012	2011
Derivatives designated as hedging instruments						
Foreign currency	Prepaid expenses and other current assets	\$ 5.0	\$ 6.7	Accrued payroll and other liabilities	\$ (3.5)	\$ (0.3)
Interest rate	Prepaid expenses and other current assets	4.2	9.4			
Commodity	Miscellaneous other assets	35.3		Other long-term liabilities	(0.2)	
Foreign currency	Miscellaneous other assets	2.5	0.7	Other long-term liabilities	(32.1)	(0.3)
Interest rate	Miscellaneous other assets	38.1	46.0	Other long-term liabilities		(14.0)
Total derivatives designated as hedging instruments		\$ 85.1	\$ 62.8		\$ (35.8)	\$ (14.6)
Derivatives not designated as hedging instruments						
Equity	Prepaid expenses and other current assets	\$ 132.3				
Foreign currency	Prepaid expenses and other current assets	1.0	\$ 8.3	Accrued payroll and other liabilities	\$ (6.8)	\$ (1.0)
Equity	Miscellaneous other assets		154.5			
Total derivatives not designated as hedging instruments		\$ 133.3	\$ 162.8		\$ (6.8)	\$ (1.0)
Total derivatives		\$ 218.4	\$ 225.6		\$ (42.6)	\$ (15.6)

The following table presents the pretax amounts affecting income and OCI for the years ended December 31, 2012 and 2011, respectively:

<i>In millions</i>					
<i>Derivatives in Fair Value Hedging Relationships</i>	<i>Gain (Loss) Recognized in Income on Derivative</i>		<i>Hedged Items in Fair Value Hedging Relationships</i>	<i>Gain (Loss) Recognized in Income on Related Hedged Items</i>	
	2012	2011		2012	2011
Interest rate	\$ (13.0)	\$ (11.1)	Fixed-rate debt	\$ 13.0	\$ 11.1
<i>Derivatives in Cash Flow Hedging Relationships</i>	<i>Gain (Loss) Recognized in Accumulated OCI on Derivative (Effective Portion)</i>		<i>Gain (Loss) Reclassified into Income from Accumulated OCI (Effective Portion)</i>	<i>Gain (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing and Ineffective Portion)</i>	
	2012	2011		2012	2011
Commodity	\$ 35.1				
Foreign currency	(6.4)	\$ (5.1)	\$ (15.8)	\$ (12.3)	\$ (7.7)
Interest rate ⁽¹⁾	(4.6)	(14.0)	0.5	2.2	
Total	\$ 24.1	\$ (19.1)	\$ (15.3)	\$ (12.3)	\$ (7.7)
<i>Net Investment Hedging Relationships</i>	<i>Gain (Loss) Recognized in Accumulated OCI on Derivative (Effective Portion)</i>		<i>Gain (Loss) Reclassified into Income from Accumulated OCI (Effective Portion)</i>	<i>Derivatives Not Designated as Hedging Instruments</i>	<i>Gain (Loss) Recognized in Income on Derivative</i>
	2012	2011			2012 2011
Foreign currency denominated debt	\$ (61.7)	\$ (130.8)		Foreign Currency	\$ (13.4) \$ (2.2)
Foreign currency derivatives ⁽²⁾	(23.3)	(9.4)		Equity ⁽³⁾	(16.2) 36.9
			\$ (8.2)	Interest Rate	1.5
Total	\$ (85.0)	\$ (140.2)	\$ (8.2)	Total	\$ (29.6) \$ 36.2

Gains (losses) recognized in income on derivatives are recorded in "Nonoperating (income) expense, net" unless otherwise noted.

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

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

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

▪ **Fair Value Hedges**

The Company enters into fair value hedges to reduce the exposure to changes in the fair values of certain liabilities. The fair value hedges the Company enters into consist of interest rate swaps which convert a portion of its fixed-rate debt into floating-rate debt. All of the Company's interest rate swaps meet the shortcut method requirements. Accordingly, changes in the fair values of the interest rate swaps are exactly offset by changes in the fair value of the underlying debt. No ineffectiveness has been recorded to net income related to interest rate swaps designated as fair value hedges for the year ended December 31, 2012. A total of \$1.8 billion of the Company's outstanding fixed-rate debt was effectively converted to floating-rate debt resulting from the use of interest rate swaps.

▪ **Cash Flow Hedges**

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

The Company periodically uses interest rate swaps to effectively convert a portion of floating-rate debt, including forecasted debt issuances, into fixed-rate debt and the agreements are intended to reduce the impact of interest rate changes on future interest expense.

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

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

Although the fair value changes in the foreign currency options may fluctuate over the period of the contract, the Company's total loss on a foreign currency option is limited to the upfront premium paid for the contract; however, the potential gains on a foreign currency option are unlimited. In some situations, the Company uses foreign currency collars, which limit the potential gains and lower the upfront premium paid, to protect against currency movements.

The hedges cover the next 19 months for certain exposures and are denominated in various currencies. As of December 31, 2012, the Company had derivatives outstanding with an equivalent notional amount of \$626.9 million that were used to hedge a portion of forecasted foreign currency denominated royalties.

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

The Company uses cross-currency swaps to hedge the risk of cash flows associated with certain foreign-currency denominated debt, including forecasted interest payments, and has elected cash flow hedge accounting. The hedges cover periods up to 59 months and have an equivalent notional amount of \$245.8 million.

The Company manages its exposure to the variability of cash flows for energy-related transactions in certain markets by

entering into commodity forwards and has elected cash flow hedge accounting as appropriate. The hedges cover periods up to 22 years and have an equivalent notional amount of \$493.8 million.

The Company recorded after tax adjustments to the cash flow hedging component of accumulated OCI in shareholders' equity. The Company recorded a net increase of \$30.6 million for the year ended December 31, 2012 and a net decrease of \$10.4 million for the year ended December 31, 2011. Based on interest rates and foreign exchange rates at December 31, 2012, the \$35.2 million in cumulative cash flow hedging gains, after tax, at December 31, 2012, is not expected to have a significant effect on earnings over the next 12 months.

▪ **Net Investment Hedges**

The Company primarily uses foreign currency denominated debt (third party and intercompany) to hedge its investments in certain foreign subsidiaries and affiliates. Realized and unrealized translation adjustments from these hedges are included in shareholders' equity in the foreign currency translation component of OCI and offset translation adjustments on the underlying net assets of foreign subsidiaries and affiliates, which also are recorded in OCI. As of December 31, 2012, \$7.7 billion of intercompany foreign currency denominated debt, \$4.0 billion of the Company's third party foreign currency denominated debt and \$528.6 million of derivatives were designated to hedge investments in certain foreign subsidiaries and affiliates.

▪ **Credit Risk**

The Company is exposed to credit-related losses in the event of non-performance by the counterparties to its hedging instruments. The counterparties to these agreements consist of a diverse group of financial institutions and market participants. The Company continually monitors its positions and the credit ratings of its counterparties and adjusts positions as appropriate. The Company did not have significant exposure to any individual counterparty at December 31, 2012 and has master agreements that contain netting arrangements. For financial reporting purposes, the Company presents gross derivative balances in the financial statements and supplementary data, even for counterparties subject to netting arrangements. Some of these agreements also require each party to post collateral if credit ratings fall below, or aggregate exposures exceed, certain contractual limits. At December 31, 2012, neither the Company nor its counterparties were required to post collateral on any derivative position, other than on hedges of certain of the Company's supplemental benefit plan liabilities where its counterparties were required to post collateral on their liability positions.

INCOME TAX UNCERTAINTIES

The Company, like other multi-national companies, is regularly audited by federal, state and foreign tax authorities, and tax assessments may arise several years after tax returns have been filed. Accordingly, tax liabilities are recorded when, in management's judgment, a tax position does not meet the more likely than not threshold for recognition. For tax positions that meet the more likely than not threshold, a tax liability may still be recorded depending on management's assessment of how the tax position will ultimately be settled.

The Company records interest and penalties on unrecognized tax benefits in the provision for income taxes.

PER COMMON SHARE INFORMATION

Diluted earnings per common share is calculated using net income divided by diluted weighted-average shares. Diluted weighted-average shares include weighted-average shares outstanding plus the dilutive effect of share-based compensation calculated using the treasury stock method, of (in millions of shares): 2012–10.1; 2011–12.8; 2010–14.3. Stock options that were not included in diluted weighted-average shares because they would have been antidilutive were (in millions of shares): 2012–4.7; 2011–0.0; 2010–0.0.

The Company has elected to exclude the pro forma deferred tax asset associated with share-based compensation in earnings per share.

STATEMENT OF CASH FLOWS

The Company considers short-term, highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

SUBSEQUENT EVENTS

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

Comprehensive Income

In June 2011, the Financial Accounting Standards Board ("FASB") issued an update to Topic 220 – Comprehensive Income of the Accounting Standards Codification ("ASC"). The update is intended to increase the prominence of other comprehensive income in the financial statements. The guidance requires that the Company presents components of comprehensive income in either one continuous statement or two separate consecutive statements. The Company adopted this new guidance in 2012, as required, and included a separate Consolidated statement of comprehensive income for the years ended December 31, 2012, 2011 and 2010.

Property and Equipment

Net property and equipment consisted of:

<i>In millions</i>	<i>December 31, 2012</i>	<i>2011</i>
Land	\$ 5,612.6	\$ 5,328.3
Buildings and improvements on owned land	14,089.0	13,079.9
Buildings and improvements on leased land	12,970.8	12,021.8
Equipment, signs and seating	5,241.0	4,757.2
Other	577.7	550.4
	38,491.1	35,737.6
Accumulated depreciation and amortization	(13,813.9)	(12,903.1)
Net property and equipment	\$ 24,677.2	\$ 22,834.5

Depreciation and amortization expense was (in millions): 2012–\$1,402.2; 2011–\$1,329.6; 2010–\$1,200.4.

Impairment and Other Charges (Credits), Net

<i>In millions</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Europe	\$ 6.6	\$ 0.3	\$ 1.6
APMEA		(4.2)	48.5
Other Countries & Corporate	1.4		(21.0)
Total	\$ 8.0	\$ (3.9)	\$ 29.1

In 2010, the Company recorded expense of \$29 million primarily related to its share of restaurant closing costs in McDonald's Japan in conjunction with the strategic review of the market's restaurant portfolio, partly offset by income related to the resolution of certain liabilities retained in connection with the 2007 Latin America developmental license transaction.

