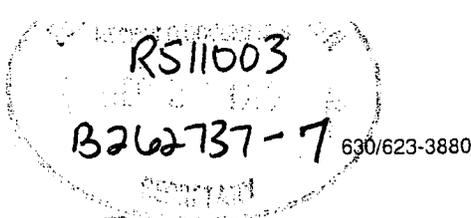




Gene Stachowiak
Vice President - Franchising

December 20, 1999



Mr. Donald S. Clark
Secretary
Federal Trade Commission
600 Pennsylvania Avenue, NW
Room 159
Washington, DC 20580

RE: 16 CFR Part 436 – Franchise Rule Comment

Dear Mr. Clark:

McDonald's Corporation is pleased to submit these comments in response to the Federal Trade Commission's Notice of Proposed Rulemaking to amend its trade regulation entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures."

McDonald's, as you know, is the world's leading quick service restaurant system. The system began as a franchise operation, and we remain strongly committed to franchising as our principal method of doing business. In the United States, 85 percent of McDonald's restaurants are owned and operated by independent businessmen and women. There are 2,750 such independent McDonald's owner-operators. They own, on average, 3.5 restaurants. The welfare of McDonald's USA thus depends on strong and healthy relationships between the corporation and its franchisees.

McDonald's, therefore, has consistently supported regulatory policies designed to provide prospective franchisees relevant information about their potential franchise purchase and to provide this information sufficiently in advance so that they may assess the enterprise before entering into a franchise agreement. We also have advocated an appropriate balance between the disclosure needs of franchisees and the compliance burdens and costs that disclosure inevitably entails. These burdens, as you know, are borne by both franchisors and franchisees.

McDonald's Corporation is an active member of the International Franchise Association. We contributed to IFA's comments on the current proposed rule and join in its recommendations. We would like here to amplify two points.

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Electronic Disclosure. The proposed provision permitting electronic disclosure provides an exciting opportunity to benefit from modern technology. Electronic disclosure would clearly offer potential cost savings to the franchisor and would help get information into the hands of franchisees in an efficient and timely manner. However, efficiency would be significantly increased, without adversely affecting potential franchisees, if the provision did not also require the franchisor to provide a three-page paper summary, including a cover page, table of contents, and receipt. McDonald's recommends that the proposal be revised to permit exclusive use of electronic means to communicate all disclosure information.

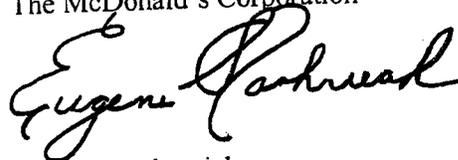
Sophisticated Investor Exemption. McDonald's strongly supports the proposed provision that would allow a disclosure exemption for sophisticated investors. We, however, recommend two modifications to the definition of the exempt group.

First, we believe the sophisticated investor category should include individuals who own two or more franchises or multiple outlets under one franchise. These individuals have actual experience to serve as the basis for their decision to enter into additional franchise agreements or open additional outlets.

Second, we believe the investment threshold for the sophisticated investor should be lowered from the proposed \$1.5 million to \$1 million. In our considerable experience, individuals purchasing franchises involving a \$1 million investment have a clear understanding of the terms and conditions of the business arrangements and have obtained professional financial and/or legal advice before entering into the franchise agreement.

We hope the foregoing comments are helpful and join the IFA in expressing our appreciation for the thorough and thoughtful analysis reflected in the proposed rule.

Sincerely,
The McDonald's Corporation



Eugene Stachowiak