

Pershing Gets Antitrust Nod to Buy McDonald's Stock (Update1)  
2006-09-13 14:42 (New York)

(Adds investor comment in fourth paragraph.)

By Chris Burritt

Sept. 13 (Bloomberg) -- Activist investor Bill Ackman's Pershing Square Capital Management L.P. has received U.S. antitrust clearance to purchase shares of McDonald's Corp., the world's largest restaurant company.

A plan by three funds managed by New York-based Pershing Square to buy in excess of \$793.8 million of McDonald's stock received approval, the U.S. Federal Trade Commission announced today. Ackman, Pershing's principal, didn't immediately respond to telephone or e-mail messages.

Ackman, who used a stake in Wendy's International Inc. to push for cost cuts and improved earnings, proposed last year that McDonald's sell 65 percent of its company-owned restaurants in an initial public offering and borrow \$14.7 billion to finance a stock repurchase.

His participation here is a positive for all shareholders," Jeffrey Malcom, who helps oversee more than 200,000 McDonald's shares as part of \$210 million in assets at Towson, Maryland-based Horan Capital Management, said yesterday in an interview. He has some good ideas for the company, some of which have been adopted by management."

McDonald's said in a filing with the U.S. Securities and Exchange Commission Sept. 1 it had been notified of Ackman's plans to buy at least 1.8 percent of its shares. Ackman previously sold his equity stake and owned no shares as of June 30, according to a Pershing regulatory filing last month.

Shares of Oak Brook, Illinois-based McDonald's, which operates 32,000 restaurants in 118 countries, have risen 5.6 percent since Aug. 31, the day before McDonald's notification. Its stock fell 30 cents to \$37.90 at 2:35 p.m. in New York Stock Exchange composite trading.

#### Chipotle Filing

Chipotle Mexican Grill Inc., the Denver-based burrito chain being sold by McDonald's, said in Sept. 8 filing that the Pershing funds may acquire McDonald's stock "significantly in excess" of the \$793.8 million indicated in McDonald's filing.

Following his November 2005 proposal, Ackman subsequently called for an initial public offering of 20 percent of the company-owned units to raise \$1.3 billion to boost the dividend. In January, Ackman dropped his campaign for an IPO, saying the chain had ceded to some of his demands aimed at boosting its share price.

Ackman said at the time he supported McDonald's plans to license 1,500-company-owned restaurants, release more financial information about the unit that runs them and buy back \$1 billion in shares.

McDonald's rejected the proposals as potentially disruptive to relations between the company, franchisees and suppliers. Chief Executive Officer Jim Skinner told shareholders in May he wouldn't risk the company's turnaround since 2002 on "quick-fix thinking" intended to increase the share price.

Ackman held 49 million options and swaps convertible to McDonald's stock as of Aug. 16, about 4 percent of the company. He sold his remaining 105,125 McDonald's shares in the second quarter.

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--with reporting by Suzy Assaad in New York. Editor: Skillman

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To contact the reporter on this story:  
Chris Burritt in Greensboro, North Carolina, at  
(1) (336) 808-1348 or cburritt@bloomberg.net.

To contact the editor responsible for this story:  
Michael Nol at (1)(212) 617-2384 or mnol@bloomberg.net.

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