Company	McDonald's Corp		Date	5/15/2014
Prepared by	WRIGHT		Data taken from	BI Stock Data
Where traded	NYSE	Industry	Restaurants	

Capitalization --- Outstanding Amounts		Reference		
Preferred ($M)		0.0	% Insiders	% Institution
Common (M Shares)		989.6	0.1	63.6
Debt ($M)	13,926.8	% to Tot Cap	46.3	% Pot Dil	0.6

Stock Selection Guide

Symbol: MCD

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2013 QuarterEnding (03/14)	Sales ($M)	Earnings Per Share
Latest Quarter	6,700.3	1.21
Year Ago Quarter	6,605.3	1.26
Percentage Change	1.4%	-3.7%
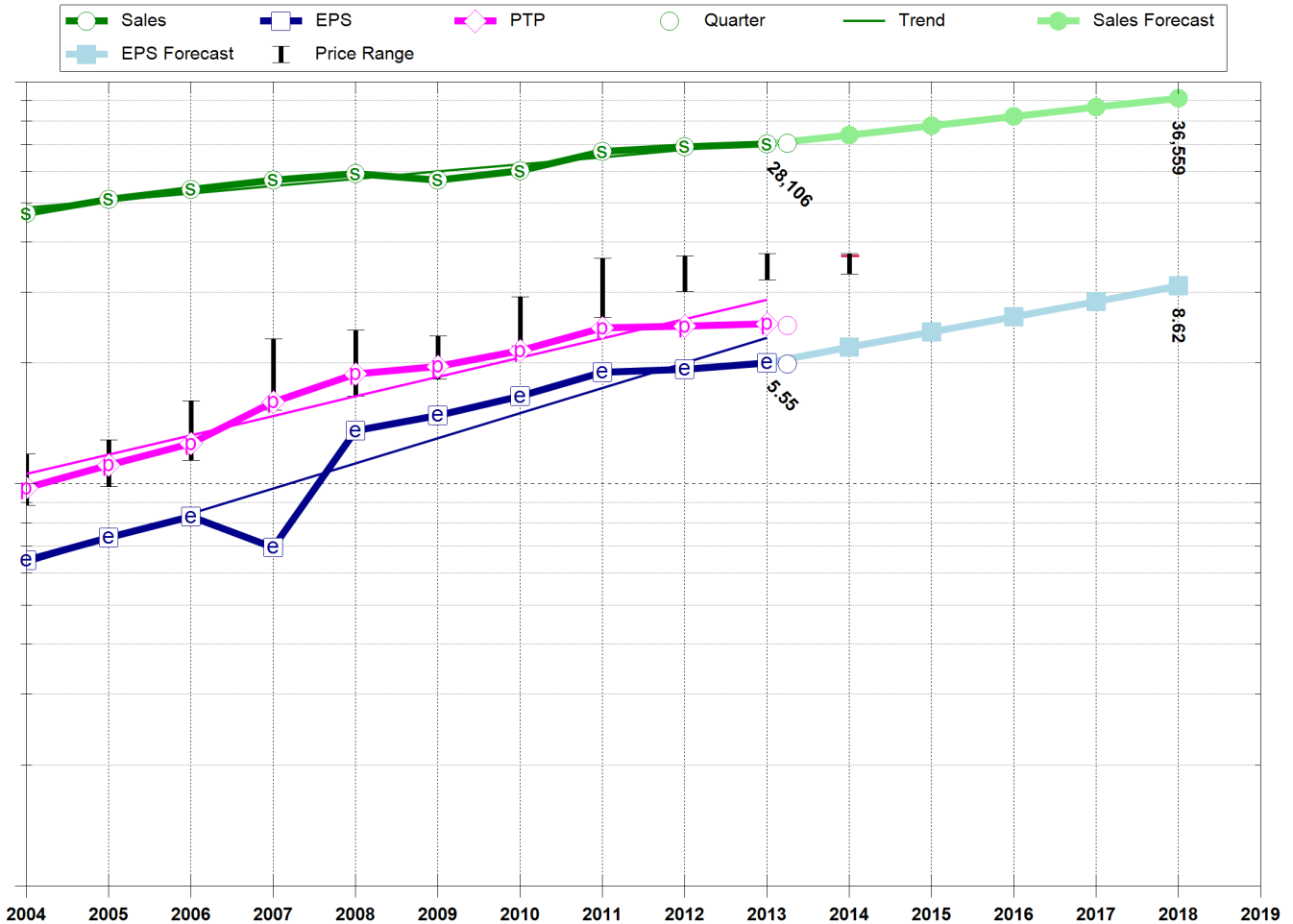
(1) Historical Sales Growth	4.2%	(3) Historical Earnings Per Share Growth	15.5%
(2) Estimated Future Sales Growth	5.4%	(4) Estimated Future Earnings Per Share Growth	9.2%