Other Operating (Income) Expense, Net

<i>In millions</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Gains on sales of restaurant businesses	\$ (151.5)	\$ (81.8)	\$ (79.4)
Equity in earnings of unconsolidated affiliates	(143.5)	(178.0)	(164.3)
Asset dispositions and other expense	43.5	26.9	45.5
Total	\$ (251.5)	\$ (232.9)	\$ (198.2)

▪ **Gains on sales of restaurant businesses**

Gains on sales of restaurant businesses include gains from sales of Company-operated restaurants. The Company's purchases and sales of businesses with its franchisees are aimed at achieving an optimal ownership mix in each market. Resulting gains or losses are recorded in operating income because the transactions are a recurring part of our business.

▪ **Equity in earnings of unconsolidated affiliates**

Unconsolidated affiliates and partnerships are businesses in which the Company actively participates but does not control. The Company records equity in earnings from these entities representing McDonald's share of results. For foreign affiliated markets—primarily Japan—results are reported after interest expense and income taxes. McDonald's share of results for partnerships in certain consolidated markets such as the U.S. are reported before income taxes. These partnership restaurants are operated under conventional franchise arrangements and, therefore, are classified as conventional franchised restaurants.

▪ **Asset dispositions and other expense**

Asset dispositions and other expense consists of gains or losses on excess property and other asset dispositions, provisions for restaurant closings and uncollectible receivables, asset write-offs due to restaurant reinvestment, and other miscellaneous income and expenses.

Contingencies

In the ordinary course of business, the Company is subject to proceedings, lawsuits and other claims primarily related to competitors, customers, employees, franchisees, government agencies, intellectual property, shareholders and suppliers. The Company is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

In connection with the sale in 2007 of its businesses in 18 countries in Latin America and the Caribbean to a developmental licensee organization, the Company agreed to indemnify the buyers for certain tax and other claims, certain of which are reflected on McDonald's Consolidated balance sheet (2012 and 2011: other long-term liabilities—\$42.0 million and \$49.4 million, respectively; 2012 and 2011: accrued payroll and other liabilities—\$0.0 million and \$21.2 million, respectively).

The Company believes any other matters currently being reviewed will not have a material adverse effect on its financial condition or results of operations.

Franchise Arrangements

Conventional franchise arrangements generally include a lease and a license and provide for payment of initial fees, as well as continuing rent and royalties to the Company based upon a percent of sales with minimum rent payments that parallel the Company's underlying leases and escalations (on properties that are leased). Under this arrangement, franchisees are granted the right to operate a restaurant using the McDonald's System and, in most cases, the use of a restaurant facility, generally for a period of 20 years. These franchisees pay related occupancy costs including property taxes, insurance and maintenance. Affiliates and developmental licensees operating under license agreements pay a royalty to the Company based upon a percent of sales, and may pay initial fees.

Revenues from franchised restaurants consisted of:

<i>In millions</i>	2012	2011	2010
Rents	\$5,863.5	\$5,718.5	\$5,198.4
Royalties	3,032.6	2,929.8	2,579.2
Initial fees	68.4	64.9	63.7
Revenues from franchised restaurants	\$8,964.5	\$8,713.2	\$7,841.3

Future minimum rent payments due to the Company under existing franchise arrangements are:

<i>In millions</i>	<i>Owned sites</i>	<i>Leased sites</i>	<i>Total</i>
2013	\$ 1,266.0	\$ 1,295.7	\$ 2,561.7
2014	1,233.6	1,250.3	2,483.9
2015	1,184.3	1,198.2	2,382.5
2016	1,124.2	1,137.0	2,261.2
2017	1,061.7	1,067.9	2,129.6
Thereafter	9,125.9	7,921.0	17,046.9
Total minimum payments	\$14,995.7	\$13,870.1	\$28,865.8

At December 31, 2012, net property and equipment under franchise arrangements totaled \$14.6 billion (including land of \$4.2 billion) after deducting accumulated depreciation and amortization of \$7.6 billion.

Leasing Arrangements

At December 31, 2012, the Company was the lessee at 14,429 restaurant locations through ground leases (the Company leases the land and the Company or franchisee owns the building) and through improved leases (the Company leases land and buildings). Lease terms for most restaurants, where market conditions allow, are generally for 20 years and, in many cases, provide for rent escalations and renewal options, with certain leases providing purchase options. Escalation terms vary by geographic segment with examples including fixed-rent escalations, escalations based on an inflation index, and fair-value market adjustments. The timing of these escalations generally

ranges from annually to every five years. For most locations, the Company is obligated for the related occupancy costs including property taxes, insurance and maintenance; however, for franchised sites, the Company requires the franchisees to pay these costs. In addition, the Company is the lessee under noncancelable leases covering certain offices and vehicles.

The following table provides detail of rent expense:

<i>In millions</i>	2012	2011	2010
Company-operated restaurants:			
U.S.	\$ 59.1	\$ 55.9	\$ 60.4
Outside the U.S.	661.0	620.4	545.0
Total	720.1	676.3	605.4
Franchised restaurants:			
U.S.	433.0	420.0	409.7
Outside the U.S.	519.7	514.7	463.5
Total	952.7	934.7	873.2
Other	104.2	101.7	98.1
Total rent expense	\$1,777.0	\$1,712.7	\$1,576.7

Rent expense included percent rents in excess of minimum rents (in millions) as follows—Company-operated restaurants: 2012—\$169.6; 2011—\$165.2; 2010—\$142.5. Franchised restaurants: 2012—\$178.7; 2011—\$173.4; 2010—\$167.3.

Future minimum payments required under existing operating leases with initial terms of one year or more are:

<i>In millions</i>	<i>Restaurant</i>	<i>Other</i>	<i>Total</i>
2013	\$ 1,276.5	\$ 75.2	\$ 1,351.7
2014	1,193.6	65.4	1,259.0
2015	1,076.6	53.8	1,130.4
2016	972.4	47.0	1,019.4
2017	877.7	40.2	917.9
Thereafter	6,620.2	224.0	6,844.2
Total minimum payments	\$12,017.0	\$505.6	\$12,522.6

Income Taxes

Income before provision for income taxes, classified by source of income, was as follows:

<i>In millions</i>	2012	2011	2010
U.S.	\$2,879.7	\$3,202.8	\$2,763.0
Outside the U.S.	5,199.3	4,809.4	4,237.3
Income before provision for income taxes	\$8,079.0	\$8,012.2	\$7,000.3

The provision for income taxes, classified by the timing and location of payment, was as follows:

<i>In millions</i>	2012	2011	2010
U.S. federal	\$1,129.9	\$1,173.4	\$1,127.1
U.S. state	189.8	165.2	161.1
Outside the U.S.	1,160.0	982.1	841.5
Current tax provision	2,479.7	2,320.7	2,129.7
U.S. federal	144.9	189.0	(66.8)
U.S. state	5.5	8.6	13.8
Outside the U.S.	(15.9)	(9.2)	(22.7)
Deferred tax provision (benefit)	134.5	188.4	(75.7)
Provision for income taxes	\$2,614.2	\$2,509.1	\$2,054.0

Net deferred tax liabilities consisted of:

<i>In millions</i>	<i>December 31, 2012</i>	<i>2011</i>
Property and equipment	\$ 1,713.9	\$ 1,651.3
Other	636.4	541.7
Total deferred tax liabilities	2,350.3	2,193.0
Property and equipment	(403.6)	(355.4)
Employee benefit plans	(362.9)	(406.3)
Intangible assets	(258.0)	(256.2)
Deferred foreign tax credits	(179.5)	(173.9)
Capital loss carryforwards	(2.8)	(26.0)
Operating loss carryforwards	(92.4)	(71.1)
Indemnification liabilities	(18.3)	(33.4)
Other	(298.3)	(312.6)
Total deferred tax assets before valuation allowance	(1,615.8)	(1,634.9)
Valuation Allowance	127.0	102.0
Net deferred tax liabilities	861.5	660.1
Balance sheet presentation:		
Deferred income taxes	1,531.1	1,344.1
Other assets-miscellaneous	(603.6)	(606.3)
Current assets-prepaid expenses and other current assets	(66.0)	(77.7)
Net deferred tax liabilities	\$ 861.5	\$ 660.1

The statutory U.S. federal income tax rate reconciles to the effective income tax rates as follows:

	<i>2012</i>	<i>2011</i>	<i>2010</i>
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of related federal income tax benefit	1.6	1.4	1.6
Benefits and taxes related to foreign operations	(4.1)	(4.7)	(6.9)
Other, net	(0.1)	(0.4)	(0.4)
Effective income tax rates	32.4%	31.3%	29.3%

As of December 31, 2012 and 2011, the Company's gross unrecognized tax benefits totaled \$482.4 million and \$565.0 million, respectively. After considering the deferred tax accounting impact, it is expected that about \$360 million of the total as of December 31, 2012 would favorably affect the effective tax rate if resolved in the Company's favor.

The following table presents a reconciliation of the beginning and ending amounts of unrecognized tax benefits:

<i>In millions</i>	<i>2012</i>	<i>2011</i>
Balance at January 1	\$ 565.0	\$ 572.6
Decreases for positions taken in prior years	(65.7)	(50.6)
Increases for positions taken in prior years	36.9	24.3
Increases for positions related to the current year	47.3	54.8
Settlements with taxing authorities	(95.8)	(14.4)
Lapsing of statutes of limitations	(5.3)	(21.7)
Balance at December 31 ⁽¹⁾	\$ 482.4	\$ 565.0

(1) Of this amount, \$481.7 million and \$564.3 million are included in long-term liabilities on the Consolidated balance sheet for 2012 and 2011, respectively. The remainder is included in deferred income taxes on the Consolidated balance sheet.

In December 2012, the Company reached a final settlement with the Internal Revenue Service ("IRS") Appeals Division regarding its U.S. federal income tax returns for 2007 and 2008. The Company agreed to a settlement of about \$80 million, primarily related to proposed foreign tax credit adjustments of about \$400 million. The liabilities previously recorded and determined in accordance with ASC 740 - Income Taxes related to this matter were adequate. Additionally, no cash payment was made related to this settlement as the Company had previously made a tax deposit with the IRS. The agreement did not have a material impact on the Company's cash flows, results of operations or financial position.

