

News...



McFlurry in the forecast You won't need snow shoes and a shovel for this McFlurry. A long spoon will do just fine for enjoying these frozen dairy treats. First introduced in Canada, McFlurry desserts mix McDonald's soft-serve, reduced-fat ice cream with candy or cookie pieces like M&Ms, Butterfingers or Oreos. Available in selected restaurants in Canada, the U.S. and 34 other countries, the delicious McFlurry desserts have worldwide appeal.

Offering great snacks is key to attracting more customers throughout the day, helping to build sales and profits. High customer acceptance and low equipment cost mean a quick payback on investment. Our McFlurry, cones, sundaes and other great desserts give customers more delicious reasons to stop by McDonald's more often. McFlurry desserts—the coolest way to cool off at McDonald's.

International birthdays It's amazing how quickly the birthday candles add up. Last year, ten countries celebrated key anniversaries. Sweden celebrated its 25th anniversary, and Belgium and Norway observed their 20th and 15th anniversaries, respectively. Yugoslavia, South Korea and Hungary commemorated their 10th anniversaries and Iceland, Israel, Slovenia and Saudi Arabia observed their 5th year in the McDonald's family. Other milestones in 1998 included welcoming Moldova, Nicaragua, Lebanon, Pakistan and Sri Lanka to the McDonald's family and the opening of the 100th McDonald's restaurant in Poland, Puerto Rico, Switzerland and Turkey.



Ronald McDonald video series Kids and their parents in the U.S. enthusiastically welcomed the new Ronald McDonald video series. Building on Ronald's special relationship with children, this animated video adventure series was successfully launched in October 1998 with "Scared Silly," and continued with "The Legend of Grimace Island" in January 1999. "The Visitors from Outer Space" will follow in spring 1999.

This video series provides kids of all ages a fresh, new way to relate to Ronald and his McDonaldland friends. Through animation and live action, each video portrays a positive message about either friendship, bravery or honesty. The videos are a great value at a recommended price of \$3.49 with any menu purchase.



Brighten your morning Imagine a bagel: fresh, soft, satisfying. Now imagine a bagel sandwich made by McDonald's: hearty, flavorful, fresh-baked each morning. If you live near one of the many restaurants in the U.S. testing our new breakfast bagel sandwiches, you don't have to imagine for long. Created to give customers tasty new choices for breakfast, our bagel sandwiches are offered in the flavorful combinations of steak, egg and cheese; ham, egg and cheese; and Spanish omelet with sausage and cheese. Bagels as only McDonald's can make them...just another reason to brighten your mornings at the Golden Arches.

...and Notes

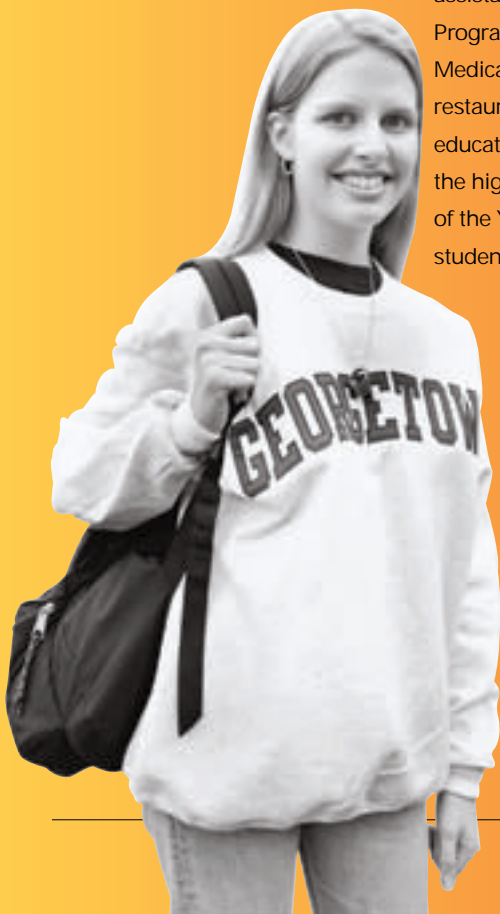


World Cup '98 scores Reaping the benefits of "the most effective sponsorship money can buy" according to *USA Today*, McDonald's leveraged the world's most widely watched sporting event to build our brand. To generate excitement among customers, McDonald's restaurants in more than 90 countries promoted our World Cup involvement through specially themed packaging, World Cup-themed Happy Meal premiums and special Extra Value Meal promotions. McDonald's sponsorship of the World Cup makes a leadership statement about the global strength of our brand and enables us to more closely connect with customers around the world.

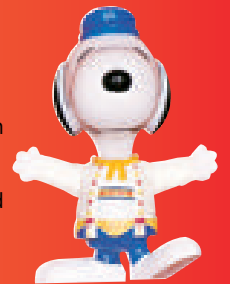
Opportunity on the menu The White House recognized McDonald's for fostering women- and minority-owned business development. We were lauded for our expertise in franchising and training, commitment to community outreach and successful supplier development programs. Also, the *Minority Business Report*, a nationally broadcast television show, honored McDonald's and the National Black McDonald's Operators Association as its 1998 Corporation of the Year and Advocate of the Year, respectively. This is the first time one company simultaneously received both top honors.

Opportunity is always on McDonald's menu. One-third of our U.S. owner/operators and about two-thirds of owner/operators in training are women and minorities. We also extend opportunity to women- and minority-owned suppliers, from whom we purchased almost \$3 billion of goods and services in 1998.

McScholars McDonald's believes in the value of education and, with our owner/operators and Ronald McDonald House Charities, proudly provides millions of dollars in educational assistance. Some of the programs we support are the McDonald's National Employee Scholarship Program, the Hispanic-American Commitment to Education and the United Negro College Fund/Medical Scholars programs. McDonald's National Employee Scholarship Program recognizes our restaurant employees' success in balancing school and work. Each year, this program grants educational scholarships of \$1,000 to 52 employees throughout the U.S. The individual exemplifying the highest commitment to school, work and volunteer activities is named McDonald's McScholar of the Year and receives a \$5,000 scholarship. In 1998, we proudly recognized Amelia Borrego, a student at Georgetown University in Washington, D.C., with this award.



Snoopy world tour International pop-culture idol, Snoopy, had customers in Hong Kong flocking to McDonald's for the chance to get a Snoopy World Tour toy with the purchase of an Extra Value Meal. This phenomenally successful promotion featured a series of Snoopy dolls dressed in different cultural costumes, with a new Snoopy available each day during the 28-day promotion.



Also, we congratulate our Hong Kong team for winning the prestigious Hong Kong Management Association's 1998 Quality Award. This honor recognized McDonald's Hong Kong's excellence in seven areas: leadership, strategic planning, customer and market focus, information and analysis, human resource development and management, process management and business results.

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