



December 12, 2003

Director, TA&I-FSP  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**RE: Proposed FASB Staff Positions FIN 46-f**

McDonald's appreciates the opportunity to provide comments on the above referenced proposed FASB Staff Position. We would like to commend the FASB for adding clarity and credibility to the standard setting process by listening to issues raised by the preparer community and acting promptly with this proposed FSP to avoid certain unintended consequences of FIN 46.

We support the proposed FSP and believe this additional guidance related to paragraph 5(b)(1) facilitates a consistent implementation of FIN 46 for franchisors as it relates to whether or not a franchise agreement provides for significant decision making ability by a franchisor. We agree that the evaluation of whether the equity group decisions have a significant impact on the success of the business and that group's obligation to absorb losses or right to the expected residual returns is essential in evaluating the impact of paragraph 5(b)(1). We also believe it is proper to apply the provisions of paragraph 5(a) in situations where, by design, an owner/franchisee has no or limited equity at risk and the franchisor has significant financial risk or reward from the operation of the business. However, we support the modifications proposed by the recent exposure draft that qualitative considerations are important in determining whether an entity's equity investment at risk is sufficient.

We are still concerned given the nature of the many significant unresolved issues relating to FIN 46 whether companies are ready to adopt the Interpretation's provisions in their entirety. Given the significant number of comment letters received related to the modification exposure draft and the unresolved issues being addressed by proposed FSPs, we strongly believe the Board should consider a complete deferral of the FIN 46 provisions until the third quarter of 2004 in order to resolve all significant issues and provide time for companies to appropriately implement the provisions.

If you have any questions related to this issue, please call me at (630) 623-3162.

Sincerely,

/s/ David M. Pojman

David M. Pojman  
McDonald's Corporation  
Senior Vice President and  
Controller