The Company's 2009 and 2010 U.S. federal income tax returns are currently under examination. Additionally, the Company is currently under audit in multiple state and foreign tax jurisdictions where it is reasonably possible that the audits could be completed within 12 months. Due to the possible completion of these audits and the expiration of the statute of limitations in multiple tax jurisdictions, it is reasonably possible that the total amount of unrecognized tax benefits could decrease within the next 12 months by \$150 million to \$160 million, of which \$10 million to \$30 million could favorably affect the effective tax rate.

In addition, the Company is currently under audit in multiple tax jurisdictions where completion of the tax audits is not expected within 12 months. However, it is reasonably possible that, as a result of audit progression within the next 12 months, there may be new information that causes the Company to reassess the total amount of unrecognized tax benefits recorded. While the Company cannot estimate the impact that new information may have on our unrecognized tax benefit balance, we believe that the liabilities recorded are appropriate and adequate as determined under ASC 740.

The Company is generally no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years prior to 2006.

The Company had \$37.7 million and \$39.6 million accrued for interest and penalties at December 31, 2012 and 2011, respectively. The Company recognized interest and penalties related to tax matters of \$11.2 million in 2012, \$4.8 million in 2011, and \$29.0 million in 2010, which are included in the provision for income taxes.

Deferred U.S. income taxes have not been recorded for temporary differences related to investments in certain foreign subsidiaries and corporate joint ventures. These temporary differences were approximately \$14.8 billion at December 31, 2012 and consisted primarily of undistributed earnings considered permanently invested in operations outside the U.S. Determination of the deferred income tax liability on these unremitted earnings is not practicable because such liability, if any, is dependent on circumstances existing if and when remittance occurs.

Segment and Geographic Information

The Company operates in the global restaurant industry and manages its business as distinct geographic segments. All intercompany revenues and expenses are eliminated in computing revenues and operating income. Corporate general and administrative expenses are included in Other Countries & Corporate and consist of home office support costs in areas such as facilities, finance, human resources, information technology, legal, marketing, restaurant operations, supply chain and training. Corporate assets include corporate cash and equivalents, asset portions of financial instruments and home office facilities.

<i>In millions</i>	2012	2011	2010
U.S.	\$ 8,813.7	\$ 8,528.2	\$ 8,111.6
Europe	10,827.4	10,886.4	9,569.2
APMEA	6,391.1	6,019.5	5,065.5
Other Countries & Corporate	1,534.8	1,571.9	1,328.3
Total revenues	\$27,567.0	\$27,006.0	\$24,074.6
U.S.	\$ 3,750.4	\$ 3,666.2	\$ 3,446.5
Europe	3,195.8	3,226.7	2,796.8
APMEA	1,566.1	1,525.8	1,199.9 ⁽¹⁾
Other Countries & Corporate	92.3	111.0	29.9 ⁽²⁾
Total operating income	\$ 8,604.6	\$ 8,529.7	\$ 7,473.1
U.S.	\$11,431.6	\$10,865.5	\$10,467.7
Europe	14,223.3	12,015.1	11,360.7
APMEA	6,419.3	5,824.2	5,374.0
Other Countries & Corporate	3,312.3	4,285.1	4,772.8
Total assets	\$35,386.5	\$32,989.9	\$31,975.2
U.S.	\$ 1,065.0	\$ 786.5	\$ 530.5
Europe	1,114.7	1,130.1	978.5
APMEA	716.6	614.1	493.1
Other Countries & Corporate	152.9	199.1	133.4
Total capital expenditures	\$ 3,049.2	\$ 2,729.8	\$ 2,135.5
U.S.	\$ 477.1	\$ 446.0	\$ 433.0
Europe	573.5	570.3	500.5
APMEA	296.2	267.5	232.4
Other Countries & Corporate	141.7	131.2	110.3
Total depreciation and amortization	\$ 1,488.5	\$ 1,415.0	\$ 1,276.2

(1) Includes expense due to impairment and other charges (credits), net of \$39.3 million related to the Company's share of restaurant closings in McDonald's Japan (a 50%-owned affiliate).

(2) Includes income due to impairment and other charges (credits), net of \$21.0 million related to the resolution of certain liabilities retained in connection with the 2007 Latin America developmental license transaction.

Total long-lived assets, primarily property and equipment, were (in millions)—Consolidated: 2012—\$29,644.5; 2011—\$27,587.6; 2010—\$26,700.9; U.S. based: 2012—\$11,308.7; 2011—\$10,724.9; 2010—\$10,430.2.

Debt Financing

LINE OF CREDIT AGREEMENTS

At December 31, 2012, the Company had a \$1.5 billion line of credit agreement expiring in November 2016 with fees of 0.065% per annum on the total commitment, which remained unused. Fees and interest rates on this line are based on the Company's long-term credit rating assigned by Moody's and Standard & Poor's. In addition, the Company, including certain subsidiaries outside the U.S., had unused lines of credit totaling \$988.9 million at December 31, 2012; these lines of credit were primarily uncommitted, short-term and denominated in various currencies at local market rates of interest.

The weighted-average interest rate of short-term borrowings was 4.1% at December 31, 2012 (based on \$581.3 million of foreign currency bank line borrowings and \$200.0 million of commercial paper) and 4.6% at December 31, 2011 (based on \$640.3 million of foreign currency bank line borrowings and \$250.0 million of commercial paper).

DEBT OBLIGATIONS

The Company has incurred debt obligations principally through public and private offerings and bank loans. There are no provisions in the Company's debt obligations that would accelerate repayment of debt as a result of a change in credit ratings or a material adverse change in the Company's business. Certain of the Company's debt obligations contain cross-acceleration provisions, and restrictions on Company and subsidiary mortgages and the long-term debt of certain subsidiaries. Under certain agreements, the Company has the option to retire debt prior to maturity, either at par or at a premium over par. The Company has no current plans to retire a significant amount of its debt prior to maturity.

ESOP LOANS

Borrowings related to the leveraged Employee Stock Ownership Plan ("ESOP") at December 31, 2012, which include \$31.5 million of loans from the Company to the ESOP, are reflected as debt with a corresponding reduction of shareholders' equity (additional paid-in capital included a balance of \$27.2 million and \$34.4 million at December 31, 2012 and 2011, respectively). The ESOP is repaying the loans and interest through 2018 using Company contributions and dividends from its McDonald's common stock holdings. As the principal amount of the borrowings is repaid, the debt and the unearned ESOP compensation (additional paid-in capital) are reduced.

The following table summarizes the Company's debt obligations. (Interest rates and debt amounts reflected in the table include the effects of interest rate swaps.)

In millions of U.S. Dollars	Maturity dates	Interest rates ⁽¹⁾ December 31		Amounts outstanding December 31	
		2012	2011	2012	2011
Fixed		4.8%	5.1%	\$ 7,075.7	\$ 6,039.3
Floating		1.2	2.0	1,650.0	1,399.9
Total U.S. Dollars	2013-2042			8,725.7	7,439.2
Fixed		3.7	4.5	1,847.2	1,167.0
Floating		2.9	2.8	348.0	719.0
Total Euro	2013-2024			2,195.2	1,886.0
Fixed		2.9	2.9	144.2	162.4
Floating		0.4	0.6	923.3	1,039.4
Total Japanese Yen	2013-2030			1,067.5	1,201.8
Total British Pounds Sterling-Fixed	2020-2032	6.0	6.0	730.1	697.8
Fixed		2.0	2.8	305.4	495.8
Floating		5.4	5.6	566.3	723.9
Total other currencies ⁽²⁾	2013-2021			871.7	1,219.7
Debt obligations before fair value adjustments ⁽³⁾				13,590.2	12,444.5
Fair value adjustments ⁽⁴⁾				42.3	55.9
Total debt obligations ⁽⁵⁾				\$13,632.5	\$12,500.4

(1) Weighted-average effective rate, computed on a semi-annual basis.

(2) Primarily consists of Chinese Renminbi, Swiss Francs, and Korean Won.

(3) Aggregate maturities for 2012 debt balances, before fair value adjustments, were as follows (in millions): 2013—\$0.0; 2014—\$659.5; 2015—\$1,167.6; 2016—\$2,437.5; 2017—\$1,052.9; Thereafter—\$8,272.7. These amounts include a reclassification of short-term obligations totaling \$1.5 billion to long-term obligations as they are supported by a long-term line of credit agreement expiring in November 2016.

(4) The carrying value of underlying items in fair value hedges, in this case debt obligations, are adjusted for fair value changes to the extent they are attributable to the risk designated as being hedged. The related hedging instrument is also recorded at fair value in prepaid expenses and other current assets, miscellaneous other assets or other long-term liabilities.

(5) Includes notes payable, current maturities of long-term debt and long-term debt included on the Consolidated balance sheet. The increase in debt obligations from December 31, 2011 to December 31, 2012 was primarily due to net issuances of \$1.2 billion.

Employee Benefit Plans

The Company's Profit Sharing and Savings Plan for U.S.-based employees includes a 401(k) feature, a regular employee match feature, and a discretionary employer profit sharing match. The 401(k) feature allows participants to make pretax contributions that are matched each pay period from shares released under the ESOP. The Profit Sharing and Savings Plan also provides for a discretionary employer profit sharing match after the end of the year for those participants eligible to share in the match.

All current account balances and future contributions and related earnings can be invested in several investment alternatives as well as McDonald's common stock in accordance with each participant's elections. Participants' contributions to the 401(k) feature and the discretionary employer matching contribution feature are limited to 20% investment in McDonald's common stock. Participants may choose to make separate investment choices for current account balances and for future contributions.

The Company also maintains certain supplemental benefit plans that allow participants to (i) make tax-deferred contributions and (ii) receive Company-provided allocations that cannot be made under the Profit Sharing and Savings Plan because of Internal Revenue Service limitations. The investment alternatives and returns are based on certain market-rate investment alternatives under the Profit Sharing and Savings Plan. Total

liabilities were \$493.5 million at December 31, 2012, and \$482.5 million at December 31, 2011, and were primarily included in other long-term liabilities on the Consolidated balance sheet.

The Company has entered into derivative contracts to hedge market-driven changes in certain of the liabilities. At December 31, 2012, derivatives with a fair value of \$132.3 million indexed to the Company's stock and an investment totaling \$123.8 million indexed to certain market indices were included in prepaid expenses and other current assets on the Consolidated balance sheet. All changes in liabilities for these nonqualified plans and in the fair value of the derivatives are recorded in Selling, general & administrative expenses. Changes in fair value of the derivatives indexed to the Company's stock are recorded in the income statement because the contracts provide the counterparty with a choice to settle in cash or shares.

