

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 1-5231

McDONALD'S CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-2361282
(I.R.S. Employer
Identification No.)

**One McDonald's Plaza
Oak Brook, Illinois**
(Address of principal executive offices)

60523
(Zip code)

Registrant's telephone number, including area code: (630) 623-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, \$.01 par value	New York Stock Exchange
8-7/8% Debentures due 2011	New York Stock Exchange
6-3/8% Debentures due 2028	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of common stock held by non-affiliates of the registrant as of June 30, 2009 was \$62,710,000,131.

The number of shares outstanding of the registrant's common stock as of January 31, 2010 was 1,075,960,799.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates information by reference from the registrant's 2010 definitive proxy statement which will be filed no later than 120 days after December 31, 2009.

SHARE-BASED COMPENSATION

Share-based compensation includes the portion vesting of all share-based payments granted based on the grant date fair value estimated in accordance with the provisions of the Compensation – Stock Compensation Topic of the FASB ASC.

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

<i>In millions, except per share data</i>	2009	2008	2007
Share-based compensation expense	\$112.9	\$112.5	\$142.4
After tax	\$ 76.1	\$ 75.1	\$ 94.9
Net income per common share-diluted	\$ 0.07	\$ 0.07	\$ 0.07

Compensation expense related to share-based awards is generally amortized on a straight-line basis over the vesting period in selling, general & administrative expenses in the Consolidated statement of income. As of December 31, 2009, there was \$100.9 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 2009, 2008 and 2007 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 payout. 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

	2009	2008	2007
Expected dividend yield	3.22%	2.55%	2.26%
Expected stock price volatility	24.4%	24.9%	24.7%
Risk-free interest rate	2.00%	2.96%	4.76%
Expected life of options <i>In years</i>	6.17	6.18	6.26
Fair value per option granted	\$9.66	\$11.85	\$11.59

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 85.9 million at December 31, 2009, including 35.3 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 May 1, 1999 and December 31, 2000 (approximately 10 million options outstanding at December 31, 2009) expire 13 years from the date of grant.

Intrinsic value for stock options is defined as the difference between the current market value and the exercise price. During 2009, 2008 and 2007, the total intrinsic value of stock options exercised was \$302.5 million, \$549.5 million and \$815.3 million, respectively. Cash received from stock options exercised during 2009 was \$332.1 million and the actual tax benefit realized for tax deductions from stock options exercised totaled \$86.0 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, 2009, 2008 and 2007, and changes during the years then ended, is presented in the following table:

Options	2009			2008		2007		
	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
Outstanding at beginning of year	53.4	\$34.88			67.5	\$31.85	101.9	\$30.03
Granted	5.6	56.94			5.3	56.55	5.7	45.02
Exercised	(10.7)	31.17			(18.7)	29.97	(38.4)	28.89
Forfeited/expired	(0.5)	47.22			(0.7)	37.53	(1.7)	33.63
Outstanding at end of year	47.8	\$38.16	5.06	\$1,161.1	53.4	\$34.88	67.5	\$31.85
Exercisable at end of year	35.4	\$33.06	3.96	\$1,038.8	40.8		52.6	

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, 2009, 2008 and 2007 is presented in the following table:

RSUs	2009		2008		2007	
	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
Nonvested at beginning of year	3.0	\$40.88	3.4	\$35.94	2.6	\$33.00
Granted	0.9	50.34	0.8	51.10	1.2	41.73
Vested	(1.0)	34.56	(1.1)	30.38	(0.2)	32.78
Forfeited	(0.1)	43.87	(0.1)	40.41	(0.2)	35.97
Nonvested at end of year	2.8	\$46.33	3.0	\$40.88	3.4	\$35.94

The Company realized tax deductions of \$7.3 million from RSUs vested during 2009. The total fair value of RSUs vested during 2009, 2008 and 2007 was \$59.9 million, \$56.4 million and \$12.6 million, respectively.

Exhibit 23. Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements of McDonald's Corporation (listed below) and in the related prospectuses of our reports dated February 26, 2010 with respect to the consolidated financial statements of McDonald's Corporation and the effectiveness of internal control over financial reporting of McDonald's Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2009.

<i>Commission File No. for Registration Statements</i>	
FORM S-8	FORM S-3
33-09267	33-64873
33-24958	333-149952
33-49817	333-162182
33-50701	
333-36776	
333-36778	
333-71656	
333-115770	
333-149990	

ERNST & YOUNG LLP

Chicago, Illinois
February 26, 2010