

MCDONALDS CORP  
Form 11-K  
June 28, 2007  
Table of Contents

---

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

WASHINGTON, DC 20549

---

**FORM 11-K**

---

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

(MARK ONE)

**Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934**  
For the fiscal year ended December 31, 2006

Or

**Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-5231

---

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

**McDonald s Ventures 401(k) Plan**

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

McDonald s Plaza

Oak Brook, Illinois 60523



**Table of Contents**

**McDonald s Ventures 401(k) Plan**

**Table of Contents**

(a) Financial Statements and Supplemental Schedules	
<u>Reports of Independent Registered Public Accounting Firms</u>	1
<u>Statements of Net Assets Available for Benefits, December 31, 2006 and 2005</u>	3
<u>Statement of Changes in Net Assets Available for Benefits, Year ended December 31, 2006</u>	4
<u>Notes to Financial Statements</u>	5
<u>Schedule H, Line 4i - Schedule of Assets (Held at End of Year)</u>	17
(b) Exhibits	
Exhibit 23.1 Consent of Crowe Chizek and Company LLC	
Exhibit 23.2 Consent of Ernst & Young LLP	

**Table of Contents**

**McDONALD S VENTURES 401(k) PLAN**

**FINANCIAL STATEMENTS**

December 31, 2006 and 2005

**Table of Contents**

**McDONALD S VENTURES 401(k) PLAN**

**FINANCIAL STATEMENTS**

**December 31, 2006 and 2005**

**CONTENTS**

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS	1
FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS	3
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	4
NOTES TO FINANCIAL STATEMENTS	5
SUPPLEMENTAL SCHEDULE	
SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)	17

**Table of Contents**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

McDonald's Corporation

Administrative Committee of the McDonald's Ventures 401(k) Plan

Oak Brook, Illinois

We have audited the accompanying statement of net assets available for benefits of McDonald's Ventures 401(k) Plan as of December 31, 2006, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2006, and the changes in net assets available for benefits for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of expressing an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Crowe Chizek and Company LLC

Oak Brook, Illinois

June 27, 2007

**Table of Contents**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Administrative Committee

McDonald's Ventures 401(k) Plan

We have audited the accompanying statement of net assets available for benefits of McDonald's Ventures 401(k) Plan (the Plan) as of December 31, 2005. This financial statement is the responsibility of the Plan's Administrative Committee. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement is free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2005 in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

June 15, 2006

**Table of Contents**

## McDONALD S VENTURES 401(k) PLAN

## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2006 and 2005

(In thousands)

	2006	2005
<b>ASSETS</b>		
Investment in the McDonald's Corporation Profit Sharing and Savings Master Trust, at fair value		
Investment securities	\$ 35,816	\$ 44,297
Participant loans	1,356	1,508
<b>Total investments</b>	<b>37,172</b>	<b>45,805</b>
Receivables		
Accrued income	1	
Other	9	4
<b>Total receivables</b>	<b>10</b>	<b>4</b>
<b>Total assets</b>	<b>37,182</b>	<b>45,809</b>
<b>LIABILITIES</b>		
Management and administrative expenses payable	55	96
Other liabilities	15	22
<b>Total liabilities</b>	<b>70</b>	<b>118</b>
<b>Net assets reflecting all investments at fair value</b>	<b>37,112</b>	<b>45,691</b>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<b>\$ 37,112</b>	<b>\$ 45,691</b>

See accompanying notes to financial statements.



**Table of Contents**

## McDONALD S VENTURES 401(k) PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year ended December 31, 2006

(In thousands)

<b>Additions to net assets attributed to:</b>	
Investment income from the McDonald s Corporation Profit Sharing and Savings Master Trust	
Investment securities income	\$ 8,360
Other income	20
Interest on participant loans	111
Total net investment income	8,491
Contributions	
Company	2,439
Participant	4,537
Rollovers	341
Total contributions	7,317
Total additions	15,808
<b>Deductions from net assets attributed to:</b>	
Benefits paid to terminated participants and withdrawals	7,817
Management and administrative expenses	330
Total deductions	8,147
Increase (decrease) prior to plan transfers	7,661
Plan transfers (Note 1)	(16,240)
<b>Increase (decrease) in net assets available for benefits</b>	<b>(8,579)</b>
<b>Net assets available for benefits</b>	
Beginning of year	45,691
End of year	\$ 37,112

See accompanying notes to financial statements.