Total U.S. costs for the Profit Sharing and Savings Plan, including nonqualified benefits and related hedging activities, were (in millions): 2012—\$27.9; 2011—\$41.3; 2010—\$51.4. Certain subsidiaries outside the U.S. also offer profit sharing, stock purchase or other similar benefit plans. Total plan costs outside the U.S. were (in millions): 2012—\$62.5; 2011—\$58.3; 2010—\$57.6.

The total combined liabilities for international retirement plans were \$77.7 million and \$125.4 million at December 31, 2012 and 2011, respectively.

Other postretirement benefits and post-employment benefits were immaterial.

Share-based Compensation

The Company maintains a share-based compensation plan which authorizes the granting of various equity-based incentives including stock options and restricted stock units (RSUs) to employees and nonemployee directors. The number of shares of common stock reserved for issuance under the plans was 79.3 million at December 31, 2012, including 50.1 million available for future grants.

STOCK OPTIONS

Stock options to purchase common stock are granted with an exercise price equal to the closing market price of the Company's stock on the date of grant. Substantially all of the options become exercisable in four equal installments, beginning a year from the date of the grant, and generally expire 10 years from the grant date. Options granted between March 21, 2000 and December 31, 2000 (approximately 1.0 million options outstanding at December 31, 2012) expire 13 years from the date of grant.

Intrinsic value for stock options is defined as the difference between the current market value of the Company's stock and the exercise price. During 2012, 2011 and 2010, the total intrinsic value of stock options exercised was \$469.8 million, \$416.5 million and \$500.8 million, respectively. Cash received from stock options exercised during 2012 was \$328.6 million and the actual tax benefit realized for tax deductions from stock options exercised totaled \$140.2 million. The Company uses treasury shares purchased under the Company's share repurchase program to satisfy share-based exercises.

A summary of the status of the Company's stock option grants as of December 31, 2012, 2011 and 2010, and changes during the years then ended, is presented in the following table:

	2012				2011		2010	
	Shares in millions	Weighted-average exercise price	Weighted-average remaining contractual life in years	Aggregate intrinsic value in millions	Shares in millions	Weighted-average exercise price	Shares in millions	Weighted-average exercise price
<i>Options</i>								
Outstanding at beginning of year	31.7	\$47.77			37.4	\$42.47	47.8	\$38.16
Granted	4.9	99.63			3.9	75.97	4.5	63.26
Exercised	(8.6)	38.51			(9.0)	37.46	(13.6)	33.84
Forfeited/expired	(0.6)	55.28			(0.6)	55.00	(1.3)	46.03
Outstanding at end of year	27.4	\$59.86	5.6	\$ 833.0	31.7	\$47.77	37.4	\$42.47
Exercisable at end of year	17.1	\$45.97	4.1	\$ 722.1	21.9		26.4	

RSUs

RSUs generally vest 100% on the third anniversary of the grant and are payable in either shares of McDonald's common stock or cash, at the Company's discretion. Certain executives have been awarded RSUs that vest based on Company performance. The fair value of each RSU granted is equal to the market price of the Company's stock at date of grant less the present value of expected dividends over the vesting period.

A summary of the Company's RSU activity during the years ended December 31, 2012, 2011 and 2010 is presented in the following table:

	2012		2011		2010	
	Shares in millions	Weighted-average grant date fair value	Shares in millions	Weighted-average grant date fair value	Shares in millions	Weighted-average grant date fair value
<i>RSUs</i>						
Nonvested at beginning of year	2.1	\$56.78	2.3	\$51.17	2.8	\$46.33
Granted	0.5	90.34	0.6	67.96	0.7	56.09
Vested	(0.8)	50.69	(0.7)	49.88	(1.1)	42.08
Forfeited	0.0	68.72	(0.1)	50.16	(0.1)	49.61
Nonvested at end of year	1.8	\$68.23	2.1	\$56.78	2.3	\$51.17

The Company realized tax deductions of \$10.6 million from RSUs vested during 2012. The total fair value of RSUs vested during 2012, 2011 and 2010 was \$76.4 million, \$55.5 million and \$66.8 million, respectively.

Quarterly Results (Unaudited)

In millions, except per share data	Quarters ended December 31		Quarters ended September 30		Quarters ended June 30		Quarters ended March 31	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenues								
Sales by Company-operated restaurants	\$4,658.4	\$4,587.2	\$4,838.4	\$4,855.5	\$4,673.5	\$4,697.4	\$4,432.2	\$4,152.7
Revenues from franchised restaurants	2,293.7	2,235.5	2,314.0	2,310.8	2,242.4	2,208.0	2,114.4	1,958.9
Total revenues	6,952.1	6,822.7	7,152.4	7,166.3	6,915.9	6,905.4	6,546.6	6,111.6
Company-operated margin	827.3	856.1	924.0	972.2	849.7	890.6	777.8	736.0
Franchised margin	1,901.0	1,857.5	1,930.6	1,934.6	1,866.2	1,835.0	1,739.7	1,604.6
Operating income	2,197.8	2,120.0	2,287.2	2,394.7	2,155.0	2,189.1	1,964.6	1,825.9
Net income	\$1,396.1	\$1,376.6	\$1,455.0	\$1,507.3	\$1,347.0	\$1,410.2	\$1,266.7	\$1,209.0
Earnings per common share—basic	\$ 1.39	\$ 1.35	\$ 1.45	\$ 1.47	\$ 1.33	\$ 1.36	\$ 1.24	\$ 1.16
Earnings per common share—diluted	\$ 1.38	\$ 1.33	\$ 1.43	\$ 1.45	\$ 1.32	\$ 1.35	\$ 1.23	\$ 1.15
Dividends declared per common share			\$ 1.47 ⁽¹⁾	\$ 1.31 ⁽²⁾	\$ 0.70	\$ 0.61	\$ 0.70	\$ 0.61
Weighted-averaged common shares—basic	1,002.4	1,022.0	1,006.1	1,028.8	1,013.8	1,035.6	1,018.2	1,042.4
Weighted-averaged common shares—diluted	1,010.7	1,034.7	1,015.4	1,041.3	1,023.9	1,047.7	1,030.0	1,054.6
Market price per common share:								
High	\$ 94.16	\$ 101.00	\$ 94.00	\$ 91.22	\$ 99.50	\$ 84.91	\$ 102.22	\$ 77.59
Low	83.31	83.74	86.15	82.01	85.92	75.66	95.13	72.14
Close	88.21	100.33	91.75	87.82	88.53	84.32	98.10	76.09

(1) Includes a \$0.70 per share dividend declared and paid in third quarter and a \$0.77 per share dividend declared in third quarter and paid in fourth quarter.

(2) Includes a \$0.61 per share dividend declared and paid in third quarter and a \$0.70 per share dividend declared in third quarter and paid in fourth quarter.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of McDonald's Corporation

We have reviewed the condensed consolidated balance sheet of McDonald's Corporation as of September 30, 2013, and the related condensed consolidated statements of income, comprehensive income and cash flows for the three and nine-month periods ended September 30, 2013 and 2012. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of McDonald's Corporation as of December 31, 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended not presented herein, and we expressed an unqualified opinion on those consolidated financial statements and in our report dated February 25, 2013. In our opinion, the accompanying condensed consolidated balance sheet of McDonald's Corporation as of December 31, 2012, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

ERNST & YOUNG LLP

Chicago, Illinois
October 30, 2013

INTERIM FINANCIAL INFORMATION

The following tables set out the Issuer's unaudited consolidated statements of net income and comprehensive income and cash flows for the quarters and nine months ended September 30, 2013 and 2012, the Issuer's unaudited consolidated balance sheet as of September 30, 2013, and the Issuer's audited consolidated balance sheet as of December 31, 2012, and the related notes.

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CONDENSED CONSOLIDATED BALANCE SHEET

In millions, except per share data	(unaudited)	
	September 30, 2013	December 31, 2012
Assets		
Current assets		
Cash and equivalents	\$ 2,544.3	\$ 2,336.1
Accounts and notes receivable	1,285.3	1,375.3
Inventories, at cost, not in excess of market	113.1	121.7
Prepaid expenses and other current assets	791.4	1,089.0
Total current assets	4,734.1	4,922.1
Other assets		
Investments in and advances to affiliates	1,262.5	1,380.5
Goodwill	2,853.8	2,804.0
Miscellaneous	1,619.4	1,602.7
Total other assets	5,735.7	5,787.2
Property and equipment		
Property and equipment, at cost	39,487.3	38,491.1
Accumulated depreciation and amortization	(14,405.8)	(13,813.9)
Net property and equipment	25,081.5	24,677.2
Total assets	\$ 35,551.3	\$ 35,386.5
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	\$ 858.3	\$ 1,141.9
Dividends payable	803.0	—
Income taxes	321.4	298.7
Other taxes	383.3	370.7
Accrued interest	172.1	217.0
Accrued payroll and other liabilities	1,284.2	1,374.8
Total current liabilities	3,822.3	3,403.1
Long-term debt	13,487.8	13,632.5
Other long-term liabilities	1,556.0	1,526.2
Deferred income taxes	1,520.3	1,531.1
Shareholders' equity		
Preferred stock, no par value; authorized—165.0 million shares; issued—none	—	—
Common stock, \$.01 par value; authorized—3.5 billion shares; issued 1,660.6 million shares	16.6	16.6
Additional paid-in capital	5,962.6	5,778.9
Retained earnings	40,354.6	39,278.0
Accumulated other comprehensive income	516.6	796.4
Common stock in treasury, at cost: 665.6 and 657.9 million shares	(31,685.5)	(30,576.3)
Total shareholders' equity	15,164.9	15,293.6
Total liabilities and shareholders' equity	\$ 35,551.3	\$ 35,386.5

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF NET INCOME (UNAUDITED)