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Last 5 Year Avg.
Pre-tax Profit on Sales	16.8%	17.9%	19.1%	23.0%	26.2%	28.3%	29.2%	29.7%	29.3%	29.2%	29.1%
% Earned on Equity	15.8%	17.0%	18.4%	14.5%	31.3%	31.5%	33.0%	37.4%	35.1%	34.3%	34.3%
% Debt To Capital	39.4%	40.1%	35.3%	37.8%	43.3%	43.0%	44.0%	46.5%	47.1%	46.9%	45.5%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 102.5   **HIGH THIS YEAR** 103.78   **LOW THIS YEAR** 92.22

		A	B	C	D	E	F	G	H
	Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
		High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1	2009	64.8	50.4	4.11	15.8	12.3	2.05	49.9	4.1
2	2010	80.9	61.1	4.58	17.7	13.3	2.26	49.4	3.7
3	2011	101.0	72.1	5.27	19.2	13.7	2.53	48.0	3.5
4	2012	102.2	83.3	5.36	19.1	15.6	2.87	53.6	3.4
5	2013	103.7	89.3	5.55	18.7	16.1	3.12	56.2	3.5
	AVERAGE		71.2		18.1	14.2		51.4	
	CURRENT/TTM			5.51			3.24	58.8	
	AVERAGE PRICE EARNINGS RATIO 16.1					CURRENT PRICE EARNINGS RATIO 18.6			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E   16.13   X Estimate High Earnings/Share   8.62   =   Forecasted High Price $ 139.0

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E   14.19   X Estimate Low Earnings/Share   5.55   =   Forecasted Low Price $ 78.8

(b) Avg. Low Price of Last 5 Years   71.2

(c) Recent Market Low Price   83.31

(d) Price Dividend Will Support $\dfrac{\text{Present Dividend}}{\text{High Yield}}$ = $\dfrac{3.240}{3.50\%}$ =   92.6

Selected Forecasted Low Price $ 78.8

C ZONING   using 25%-50%-25%

Forecasted High Price   139.0   Minus Forecasted Low Price   78.8   =   60.3   Range.   25% of Range   15.1

Buy Zone   78.8   to   93.8
Hold Zone   93.8   to   124.0
Sell Zone   124.0   to   139.0

Present Market Price of   102.50   is in the   **Hold**   Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\dfrac{\text{High Price } 139.0}{\text{Present Price } 102.50}$ $\dfrac{\text{Minus Present Price } 102.50}{\text{Minus Low Price } 78.8}$ = $\dfrac{36.54}{23.75}$ =   1.5   To 1

E PRICE TARGET   (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\dfrac{\text{High Price } 139.0}{\text{Present Market Price } 102.50}$ =   1.36   X   100   =   135.65   -   100   =   35.6   % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\dfrac{\text{Present Full Year's Dividend \$ } 3.24}{\text{Present Price of Stock } 102.50}$ =   0.03   =   3.2 %   Present Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast High PE}}$ = $\dfrac{51.4 \%}{16.13}$ =   3.2 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation   6.3 %
Average Yield   3.2 %
Annualized Rate of Return   9.5 %