**Table of Contents**

MCDONALD S VENTURES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 1 - DESCRIPTION OF THE PLAN**

**General:** On December 22, 2004, the McDonald s Corporation Profit Sharing and Savings Trust was amended and restated in its entirety effective January 1, 2005, to create the McDonald s Corporation Profit Sharing and Savings Master Trust (the Master Trust). The restated Master Trust funds both the McDonald s Corporation Profit Sharing and Savings Plan and the McDonald s Ventures 401(k) Plan (the Plan) which was effective January 1, 2005. On April 4, 2005, the Plan was amended and restated in its entirety to reflect administrative system changes. The Plan was amended on November 16, 2005, to reflect changes as a result of Hurricane Katrina effective August 24, 2005.

On March 6, 2006, the Plan was amended to make a technical correction and to allow all participants the right to direct the Trustees to vote on the unvoted shares of Company stock based on the relative shares credited to their accounts. Previously, only participants who were employees were allowed to vote these securities.

The Plan was amended on September 29, 2006 to reflect special provisions related to the split-off of Chipotle and transfer of account balances to the Chipotle Plan.

Effective October 11, 2006, Chipotle Mexican Grill, Inc. (Chipotle) was split-off and assets of approximately \$16,240,000 were transferred from the Plan to a new Plan for Chipotle employees.

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

**Eligibility:** In order to participate in the 401(k) feature of the Plan, all eligible employees must be at least 21 years of age, have a valid Social Security number, and be on the U.S. payroll of Chipotle Mexican Grill, Inc. prior to October 11, 2006 or Boston Market Corporation (collectively, the Venture Employers).

Salaried restaurant management employees, staff, executives, and part-time staff scheduled to work at least 20 hours per week are eligible to make nonmatched 401(k) contributions, up to 50% of eligible compensation, beginning the first day of the month after completing one full calendar month of employment. Crew and hourly paid employees are eligible after one year of eligible service as defined by the plan document.

Individuals who are employed as a salaried restaurant management employee or staff with a licensee-owned restaurant that is purchased by a Venture Employer and are at least age 21 may enter the 401(k) feature of the Plan as soon as administratively feasible and be eligible for the Venture Employer match.

**Table of Contents**

MCDONALD S VENTURES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 1 - DESCRIPTION OF THE PLAN (Continued)**

**Contributions:** Each year, participants may contribute up to 50% of their eligible pre-tax annual compensation, as defined by the Plan subject to Internal Revenue Service (IRS) annual limits. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions subject to IRS limits and may contribute more than 50% if payroll tax and other withholding requirements are met. Participants may also contribute distributions (excluding any after-tax employee contributions) from other tax qualified plans (within 60 days of receiving a payout from the other plan), tax deferred annuities, qualified employee annuities, deferred compensation arrangements maintained by a governmental employer as described in Internal Revenue Code (IRC) Section 457(e)(16), and rollover individual retirement accounts established with the proceeds of a distribution from one of the plans described above provided that additional contributions have not been made, from a SEP IRA described in Section 408 (e), from a simple retirement account described in Section 408(p) and from the Federal Thrift Plan.

Participants direct the investment of their contributions and the Venture Employer contributions into various investment options offered by the Plan. The investment funds under the Plan are the Stable Value Fund, Blended Stock/Bond Fund, Diversified Stock Fund, S&P 500 Index Fund, International Stock Fund, Aggressive Stock Fund, and the McDonald s Common Stock Fund. Participants who had a balance transferred from the McDonald s Corporation Profit Sharing and Savings Plan also may have investments in the McDonald s ESOP Stock Fund. All of the funds under the Plan are held in the McDonald s Corporation Profit Sharing and Savings Master Trust.