In millions, except per share data	Quarters Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues				
Sales by Company-operated restaurants	\$ 4,923.1	\$ 4,838.4	\$ 14,129.9	\$ 13,944.1
Revenues from franchised restaurants	2,400.3	2,314.0	6,882.6	6,670.8
Total revenues	7,323.4	7,152.4	21,012.5	20,614.9
Operating costs and expenses				
Company-operated restaurant expenses	4,004.4	3,914.4	11,649.9	11,392.6
Franchised restaurants—occupancy expenses	408.4	383.4	1,202.7	1,134.3
Selling, general & administrative expenses	554.3	620.9	1,757.8	1,830.7
Other operating (income) expense, net	(60.4)	(53.5)	(161.8)	(149.5)
Total operating costs and expenses	4,906.7	4,865.2	14,448.6	14,208.1
Operating income	2,416.7	2,287.2	6,563.9	6,406.8
Interest expense	130.5	128.1	388.4	387.0
Nonoperating (income) expense, net	13.6	5.5	26.2	8.8
Income before provision for income taxes	2,272.6	2,153.6	6,149.3	6,011.0
Provision for income taxes	750.4	698.6	1,960.4	1,942.3
Net income	\$ 1,522.2	\$ 1,455.0	\$ 4,188.9	\$ 4,068.7
Earnings per common share-basic	\$ 1.53	\$ 1.45	\$ 4.19	\$ 4.02
Earnings per common share-diluted	\$ 1.52	\$ 1.43	\$ 4.16	\$ 3.98
Dividends declared per common share	\$ 1.58	\$ 1.47	\$ 3.12	\$ 2.87
Weighted average shares outstanding-basic	997.3	1,006.1	1,000.5	1,012.7
Weighted average shares outstanding-diluted	1,004.2	1,015.4	1,008.2	1,023.3

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

In millions	Quarters Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income	\$1,522.2	\$1,455.0	\$4,188.9	\$4,068.7
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments:				
Gain (loss) recognized in accumulated other comprehensive income (AOCI), including net investment hedges	496.4	316.1	(253.1)	142.0
Foreign currency translation adjustments-net of tax benefit (expense) of \$57.6, \$19.4, \$5.7 and \$3.5	496.4	316.1	(253.1)	142.0
Cash flow hedges:				
Gain (loss) recognized in AOCI	(17.6)	5.9	(47.9)	10.8
Reclassification of (gain) loss to net income	8.4	1.9	20.7	5.0
Cash flow hedges-net of tax benefit (expense) of \$3.5, \$(2.1), \$6.3 and \$(5.3)	(9.2)	7.8	(27.2)	15.8
Defined benefit pension plans:				
Gain (loss) recognized in AOCI	0.0	0.7	0.1	0.1
Reclassification of (gain) loss to net income	0.2	0.1	0.4	1.9
Defined benefit pension plans-net of tax benefit (expense) of \$0.0, \$0.0, \$0.0 and \$0.8	0.2	0.8	0.5	2.0
Total other comprehensive income (loss), net of tax	487.4	324.7	(279.8)	159.8
Comprehensive income	\$2,009.6	\$1,779.7	\$3,909.1	\$4,228.5

See Notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

In millions	Quarters Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Operating activities				
Net income	\$ 1,522.2	\$ 1,455.0	\$ 4,188.9	\$ 4,068.7
Adjustments to reconcile to cash provided by operations				
Charges and credits:				
Depreciation and amortization	394.5	371.9	1,176.5	1,102.5
Deferred income taxes	18.7	84.3	13.4	119.7
Share-based compensation	22.7	22.5	68.9	70.2
Other	(8.0)	32.0	78.5	4.3
Changes in working capital items	100.4	33.7	(279.0)	(249.4)
Cash provided by operations	2,050.5	1,999.4	5,247.2	5,116.0
Investing activities				
Capital expenditures	(687.1)	(753.2)	(1,920.7)	(2,053.6)
Sales and purchases of restaurant businesses and property sales	77.1	47.8	126.7	110.7
Other	24.4	(18.3)	127.8	(63.8)
Cash used for investing activities	(585.6)	(723.7)	(1,666.2)	(2,006.7)
Financing activities				
Short-term borrowings and long-term financing issuances and repayments	(67.8)	(379.3)	(91.1)	791.1
Treasury stock purchases	(501.1)	(651.0)	(1,273.1)	(2,234.2)
Common stock dividends	(767.5)	(703.8)	(2,310.8)	(2,125.4)
Proceeds from stock option exercises	25.2	83.3	203.6	233.0
Excess tax benefit on share-based compensation	8.9	33.0	82.1	101.6
Other	0.7	(0.3)	(6.2)	(9.3)
Cash used for financing activities	(1,301.6)	(1,618.1)	(3,395.5)	(3,243.2)
Effect of exchange rates on cash and cash equivalents	102.6	36.3	22.7	(23.3)
Cash and equivalents increase (decrease)	265.9	(306.1)	208.2	(157.2)
Cash and equivalents at beginning of period	2,278.4	2,484.6	2,336.1	2,335.7
Cash and equivalents at end of period	\$ 2,544.3	\$ 2,178.5	\$ 2,544.3	\$ 2,178.5

See Notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Basis of Presentation

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

Restaurant Information

The following table presents restaurant information by ownership type:

Restaurants at September 30,	2013	2012
Conventional franchised	20,117	19,673
Developmental licensed	4,566	4,143
Foreign affiliated	3,598	3,654
Total Franchised	28,281	27,470
Company-operated	6,642	6,540
Systemwide restaurants	34,923	34,010

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

Per Common Share Information

Diluted earnings per common share is calculated using net income divided by diluted weighted-average shares. Diluted weighted-average shares include weighted-average shares outstanding plus the dilutive effect of share-based compensation, calculated using the treasury stock method, of 6.9 million shares and 9.3 million shares for the quarters 2013 and 2012, respectively, and 7.7 million shares and 10.6 million shares for the nine months 2013 and 2012, respectively. Stock options that would have been antidilutive and therefore were not included in the calculation of diluted weighted-average shares totaled 7.7 million shares and 4.7 million shares for the quarters 2013 and 2012, respectively, and 4.7 million shares for the nine months 2013 and 2012, respectively.

In September 2013, McDonald's Board of Directors declared a fourth quarter cash dividend of \$0.81 per share of common stock, resulting in \$803.0 million of dividends payable in December 2013.

Fair Value Measurements

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

• Certain Financial Assets and Liabilities Measured at Fair Value

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

In millions	Level 1	Level 2	Carrying Value
<i>September 30, 2013</i>			
Investments	\$ 189.0		\$ 189.0
Derivative assets	137.9	\$ 73.9	211.8
Total assets at fair value	\$ 326.9	\$ 73.9	\$ 400.8
Derivative liabilities		\$(158.1)	\$(158.1)
Total liabilities at fair value		\$(158.1)	\$(158.1)

• Certain Financial Assets and Liabilities not Measured at Fair Value

At September 30, 2013, the fair value of the Company's debt obligations was estimated at \$14.6 billion, compared to a carrying amount of \$13.5 billion. The fair value was based upon quoted market prices, Level 2, within the valuation hierarchy. The carrying amounts of cash and equivalents and notes receivable approximate fair value.

Financial Instruments and Hedging Activities

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

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

In millions	Derivative Assets		Derivative Liabilities	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Total derivatives designated as hedging instruments	\$ 70.1	\$ 85.1	\$(135.1)	\$ (35.8)
Total derivatives not designated as hedging instruments	141.7	133.3	(23.0)	(6.8)
Total derivatives	\$ 211.8	\$ 218.4	\$(158.1)	\$ (42.6)

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

In millions	Gain (Loss) Recognized in Accumulated OCI		Gain (Loss) Reclassified into Income from Accumulated OCI		Gain (Loss) Recognized in Income on Derivative ⁽¹⁾	
	2013	2012	2013	2012	2013	2012
Cash Flow Hedges	\$ (62.3)	\$ 13.9	\$ (28.8)	\$ (7.2)	\$ (7.7)	\$ (10.8)
Net Investment Hedges	\$(229.8)	\$ 25.3	\$ —	\$ —		
Undesignated derivatives					\$ (31.7)	\$ (20.5)

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

- Fair Value Hedges**

The Company enters into fair value hedges which convert a portion of its fixed-rate debt into floating-rate debt by use of interest rate swaps. At September 30, 2013, \$2.2 billion of the Company's outstanding fixed-rate debt was effectively converted. For the nine months ended September 30, 2013, the Company recognized a \$22.8 million loss on fair value interest rate swaps, which was exactly offset by a corresponding gain in the fair value of the hedged debt instruments.

- Cash Flow Hedges**

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

To protect against the reduction in value of forecasted foreign currency cash flows (such as royalties denominated in foreign currencies), the Company uses foreign currency forwards and foreign currency options to hedge a portion of anticipated exposures. The hedges cover the next 19 months for certain exposures and are denominated in various currencies. As of September 30, 2013, the Company had derivatives outstanding with an equivalent notional amount of \$713.2 million that hedged a portion of forecasted foreign currency denominated royalties.

The Company uses cross-currency swaps to hedge the risk of cash flows associated with certain foreign currency denominated debt, including forecasted interest payments, and has elected cash flow hedge accounting. The hedges cover periods up to 50 months and have an equivalent notional amount of \$338.9 million.

The Company manages its exposure to energy-related transactions in certain markets by entering into commodity forwards and has elected cash flow hedge accounting. The hedges cover periods up to 22 years and have an equivalent gross notional amount of \$961.3 million, comprised of offsetting purchases and sales of energy.

Based on market conditions at September 30, 2013, the \$8.0 million in cumulative cash flow hedging gains, after tax, is not expected to have a significant effect on earnings over the next 12 months.

- **Net Investment Hedges**

The Company primarily uses foreign currency denominated debt (third party and intercompany) to hedge its investments in certain foreign subsidiaries and affiliates. Realized and unrealized translation adjustments from these hedges are included in shareholders' equity in the foreign currency translation component of OCI and offset translation adjustments on the underlying net assets of foreign subsidiaries and affiliates, which also are recorded in OCI. As of September 30, 2013, \$8.1 billion of intercompany foreign currency denominated debt, \$4.5 billion of the Company's third party foreign currency denominated debt and \$785.3 million of derivatives were designated to hedge investments in certain foreign subsidiaries and affiliates.

