

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, SASKATCHEWAN AND MANITOBA

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF McDONALD'S CORPORATION

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in Alberta, Saskatchewan and Manitoba (the "Jurisdictions") has received an application from McDonald's Corporation ("McDonald's") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to be registered to trade in a security (the "Registration Requirement") shall not apply to certain trades in shares of common stock of McDonald's obtained under an employee incentive plan;

2. AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS McDonald's represented to the Decision Makers that:

3.1 McDonald's is a corporation that was incorporated under the laws of the State of Delaware in the United States of America (the "United States");

3.2 McDonald's is not a reporting issuer or the equivalent in any of the Jurisdictions;

3.3 McDonald's is registered with the Securities and Exchange Commission in the United States (the "SEC") under the *Securities Exchange Act of 1934* of the United States (the "1934 Act") and is not exempt from the reporting required by the 1934 Act pursuant to Rule 12G 3-2 made under the 1934 Act;

3.4 McDonald's authorized capital consists of 3,500,000,000 common shares (the "Common Shares") and 165,000,000 preferred shares of which, as of March 31, 2001, there were 1,293,286,965 Common Shares outstanding;

3.5 the Common Shares are listed and posted for trading on the New York Stock Exchange (the "NYSE") and the Chicago Stock Exchange;

- 3.6 in 1992, McDonald's established the McDonald's 1992 Stock Ownership Incentive Plan (the "Plan");
- 3.7 under the Plan, Eligible Employees may be granted options (the "Options") to acquire Common Shares;
- 3.8 any Common Shares (the "Option Common Shares") issued on exercise of the Options will be issued under a registration statement filed with the SEC under the *Securities Act* 1933 of the United States;
- 3.9 eligible employees, officers and directors of McDonald's and its affiliates may participate in the Plan (the "Eligible Employees");
- 3.10 certain Eligible Employees are resident in the Jurisdictions (the "Resident Employees");
- 3.11 as of December 31, 2000, there were 37 Resident Employees in Alberta, 5 Resident Employees in Saskatchewan and 33 Resident Employees in Manitoba;
- 3.12 McDonald's uses the services of an agent (the "Agent") for the administration of the Plan and the sale of the Option Common Shares;
- 3.13 Merrill Lynch, Pierce, Fenner & Smith Incorporated currently acts as Agent;
- 3.14 the Agent is not registered to trade in securities under the Legislation, but is registered as a broker-dealer in the United States;
- 3.15 the Agent will maintain an account on behalf of each Resident Employee who participates in the Plan and the Option Common Shares obtained by the Resident Employee will be registered in the name of the Agent or its nominee;
- 3.16 all sales of Option Common Shares on behalf of Resident Employees will be made by the Agent through the facilities of the NYSE;
- 3.17 the Resident Employees who acquire Options or Option Common Shares will be provided with information relating to the Plan and, at the same time and in the same manner, all disclosure material relating to McDonald's that is provided to all holders of Common Shares resident in the United States;
- 3.18 participation in the Plan is voluntary and the Resident Employees will not be induced to participate in the Plan or acquire Options, or Option Common Shares, by expectation of employment or continued employment with McDonald's or its affiliates;
- 3.19 McDonald's may only grant Options if, in any one Jurisdiction, the number of Option Common Shares held by Resident Employees added to the number of

Common Shares that have been issued, or reserved for issuance, to Resident Employees, does not exceed 10% of the total number of outstanding Common Shares;

3.20 McDonald's may rely on exemptions under the Legislation from the Registration Requirement and the requirement under the Legislation to file and obtain a receipt for a preliminary prospectus and prospectus (the "Prospectus Requirement") to distribute Options and Option Common Shares to Resident Employees;

3.21 the Resident Employees may rely on exemptions from the Prospectus Requirement to conduct the first trade in Option Common Shares on the NYSE; and

3.22 when the Agent sells Option Common Shares on behalf of the Resident Employees, the Resident Employees and the Agent are not able to rely on any exemption from the Registration Requirement for the trades;

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers under the Legislation is that the Registration Requirement shall not apply to the first trade in Option Common Shares by the Resident Employees if the trade is made through the Agent and through an exchange or market located outside of Canada.

DATED this 27 day of June , 2001.

"original signed by"
Eric T. Spink, Vice-Chair

"original signed by"
Thomas G. Cooke, Q.C., Member

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief under subsection 116(1) from the registration requirement under subsection 54(1) of the Act to allow for the first trade of securities acquired under an employee incentive plan through a foreign agent and foreign exchange or market.

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, subsections 54(1) and 116(1)