The Trustees, individuals appointed by the Board of Directors of McDonald s Corporation (the Board), are authorized to invest certain assets of the Plan in shares of McDonald s Corporation stock.

The Venture Employers contribute (after one year of eligible service) 100% of the first 3% of eligible compensation (as defined by the Plan) and 50% of the next 2% of eligible compensation that a participant contributes to the Plan. Contributions are subject to certain limitations and are made each payroll period.

**Participant Accounts:** Participants can elect, on a daily basis, to have their account balances, as well as future deferrals and the Venture Employer matching contributions, invested in 1% increments in one or any combination of the Plan s investment funds, including McDonald s Corporation stock.

Each participant s account is credited with the participant s contribution and allocations of (a) the Venture Employers contribution (based on the Safe Harbor match) and (b) plan earnings, and charged with an allocated portion of administrative and investment expenses. Allocations are based on participant earnings or account balances, as defined in the Plan.

**Table of Contents**

MCDONALD S VENTURES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 1 - DESCRIPTION OF THE PLAN (Continued)**

Vesting: All participants' accounts under the Plan are 100% vested.

Diversification: Participants can elect to fully diversify all accounts in the Plan, regardless of age.

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

Payment of Benefits: Participants who terminate their employment with their Venture Employer and all other companies or entities that are owned or controlled 80% or more by McDonald's Corporation are entitled to receive their interest in their plan accounts within a reasonable time following their termination. A terminated participant with benefits in excess of \$1,000 will not receive a distribution from the Plan until age 70 1/2 unless an earlier distribution is elected. Such accounts will continue to share in the allocation of investment income, and accounts will continue to be invested in accordance with the participant's investment elections (see Note 1, Contributions). Distributions may be in the form of a lump sum or installment payments, or a combination of lump sum and installment payments.

Participants who terminate employment after satisfying the requirements to make deferrals and are subsequently rehired can resume making deferrals as soon as administratively feasible.

Forfeitures: As of December 31, 2006 and 2005, there were no forfeitures.

In-Service Withdrawals: Participants age 59 1/2 or older may withdraw all or any part of their account balances under the Plan at any time. Participants who have been in the Plan for at least 60 months are eligible to withdraw up to 75% of their ESOP and Profit Sharing Accounts transferred from the McDonald's Corporation Profit Sharing and Savings Plan while still employed with a Venture Employer. Participants may only make one withdrawal in a calendar year, with regard to ESOP and Profit Sharing. Participants can elect to receive all or any part of their Investment Savings and Stock Sharing account balances transferred from the McDonald's Corporation Profit Sharing and Savings Plan either while still employed or after termination.

**Table of Contents**

MCDONALD S VENTURES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 1 - DESCRIPTION OF THE PLAN (Continued)**

Voting: Participants are entitled to direct the Trustees in voting shares of McDonald s stock credited to their accounts. In addition, participants may direct the vote on unvoted shares based on the relative shares credited to their accounts.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The financial statements of the Plan are prepared on the accrual method of accounting.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Administrative Committee to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Adoption of New Accounting Standard: The Plan retroactively adopted Financial Accounting Standards Board (FASB) Staff Position AAG INV-1 and SOP 94-1-1, Reporting of Fully Benefit Responsive Investment Contracts held by the Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans ( the FSP ) in 2006. Pursuant to the adoption of the FSP, fully benefit-responsive investment contracts included in the underlying investments in the Master Trust in which the Plan holds an interest are to be presented at fair value (the Stable Value Fund). In addition, any material difference between the fair value of these investments and their contract value is to be presented as a separate adjustment line in the statement of net assets available for benefits, because contract value remains the relevant measurement attribute for that portion of net assets available for benefits attributable to fully benefit-responsive investment contracts. Management has determined that the estimated fair value of the Plan s indirect investments in fully benefit-responsive contracts as of December 31, 2006 and 2005 approximates contract value, and any difference between fair value and contract value is immaterial. As a result, the adoption of the FSP would have no material impact on the statement of net assets available for benefits as of December 31, 2006 and 2005. Accordingly, management determined that no adjustment will be made as a result of adoption of the FSP.