- **Credit Risk**

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

Segment Information

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

In millions	Quarters Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues				
U.S.	\$2,289.0	\$2,256.5	\$ 6,659.9	\$ 6,601.1
Europe	2,955.3	2,793.1	8,378.8	8,069.8
APMEA	1,683.1	1,693.6	4,866.3	4,798.1
Other Countries & Corporate	396.0	409.2	1,107.5	1,145.9
Total revenues	\$7,323.4	\$7,152.4	\$21,012.5	\$20,614.9
Operating Income				
U.S.	\$1,021.7	\$ 973.8	\$ 2,834.3	\$ 2,817.2
Europe	944.4	848.7	2,503.3	2,355.2
APMEA	391.8	443.2	1,128.4	1,185.9
Other Countries & Corporate	58.8	21.5	97.9	48.5
Total operating income	\$2,416.7	\$2,287.2	\$ 6,563.9	\$ 6,406.8

Subsequent Events

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

UNITED STATES TAXATION

TO ENSURE COMPLIANCE WITH U.S. TREASURY REGULATION CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS BASE PROSPECTUS OR ANY DOCUMENT REFERRED TO HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED; (B) SUCH DISCUSSION IS WRITTEN FOR USE IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The Information provided below does not purport to be a complete summary of U.S. tax law and practice currently applicable. This section assumes that income with respect to Notes is not effectively connected with a trade or business within the United States in which a relevant U.S. Alien is engaged.

The following summary contains a description of certain U.S. federal income and estate tax consequences of the purchase, ownership and disposition of Notes by Holders who are U.S. Aliens (as defined in Condition 8 in “Terms and Conditions of the Notes”) and are beneficial owners of a Note for U.S. federal income tax purposes. Both Registered Notes and Bearer Notes (as defined in Condition 1 in “Terms and Conditions of the Notes”) will be treated as issued in registered form for U.S. federal income tax purposes. The Issuer generally intends to treat the Notes as debt. Certain Notes, however, such as Notes with extremely long maturities, may not be treated as debt for U.S. federal income tax purposes. The tax treatment of Notes to which a treatment other than debt may apply will be discussed in the relevant Final Terms. To the extent the U.S. tax consequences differ from the treatment described below, such tax consequences will be set forth in a Prospectus Supplement to this Base Prospectus or the relevant Final Terms.

Under U.S. federal income and estate tax law as now in effect, and subject to the discussion below concerning information reporting and backup withholding:

(a) payment of principal or interest (including any original issue discount) on a Note by the Issuer or any Paying Agent (acting in its capacity as such) to a Holder that is a U.S. Alien will not be subject to withholding of U.S. federal income tax, provided that, (i) with respect to payments of interest on a Note, (x) the Holder does not actually or constructively own 10 percent or more of the combined voting power of all classes of stock of the Issuer and is not a controlled foreign corporation related to the Issuer through stock ownership; and (y) the beneficial owner provides a statement signed under penalties of perjury (typically, on Internal Revenue Service (“IRS”) Form W-8BEN) that includes its name and address and certifies that it is a United States Alien Holder in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a United States Alien Holder) and (ii) in the case of payments made after June 30, 2014 on Notes issued after June 30, 2014, (x) the U.S. Alien Holder has provided any required information with respect to its direct and indirect U.S. owners, if any; and (y) if the U.S. Alien Holder or any intermediary through which it holds Notes is a “foreign financial institution” (as defined herein), each such entity has entered into an agreement with the U.S. government, pursuant to which it agrees, among other responsibilities, to collect and provide to the U.S. tax authorities information about its direct and indirect U.S. accountholders and investors, or otherwise establishes an exemption;

(b) a Holder that is a U.S. Alien will not be subject to U.S. federal income tax on gain realized on the sale, exchange or redemption of the Note, provided that, (i) such Holder does not have a connection with or status with respect to the United States described in clause (i) of Condition 8.01 of the Terms and Conditions of the Notes; and (ii) in the case of a sale, exchange, redemption or other taxable disposition of a Note issued after June 30, 2014, effected after December 31, 2016, (x) the U.S. Alien Holder has provided any required information with respect to its direct and indirect U.S. owners, if any; and (y) if the U.S. Alien Holder or any intermediary through which it holds Notes is a “foreign financial institution” (as defined herein), each such entity has entered into an agreement with the U.S. government, pursuant to which it agrees, among other responsibilities, to collect and provide to the U.S. tax authorities information about its direct and indirect U.S. accountholders and investors, or otherwise establishes an exemption;

(c) a Note will not be subject to U.S. federal estate tax as a result of the death of a Holder who is not a citizen or resident of the United States at the time of death, provided (i) with respect to a Note having an original term to maturity of 184 days or more, that such Holder did not at the time of death actually or constructively own 10 percent or more of the combined voting power of all classes of stock of the Issuer; and (ii) at the time of such Holder’s death, payments of interest on such Note would not have been effectively connected with the conduct by such Holder of a trade or business within the United States.

If United States tax is imposed as a result of a failure to comply with the documentation requirements described in clauses (a)(ii) or (b)(ii) above, the beneficial owner may be entitled to a refund if the required information is provided to the Internal Revenue Service.

For the purposes of the discussion in paragraphs (a) and (b) above, a “foreign financial institution” generally is a non-U.S. entity that (i) accepts deposits in the ordinary course of a banking or similar business; (ii) as a substantial portion of its business, holds financial assets for the account of others; or (iii) is engaged (or holds itself out as being engaged) primarily in the business of investing, reinvesting, or trading in securities, partnership interests or commodities, or interests in securities, partnership interests or commodities.

U.S. information reporting requirements and backup withholding tax will not apply to payments on a Note made by the Issuer or any Paying Agent to a Holder that is a U.S. Alien if the statement described in paragraph (a)(i)(y) above is duly provided.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a Holder's U.S. federal income tax liability. A Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for a refund with the U.S. Internal Revenue Service and furnishing the required information.

For purposes of applying the rules set forth under this heading "United States Taxation" to an entity that is treated as fiscally transparent (*e.g.*, a partnership) for U.S. federal income tax purposes, the beneficial owner means each of the ultimate beneficial owners of the entity.

THE TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE PARTICULAR CONSEQUENCES TO THEM OF PURCHASING, HOLDING AND DISPOSING OF NOTES IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES, INCLUDING THE TAX CONSEQUENCES UNDER LOCAL, STATE, FOREIGN AND OTHER TAX LAWS AND POSSIBLE EFFECTS OF CHANGES IN U.S. FEDERAL INCOME OR OTHER TAX LAWS.

EUROPEAN UNION DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

Under the Savings Directive, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will instead (unless during that period they elect otherwise) operate a withholding system in relation to such payments. Under that system, the beneficial owner of the interest payment must be permitted to elect that certain procedures relating to the provision of information be applied rather than requiring withholding. The rate of withholding is 35%. The transitional period will terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favor of automatic exchange of information with effect from January 1, 2015.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures to the Savings Directive.

A proposal for amendments to the Savings Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above. Investors who are in any doubt as to their position should consult their professional advisors.

PROPOSED FINANCIAL TRANSACTIONS TAX

The European Commission has published a proposal for a Directive for a common Financial Transactions Tax (“FTT”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. Therefore, it may be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

LUXEMBOURG TAXATION

The following general summary of certain Luxembourg tax issues is based upon the tax laws of Luxembourg as in effect on the date of this Base Prospectus and is subject to any change that may come into effect after that date. Under the existing laws of Luxembourg:

Non-Resident Holders of Notes

Holders of Notes will not become residents, or deemed to be residents, in Luxembourg by reason only of the holding of a Note or the execution, performance, delivery and/or enforcement of the Note.

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to individual Holders of Notes and Holders of Notes that are residual entities, there is no Luxembourg withholding tax on payments of a fixed/floating rate of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to individual Holders of Notes and Holders of Notes that are residual entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Under the Luxembourg laws dated June 21, 2005 implementing the Savings Directive (the “**Luxembourg Laws of June 21, 2005**”) and several agreements concluded between Luxembourg and certain dependent and associated territories of the European Union, a Luxembourg-based paying agent is required to withhold tax on interest payments as well as in case of repayment, reimbursement, redemption, repurchase or exchange of certain debt instruments paid to (or under certain circumstances, to the benefit of) an individual resident in another Member State or a residual entity established in another Member State, unless the beneficiary of such interest payments opts for the procedure of exchange of information or for the tax certificate procedure. The same regime may apply for payments made to individuals resident in certain dependent and associated territories of the European Union or residual entities established in such dependent and associated territories.

The withholding tax rate is 35%. The withholding tax system applies during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favor of automatic exchange of information with effect from January 1, 2015.

Luxembourg Resident Holders of Notes

Luxembourg Resident Individuals

A 10% withholding tax (the “**10% Tax**”) applies on interest payments made by a Luxembourg paying agent to Luxembourg individual Holders of Notes or to certain foreign residual entities securing the interest payment for such Luxembourg resident Holders of Notes. For Luxembourg individual Holders not holding the Notes as business assets, the 10% Tax is the final tax liability on such interest income.

Luxembourg resident individual Holders of Notes not holding the Notes as business assets are not subject to taxation on capital gains upon the disposal of the Notes, unless the disposal of the Notes precedes the acquisition of the Notes or the Notes are disposed of within six months of the date of acquisition of these Notes. Upon redemption or exchange of the Notes, the portion of the redemption or exchange price corresponding to accrued but unpaid interest is subject to the aforementioned 10% Tax.

Individual Luxembourg resident Holders of Notes holding the Notes as business assets are in principle taxed in the same way as described in the section below, “Luxembourg Resident Undertakings with a Collective Character.” If the 10% Tax has been withheld it can be credited against the income tax due.

Luxembourg Resident Undertakings with a Collective Character

Luxembourg resident undertakings with a collective character or non-resident undertakings of the same type who have a permanent establishment in Luxembourg with which the holding of the Notes is connected, must, for corporate tax purposes, include any interest received—or accrued—in their taxable income. They will not be liable to any Luxembourg corporate tax on repayment of principal. They must also include in their taxable income the difference between the sale or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

When used in the preceding paragraphs, “interest,” “paying agent” and “residual entity” have the meanings given thereto in the Luxembourg Laws of June 21, 2005.

Other Taxes

Luxembourg resident undertakings with a collective character or non-resident undertakings of the same type who have a permanent establishment in Luxembourg with which the holding of Notes is connected are liable for net wealth tax.

Luxembourg inheritance taxes will only be levied on the transfer of a Note on the death of a Holder of Notes, if such Holder of Notes is inhabitant in Luxembourg. Under Article 1 of the Inheritance Tax Law dated December 27, 1817, an inhabitant of Luxembourg is a person whose domicile or seat of wealth is located in Luxembourg.

Luxembourg gift tax will be levied on the transfer of a Note by way of gift by the Holder of Notes, if this gift is registered in Luxembourg.

There is no Luxembourg registration tax, capital tax, stamp duty or any other similar tax or duty (other than nominal court fees and contributions for the registration with the Chamber of Commerce) payable in Luxembourg in respect of or in connection with the execution, delivery and enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Notes or the performance of the Issuer’s obligations under the Notes, except that in the case of court proceedings in a Luxembourg court or the presentation of the documents relating to the Notes, other than the Notes, to an “*autorité constituée*,” such court or “*autorité constituée*” may require registration thereof, in which case the documents will be subject to registration duties depending on the nature of the documents and, in particular, a loan agreement, not represented by the Notes, will be subject to an *ad valorem* registration duty of 0.24% calculated on the amounts mentioned therein.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Australia and New Zealand Banking Group Limited (ABN 11 005 357 522), Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, ING Bank N.V., J.P. Morgan Securities plc, Merrill Lynch International, Mitsubishi UFJ Securities International plc, Mizuho International plc, Morgan Stanley & Co. International plc, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), RBC Europe Limited, Scotiabank Europe plc, SMBC Nikko Capital Markets Limited, Société Générale, Standard Chartered Bank, The Royal Bank of Scotland plc, UniCredit Bank AG, Wells Fargo Securities International Limited and Westpac Banking Corporation (the “**Dealers**”). Notes may also be sold by the Issuer directly to institutions who are not Dealers.

The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Amended and Restated Dealership Agreement, dated November 24, 2009, as supplemented by the Supplemental Amendment to the Amended and Restated Dealership Agreement, dated November 18, 2010, the Second Supplemental Amendment to the Amended and Restated Dealership Agreement, dated November 17, 2011, the Third Supplemental Amendment to the Amended and Restated Dealership Agreement, dated October 2, 2012, and as may be further modified or amended from time to time (the “**Dealership Agreement**”), by and among the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers, the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase, and the amounts allotted to each of the Dealers. The Dealership Agreement also makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Program or in relation to a particular Tranche; any such additional Dealer or Dealers in respect of a particular Tranche will be disclosed in the Final Terms. The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. Settlement arrangements will be agreed between the Issuer, the relevant Dealers and the Fiscal Agent in relation to each Tranche. The price and amount of Notes will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions. Notes that have a maturity of less than one year and that qualify as money market instruments will be subject to all applicable legal, regulatory and central bank requirements relating to money market instruments as well as any other requirements governing notes that have a maturity of less than one year. The approval of this Base Prospectus by the CSSF does not cover Notes that have a maturity of less than one year and that qualify as money market instruments.

United States of America: Regulation S Category 2

Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Each Dealer has agreed that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche to or through more than one Dealer, by each of such Dealers as to Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified), within the United States or to or for the account or benefit of U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the restricted period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of U.S. persons. In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each such Member State, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity or person which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

The Public Offer Selling Restriction under the Prospectus Directive is in addition to any other selling restrictions set forth below.

Canada

The Notes have not been and will not be qualified for sale under the securities laws of any province or territory of Canada. Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that: (a) it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws and (b) it has not and will not distribute or deliver this Base Prospectus, or any other offering material in connection with any offering of Notes in Canada, other than in compliance with applicable securities laws.

If the Notes may be offered, sold or distributed in Canada, the issue of the Notes will be subject to such additional selling restrictions as the Issuer and the relevant Dealers may agree. Each Dealer will be required to agree that it will offer, sell and distribute such Notes only in compliance with such additional Canadian selling restrictions.

Commonwealth of Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (“**Australian Corporations Act**”)) in relation to the Program or any Notes has been or will be lodged with the Australian Securities and Investments Commission (“**ASIC**”). Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it (a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of the Notes in Australia (including an offer or invitation which is received by a person in Australia) and (b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive prospectus or any other offering material or advertisement relating to the Notes in Australia, unless (i) the minimum aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies but, in either case, disregarding monies lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Australian Corporations Act, (ii) such offer or invitation is not made to a person who is a “retail client” within the meaning of section 761G of the Australian Corporations Act, (iii) such action complies with all applicable laws, regulations and directives, and (iv) such action does not require any document to be lodged with ASIC.

Federal Republic of Germany

No provisions other than those identified in the foregoing section “Public Offer Selling Restriction under the Prospectus Directive” shall apply in respect of the Federal Republic of Germany.

French Republic

Each Dealer and the Issuer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that in connection with their initial distribution of the Notes, (i) no prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of the Notes that has been approved by the *Autorité des marchés financiers* or by the competent authority of another state that is a contracting party to the Agreement on the European Economic Area and notified to the *Autorité des marchés financiers*, and (ii) it has not offered or sold and will not offer or sell, directly or indirectly, the Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals, investing for their own account, all as defined in, and in accordance with Articles L. 411-1, L. 411-2 and D. 411-1 of the *Code monétaire et financier* and other applicable regulations. The direct or indirect distribution to the public in France of any so acquired Notes may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the *Code monétaire et financier* and applicable regulations thereunder.

Grand Duchy of Luxembourg

No provisions other than those identified in the foregoing section “Public Offer Selling Restriction under the Prospectus Directive” shall apply in respect of the Grand Duchy of Luxembourg.

Hong Kong Special Administrative Region

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than
 - (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or
 - (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Italian Republic

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the “**Financial Services Act**”), and Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time (“**Regulation No. 11971**”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended (the “**Banking Act**”);
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the “**FIEL**”), and each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Kingdom of Belgium

Each Dealer and the Issuer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that in connection with their initial distribution of the Notes, it has not offered or sold, and will not offer or sell, the Notes in the Kingdom of Belgium by way of an offer of securities to the public, as defined in Article 3, §1 of the Belgian law of 16 June 2006 on the public offering of securities and the admission of securities to trading on a regulated market (*Loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marchés réglementés / Wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereglementeerde markt*) (the “**Prospectus Law**”), and has not distributed or caused to be distributed and will not distribute or cause to be distributed this Base Prospectus or any other offering material relating to the Notes, or made any other communication relating to the Notes falling within the scope of Article 64 of the Prospectus Law, to the public in the Kingdom of Belgium, except that each Dealer and the Issuer may make an offer of the Notes to the public in the Kingdom of Belgium if the Final Terms specify that an offer of the Notes may be made following the publication of a prospectus and a prospectus in relation to those Notes has been approved by the *Autorité des services et marchés financiers / Autoriteit voor Financiële Diensten en Markten* (the “**Belgian Supervisory Authority**”) or, where appropriate, approved in another Relevant Member State and notified to the Belgian Supervisory Authority.

Each Dealer and the Issuer may offer the Notes:

- (a) at any time to qualified investors (*investisseurs qualifiés / gekwalificeerde beleggers*), as defined in Article 10 of the Prospectus Law;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors, as defined in Article 10 of the Prospectus Law) in the Kingdom of Belgium, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances where the offer of Notes would not constitute an offer to the public in the Kingdom of Belgium, in accordance with Article 3 of the Prospectus Law,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 20 of the Prospectus Law or a supplement to a prospectus pursuant to Article 34 of the Prospectus Law.

Kingdom of the Netherlands

Notwithstanding the selling restrictions contained in the section “Public Offer Selling Restriction under the Prospectus Directive” above, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it shall not make an offer of Notes that is the subject of an offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to persons in the Netherlands in reliance on the Netherlands implementation of Article 3(2) of the Prospectus Directive unless:

- (a) such offer is made exclusively to qualified investors (*gekwaltificeerde beleggers*) within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the “**DFSA**”); or
- (b) standard exemption logo and wording are disclosed as required by Article 5:20(5) of the DFSA, if applicable.

People’s Republic of China

Each of the Dealers has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent, warrant and agree, that the Notes are not being offered, sold, distributed or delivered and may not be offered, sold, distributed or delivered, directly or indirectly, in the People’s Republic of China (“**PRC**”) (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except in compliance with applicable laws, regulations, measures and notices in the PRC, including securities laws of the PRC.

Republic of Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes may not be circulated or distributed, nor may Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”); (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

United Kingdom

In addition to the provisions identified in the foregoing section "Public Offer Selling Restriction under the Prospectus Directive," the following provisions shall apply in respect of the United Kingdom:

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom; (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

(a) in relation to any Notes that have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Swiss Confederation

Not Applicable.

General

Other than the approval of this Base Prospectus as a base prospectus in accordance with Article 5.4 of the Prospectus Directive and in relation to any issue of Notes, as may be specified in the relevant Final Terms, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

Subject to the provisions of the immediately preceding paragraph, the Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. In connection with any issuance of Notes that are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances in which a prospectus is required to be published under the Prospectus Directive, the Issuer may prepare Final Terms to supplement, modify or replace these selling restrictions.

EXPERTS

Ernst & Young LLP, independent public registered accounting firm, have audited the Issuer's consolidated financial statements as of December 31, 2012 and 2011, and for each of the three years in the period ended December 31, 2012, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), as set forth in their report, which is included in this Base Prospectus. Ernst & Young LLP is an independent public accounting firm registered with the PCAOB. The Issuer's consolidated financial statements are included in this Base Prospectus in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing. Ernst & Young LLP is located at 155 N. Wacker Drive, Chicago, Illinois 60606, United States.

DOCUMENTS INCORPORATED BY REFERENCE

The Issuer is subject to the informational requirements of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the U.S. Securities and Exchange Commission (the "Commission"). Such reports and other information can be inspected and copied at the public reference facilities maintained by the Commission at 100 F Street, N.E., Washington, DC 20549, United States or through the Commission's Web site on the Internet at <http://www.sec.gov> (this uniform resource locator ("URL") is an inactive textual reference only and is not intended to incorporate the Commission's Web site into this Base Prospectus).

The following documents have been filed with (i) the Commission, pursuant to the Exchange Act, and (ii) the *Commission de Surveillance du Secteur Financier*. These documents and the information they contain, excluding any information already contained in this Base Prospectus, are incorporated by reference in, and made a part of, this Base Prospectus:

- (1) the Issuer's Annual Report on Form 10-K, for the year ended December 31, 2012;
- (2) the Issuer's Quarterly Reports on Form 10-Q, for the quarterly periods ended March 31, 2013, June 30, 2013, and September 30, 2013; and
- (3) the Issuer's Current Reports on Form 8-K, filed with the Commission on January 23, January 31, February 8, February 20, March 13, April 19, May 3, May 6, May 8, May 28, June 10, July 19, July 22, August 8, September 10, September 18, October 21, November 8 and November 14, 2013 (2 reports).