**Table of Contents**

MCDONALD S VENTURES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investment Valuation:** Investments in the Master Trust are stated at fair value. Investments in common and preferred stocks are valued at the closing exchange prices reported by the New York Stock Exchange. The fair values for commercial paper and other short-term investments are cost plus accrued interest, which approximates current market value. Shares of mutual funds are valued at quoted market prices. Investments in common collective funds are valued at fair value as determined by the custodian based on the value of the underlying securities. Participant loans are valued at their outstanding balances, which approximate fair value.

The Master Trust investments include a Stable Value Fund which is a unitized fund managed by Invesco solely for the plans participating in the Master Trust. The fair values of the fully benefit-responsive investment contracts held in the Stable Value Fund have been estimated with a discounted cash flows methodology. Based on its duration, the estimated cash flow of each contract was discounted using a yield curve interpolated from swap rates and adjusted for liquidity and credit quality. For those contracts with no stated payment dates, the projected value at the end of the required days notice period was assumed to pay in full and this payment was then discounted following the same process. The fair values of the wrap contracts associated with the synthetic investment contracts within the Stable Value Fund have been based upon the estimated replacement costs of the wrap contracts as of the financial statement dates. The fair values of the wrapper contracts were not material as of December 31, 2006 and 2005. See the New Accounting Standard note above regarding the difference between the contract value and fair value for the investments in the Stable Value Fund. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses.

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

**Payment of Benefits:** Benefits are recorded at the time of payment.

**NOTE 3 - INTEREST IN THE MCDONALD S CORPORATION PROFIT SHARING AND SAVINGS MASTER TRUST**

The Plan's investments are in the Master Trust which was established for the investment of assets of the Plan and another Company sponsored plan. Each participating plan has an undivided interest in the Master Trust. The assets of the Master Trust are held by The Northern Trust Company (asset custodian). At December 31, 2006 and 2005, the Plan's interest in the net assets of the Master Trust was approximately 1.7% and 2.6%, respectively, in allocated assets and 0% in unallocated assets for both years. Investment income and expenses are allocated to the Plan based upon its pro-rata share in the net assets of the Master Trust.

**Table of Contents**

## McDONALD S VENTURES 401(k) PLAN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 3 - INTEREST IN THE McDONALD S CORPORATION PROFIT SHARING AND SAVINGS MASTER TRUST (Continued)**

The Plan's interest in the net assets of the Master Trust is included in the accompanying statements of net assets available for benefits. A summary of the net assets of the Master Trust as of December 31, 2006 and 2005 is as follows:

	Allocated	2006 Unallocated	Total
Investments, at fair value			
Commercial paper and other short-term investments	\$ 36,811,030	\$ 5,484,634	\$ 42,295,664
U.S. treasury notes	159,795		159,795
Common collective funds	395,845,421		395,845,421
Mutual funds	372,939,898		372,939,898
Common/preferred stocks other than McDonald's	208,794,852		208,794,852
McDonald's Corporation common stock	919,862,971	239,036,625	1,158,899,596
Participant loans	20,975,589		20,975,589
Securities loaned	46,196,443		46,196,443
Pooled cash collateral	45,544,492		45,544,492
Total investments	2,047,130,491	244,521,259	2,291,651,750
Obligation for collateral received for loaned securities	(45,544,492)		(45,544,492)
Accrued income	1,905,306		1,905,306
Net assets reflecting all investments at fair value	2,003,491,305	244,521,259	2,248,012,564
Net assets of master trust	\$ 2,003,491,305	\$ 244,521,259	\$ 2,248,012,564

**Table of Contents**

## McDONALD S VENTURES 401(k) PLAN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 3 - INTEREST IN THE McDONALD S CORPORATION PROFIT SHARING AND SAVINGS MASTER TRUST (Continued)**

	Allocated	2005 Unallocated	Total
Investments, at fair value			
Commercial paper and other short-term investments	\$ 13,728,256	\$ 4,161,601	\$ 17,889,857
U.S. treasury notes	771,844		771,844
Common collective funds	396,506,814		396,506,814
Mutual funds	295,850,748		295,850,748
Common/preferred stocks other than McDonald s	197,565,459		197,565,459
McDonald s Corporation common stock	783,269,638	203,815,145	987,084,783
Participant loans	18,676,512		18,676,512
Securities loaned	34,622,611		34,622,611
Pooled cash collateral	35,533,859		35,533,859
<b>Total investments</b>	<b>1,776,525,741</b>	<b>207,976,746</b>	<b>1,984,502,487</b>
Obligation for collateral received for loan securities	(35,533,859)		(35,533,859)
<b>Net assets reflecting all investments at fair value</b>	<b>1,740,991,882</b>	<b>207,976,746</b>	<b>1,948,968,628</b>
<b>Net assets</b>	<b>\$ 1,740,991,882</b>	<b>\$ 207,976,746</b>	<b>\$ 1,948,968,628</b>

Investment income for the Master Trust for the year ended December 31, 2006, is as follows:

Net appreciation in fair value of investments		
Mutual funds		\$ 36,975,221
Common collective funds		5,928,631
Common/preferred stock other than McDonald s		25,835,213
McDonald s Corporation common stock		277,485,499
Securities loaned		154,738
Commission recapture		68,639
		346,447,941
Interest		25,981,439
Dividends		35,372,093
		<b>\$ 407,801,473</b>



**Table of Contents**

McDONALD S VENTURES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 4 - INVESTMENT CONTRACTS**

The Master Trust investments include a Stable Value Fund, managed by Invesco, which is a unitized fund established solely for the investment of assets of the plans participating in the Master Trust. The account is credited with earnings on the underlying investments and charged for Plan withdrawals and administrative expenses charged by Invesco. The Stable Value Fund holds synthetic guaranteed investment contracts and common collective funds as underlying investments. The contracts are included in the financial statements at fair value (which approximates contract value - See Note 2).

The investment contracts within the Stable Value Fund specify certain conditions under which distributions from the contracts would be payable at amounts below contract value. Such circumstances include the termination of the Plan, a material adverse change to the provisions of the Plan, if the employer elects to withdraw from a wrapper contract in order to switch to a different investment provider, or if the terms of a successor plan (in the event of the spin-off or sale of a division) do not meet the wrapper contract issuer's underwriting criteria for issuance of a clone wrapper contract. The contracts limit the circumstances under which the issuer may terminate the contracts. Examples of circumstances which would allow the issuer to terminate the contracts include the Plan's loss of its qualified status, un-cured material breaches of responsibilities, or material and adverse changes to the provisions of the Plan. If one of these events were to occur, the issuer could terminate the contracts at the market value of the underlying investments. Currently, management believes that the occurrence of an event that would cause the plan to transact contract distributions at less than contract value is not probable.

The crediting interest rates of the contract are based on agreed-upon formulas with the issuers, as defined in the contract agreements, but cannot be less than zero. The interest rates are reviewed on a yearly basis for resetting. The key factors that influence future interest crediting rates could include the following: the level of market interest rates; the amount and timing of participant contributions; transfers and withdrawals into/out of the contracts; and the duration of the underlying investments backing the contracts. The Plan's allocable share of the resulting gains and losses in the fair value of the investment contracts relative to the contract value, if any, has been determined by management not to be material to the Plan. No adjustment is reflected in the Plan's 2006 and 2005 statements of net assets available for benefits, or in the presentation of the net assets of the Master Trust in Note 3, as the fair value of the investment contracts has been estimated to approximate their aggregate contract value.

**Table of Contents**

## McDONALD S VENTURES 401(k) PLAN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 4 - INVESTMENT CONTRACTS** (Continued)

	2006	2005
Average contract yield, in the aggregate for all contracts:		
Based on annualized earnings <sup>(1)</sup>	5.00%	4.62%
Based on interest rate credited to participants <sup>(2)</sup>	5.31%	4.78%

- (1) Computed by dividing the annualized one-day actual earnings of the contracts on the last day of the Plan year by the fair value of the contracts' investments on the same date.
- (2) Computed by dividing the annualized one-day earnings credited to participants on the last day of the Plan year by the fair value of the contracts' investments on the same date.