The information required to be included in this Base Prospectus under the Prospectus Directive has been included in the text of this Base Prospectus. For purposes of listing on the Luxembourg Stock Exchange and offerings pursuant to the Prospectus Directive, the above documents are incorporated by reference for informational purposes only. Copies of each of the documents incorporated by reference in this Base Prospectus can be viewed at the Luxembourg Stock Exchange's Web site on the Internet at <http://www.bourse.lu> (this URL is an inactive textual reference only and is not intended to incorporate the Luxembourg Stock Exchange's Web site into this Base Prospectus).

The Issuer will comply with the relevant requirements of the Prospectus Directive and implementing legislation associated with incorporating documents by reference into this Base Prospectus. Any statement contained in this Base Prospectus or in any of the documents incorporated by reference into, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

As it relates to offerings made outside of the European Economic Area, where the Prospectus Directive does not apply, the Issuer intends to comply with the relevant requirements of the applicable legislation and regulations for incorporating documents by reference into the prospectus used for such offerings. Where permitted, reports filed by the Issuer pursuant to Sections 13(a) or 15(d) of the Exchange Act after the date hereof and prior to termination of such offerings shall be deemed to be incorporated by reference into the

relevant prospectus and to be a part thereof from the date of filing such documents. Any statement contained in the relevant prospectus or in any of the documents incorporated by reference into, and forming part of, the relevant prospectus shall be deemed to be modified or superseded for the purpose of the relevant prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement. *The approval of this Base Prospectus by the CSSF does not cover offerings made outside of the European Economic Area, where the Prospectus Directive does not apply.*

Publication

The Issuer has undertaken, in connection with the listing of the Notes, that if, while Notes of the Issuer are outstanding and traded on the regulated market of the Luxembourg Stock Exchange, there shall occur any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus (or any of the documents incorporated by reference in this Base Prospectus), which is capable of affecting the assessment of any Notes, the Issuer will prepare or procure the preparation of a supplement to this Base Prospectus or, as the case may be, publish a new Prospectus for use in connection with any subsequent offering of Notes to be traded on the regulated market of the Luxembourg Stock Exchange. However, Notes may also be issued under the Program that are admitted to trading on other markets or not listed on any exchange. The Issuer undertakes to comply with the relevant provisions of such other markets, as required. This Base Prospectus, the Final Terms and the documents incorporated by reference can be viewed at the Luxembourg Stock Exchange's Web site on the Internet at <http://www.bourse.lu> (this URL is an inactive textual reference only and is not intended to incorporate the Luxembourg Stock Exchange's resource Web site into this Base Prospectus).

The Issuer is required, pursuant to the Transparency Law, to provide for the dissemination of certain "regulated information," which includes, but is not limited to, its (i) Annual Report on Form 10-K; and (ii) Quarterly Report on Form 10-Q, for the quarterly period ended June 30.

Requests for Copies of Documents

The Issuer will, at the specified offices of the Paying Agents, provide, free of charge, upon oral or written request, a copy of this Base Prospectus (or any document incorporated by reference herein, including its Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013). Written or oral requests for such documents should be directed to the specified office of any Paying Agent or the specified office of the listing agent in Luxembourg. For so long as the Program remains in effect or any Notes shall be outstanding, copies (in English) of the following documents may be inspected during normal business hours (i) at the specified office of the Paying Agent in Luxembourg; (ii) by writing to the specified office of the Paying Agent in Luxembourg; or (iii) through electronic means by sending a facsimile to + 352.2696.9757, namely:

- (a) the constitutional documents of the Issuer;
- (b) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus, if any;
- (c) the Second Amended and Restated Fiscal Agency Agreement, dated October 2, 2012, as amended November 20, 2013, and as may be further modified or amended from time to time;
- (d) the Amended and Restated Dealership Agreement, dated November 20, 2013, and as may be further modified or amended from time to time;
- (e) the audited historical financial information of the Issuer for each of the two financial years preceding the publication of this Base Prospectus; and
- (f) the unaudited interim financial information of the Issuer for the quarterly period ended September 30, 2013, which is included in this Base Prospectus.

GENERAL INFORMATION

1. Application has been made to the Luxembourg Stock Exchange for Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. However, Notes may be issued pursuant to the Program which will not be admitted to trading on the Luxembourg Stock Exchange's regulated market or any other stock exchange or which will be listed on such stock exchange as the Issuer and the relevant Dealer(s) may agree. Further, Notes which are initially listed may subsequently be de-listed as described in the section "European Union Transparency Directive" or at the Issuer's option if other statutory requirements become impracticable or unduly burdensome.

2. The Program was authorized by the respective corporate authorities of the Issuer on July 19, 2012. The amount of Notes issuable under the Program may be increased, from time to time, upon authorization by such corporate authorities. The Issuer has obtained or will obtain, from time to time, all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes.

3. Except as described in the sections "Risk Factors," "McDonald's Corporation – Strategic Direction and Financial Performance," "McDonald's Corporation – Outlook," "McDonald's Corporation – Legal and Arbitration Proceedings" and "Financial Information – Interim Financial Information" included herein beginning on Pages 5, 53, 54, 61 and 86, respectively, there has been no material adverse change in the prospects of the Issuer and its consolidated subsidiaries, taken as a whole, since December 31, 2012, the last day of the financial period in respect of which the most recent published audited financial statements of the Issuer have been prepared.

Except as described in the sections "Risk Factors," "McDonald's Corporation – Strategic Direction and Financial Performance," "McDonald's Corporation – Outlook" and "McDonald's Corporation – Legal and Arbitration Proceedings," included herein beginning on Pages 5, 53, 54 and 61, respectively, there has been no significant change in the financial or trading position of the Issuer and its consolidated subsidiaries, taken as a whole, which has occurred since September 30, 2013, the last day of the financial period in respect of which the most recent published unaudited interim financial statements of the Issuer have been prepared.

Except as described in the section "McDonald's Corporation – Legal and Arbitration Proceedings" included herein beginning on Page 61, neither the Issuer nor any of its consolidated subsidiaries has been involved in any governmental, legal or arbitration proceeding (including any such proceedings that are pending of which the Issuer is aware as of the date of this Base Prospectus) in the 12 months before the date of this Base Prospectus that have had or may have had a significant effect on the financial position or profitability of the Issuer and its consolidated subsidiaries.

4. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance, together with any further appropriate information.

5. The price and amount of Notes will be determined by the Issuer and each relevant Dealer at the time of issue of each Series or Tranche in accordance with prevailing market conditions.

6. Indication of yield is the sum of (i) the relevant benchmark rate and (ii) the spread to a specified benchmark rate determined in connection with each offering of Notes. The indication of yield estimates the rate of return at the Issue Price when held to maturity, taking into account the receipt and reinvestment of interest payments and any capital gain or loss on the Notes. Accordingly, the indication of yield for any particular offering of Notes will be a function of the Issue Price, Issue Date, Interest Rate(s), Fixed Coupon Amount(s), Interest Payment Date(s), date of final maturity, redemption price and potentially other relevant terms relating to payment of interest and principal. It is not an indication of future yield or actual realized return. The indication of yield and any further specific details of its method of calculation will be reflected in the relevant Final Terms.

PRINCIPAL EXECUTIVE OFFICES OF THE ISSUER

McDONALD'S CORPORATION

One McDonald's Plaza
Oak Brook, Illinois 60523
United States

DEALERS

Australia and New Zealand Banking Group Limited

28th Floor
40 Bank Street
Canary Wharf
London E14 5EJ
England

Barclays Bank PLC

5 The North Colonnade
London E14 4BB
England

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
England

Crédit Agricole Corporate and Investment Bank

Broadwalk House
5 Appold Street
London EC2A 2DA
England

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
England

HSBC Bank plc

8 Canada Square
London E14 5HQ
England

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
England

Mitsubishi UFJ Securities International plc

Ropemaker Place
25 Ropemaker Street
London EC2Y 9AJ
England

Banco Santander, S.A.

Ciudad Grupo Santander
Edificio Encinar
Avenida de Cantabria
28660, Boadilla del Monte
Madrid, Spain

BNP Paribas

10 Harewood Avenue
London NW1 6AA
England

Commerzbank Aktiengesellschaft

Kaiserstrasse 16 (Kaiserplatz)
60311 Frankfurt am Main
Germany

Credit Suisse Securities (Europe) Limited

One Cabot Square
London E14 4QJ
England

Goldman Sachs International

Peterborough Court
133 Fleet Street
London EC4A 2BB
England

ING Bank N.V.

Foppingadreef 7
1102 BD Amsterdam
The Netherlands

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
England

Mizuho International plc

Bracken House
One Friday Street
London EC4M 9JA
England

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
England

RBC Europe Limited
Riverbank House
2 Swan Lane
London EC4R 3BF
England

SMBC Nikko Capital Markets Limited
One New Change
London EC4M 9AF
England

Standard Chartered Bank
One Basinghall Avenue
London EC2V 5DD
England

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany

Westpac Banking Corporation
Camomile Court
23 Camomile Street
London EC3A 7LL
England

**Coöperatieve Centrale
Raiffeisen-Boerenleenbank B.A.
(Rabobank International)**
Thames Court
One Queenhithe
London EC4V 3RL
England

Scotiabank Europe plc
201 Bishopsgate, 6th Floor
London EC2M 3NS
England

Société Générale
29, boulevard Haussmann
75009 Paris
France

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
England

Wells Fargo Securities International Limited
30 Fenchurch Street
1 Plantation Place
London EC3M 3BD
England

INDEPENDENT AUDITORS TO THE ISSUER

Ernst & Young LLP
155 N. Wacker Drive
Chicago, Illinois 60606
United States

LEGAL ADVISORS

To the Issuer

Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
United States

To the Dealers

Allen & Overy LLP
One Bishops Square
London E1 6AD
England

FISCAL AGENT, REGISTRAR AND PRINCIPAL PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch
33, rue de Gasperich, Howald – Hesperange
L-2085 Luxembourg

LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch
33, rue de Gasperich, Howald – Hesperange
L-2085 Luxembourg