**NOTE 5 - PLAN TERMINATION**

Although it has not expressed any intent to do so, the Company has the right under the Plan to allow a Venture Employer to discontinue its contributions at any time and the Company may terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**NOTE 6 - ADMINISTRATIVE FEES**

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

**NOTE 7 - INCOME TAX STATUS**

The Internal Revenue Service has determined and informed the Company by letter dated April 19, 2006, that the Plan and related trust are designed in accordance with the applicable sections of the Internal Revenue Code (IRC). The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**Table of Contents**

McDONALD S VENTURES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 8 - TRANSACTIONS WITH PARTIES IN INTEREST**

During 2006, through its investment in the Master Trust, the Plan received \$461,458 in common stock dividends from the Company. Fees charged to the Plan by the Company for administrative expenses equaled approximately \$4,789 during 2006 (see also Note 6).

The Master Trust received a payment in 2007 from its current and prior recordkeepers due to an adjustment to the recordkeeping fees paid by the Plan in 2006 and prior years approximating \$500,000.

Certain Plan assets, which are in the Master Trust, are invested in participant loans or investments managed by The Northern Trust Company, the custodian of the Plan, therefore these transactions qualify as party-in-interest. A portion of the Master Trust's assets are also invested in Company stock (see Note 3).

**NOTE 9 - RISKS AND UNCERTAINTIES**

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

**NOTE 10 - SECURITIES LENDING**

The Master Trust increases its investment income by lending the Master Trust's securities, through the asset custodian, to independent third parties. When the Master Trust lends securities, it is subject to a risk of failure by the borrower to return the loaned securities or a delay in delivery of the securities, in which case the Master Trust may incur a loss. To limit this risk, such loans are contractually required to be continuously secured by the collateral consisting of cash, cash equivalents, or U.S. Treasury bonds in an amount at least equal to the market value of the securities loaned. As of December 31, 2006 and 2005, \$46,196,443 and \$34,622,611 of the Master Trust securities reported on the statement of net assets available for benefits were on loan which were secured by cash collateral with a market value of \$45,544,492 and \$35,533,859, respectively. At December 31, 2006 and 2005, \$1,928,308 and \$13,409 of noncash collateral was not required to be reported in the financial statements.

**Table of Contents**

McDONALD S VENTURES 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

**NOTE 11 - RECLASSIFICATION**

Certain 2005 amounts have been reclassified to conform with current year presentation.

**NOTE 12 - SUBSEQUENT EVENTS**

Effective May 1, 2007, two new investment options, the Real Estate Securities Fund and Small Company Index Fund, will be offered by the Plan.

Effective January 1, 2007, the loan processing fee increased from \$60 to \$64.

On February 28, 2007, the Plan was amended to expand the definition of compensation.

**Table of Contents**

**SUPPLEMENTAL SCHEDULE**

**Table of Contents**

MCDONALD S VENTURES 401(k) PLAN

SCHEDULE H, LINE 4i SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2006

Name of Plan Sponsor: McDonald s Corporation

Employer Identification Number: 36-2361282

Three-Digit Plan Number: 002

		(c)		
(b)	Description of Investment		(d)	(e)
Identity of Issue,	Including Maturity Date,			
Borrower, Lessor,	Rate of Interest, Collateral,			
(a) or Similar Party	Par, or Maturity Value		Cost	Current Value
* Plan participants	Participant loans varying maturities with interest rates ranging from 5% to 5.75%		**	\$ 1,356,459

\* Represents a party in interest to the Plan.

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

**Table of Contents**

**SIGNATURES**

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

MCDONALD S VENTURES 401(K) PLAN

By: ADMINISTRATIVE COMMITTEE

Date: June 28, 2007

By: /s/ Michael D. Richard  
Michael D. Richard  
Chairman of the  
Administrative Committee