
| | Target | Price | Range |
|--|--------|-------|-------|
| | 2019 | 2020 | 2021 |
| | | | 200 |
| | | | 160 |
| | | | |

| Year | Number of people (thousands) |
|------|------------------------------|
| 1990 | 50 |
| 1991 | 60 |
| 1992 | 70 |
| 1993 | 80 |
| 1994 | 90 |
| 1995 | 50 |

40
30
20
% TOT RETURN 4/16

| | THIS STOCK | VL ARITH.* INDEX |
|-------|---------------|---------------------|
| 1 yr. | 35.4 | -3.4 |
| 3 yr. | 36.8 | 29.5 |
| 5 yr. | 89.7 | 47.7 |

| | | | | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|-------------------------|-------|
| CAPITAL STRUCTURE as of 3/31/16 | 21586 | 22787 | 23522 | 22745 | 24075 | 27006 | 27567 | 28106 | 27441 | 25413 | 24630 | 22900 | Revenues (\$mill) | 25000 |
| Total Debt \$23352.6 mill. Due in 5 Yrs \$9129 mill. | 26.4% | 22.3% | 32.5% | 34.2% | 35.6% | 35.9% | 35.7% | 35.9% | 35.0% | 35.1% | 35.7% | 36.5% | Operating Margin | 36.5% |
| LT Debt \$23352.6 mill. LT Interest \$1000 mill. (LT interest earned: 11.6x; total interest coverage: 11.4x) (86% of Cap'l) | 1249.9 | 1214.1 | 1207.8 | 1216.2 | 1276.2 | 1415.0 | 1488.5 | 1585.1 | 1644.5 | 1555.7 | 1500 | 1375 | Depreciation (\$mill) | 1500 |
| Leases, Uncapitalized Annual rentals \$1350 mill. | 2873.0 | 3522.6 | 4201.1 | 4405.5 | 4961.9 | 5503.1 | 5464.8 | 5585.9 | 4757.8 | 4693.3 | 4855 | 5185 | Net Profit (\$mill) | 5140 |
| | 31.0% | 1.4% | 31.8% | 30.4% | 29.3% | 31.3% | 32.4% | 31.9% | 35.5% | 30.5% | 31.5% | 32.0% | Income Tax Rate | 32.0% |
| No Defined Benefit Pension Plan Pfd Stock None | 13.3% | 15.5% | 17.9% | 19.4% | 20.6% | 20.4% | 19.8% | 19.9% | 17.3% | 18.5% | 19.7% | 22.6% | Net Profit Margin | 20.6% |
| | 617.2 | 6916.6 | 979.7 | 427.6 | 1443.8 | 893.8 | 1519.0 | 1880.1 | 1437.6 | 6692.6 | 1700 | 1500 | Working Cap'l (\$mill) | 1300 |
| Common Stock 877,857,531 shs. | 8416.5 | 7310.0 | 10186 | 10560 | 11497 | 12134 | 13633 | 14130 | 14990 | 24122 | 26000 | 26000 | Long-Term Debt (\$mill) | 26000 |
| | 15458 | 15280 | 13383 | 14034 | 14634 | 14390 | 15294 | 16010 | 12853 | 7087.9 | 5000 | 5000 | Shr. Equity (\$mill) | 7000 |
| | 12.8% | 16.4% | 18.8% | 18.8% | 19.8% | 21.6% | 19.8% | 19.4% | 18.1% | 16.1% | 16.5% | 18.0% | Return on Total Cap'l | 16.5% |
| | 18.6% | 23.1% | 31.4% | 31.4% | 33.9% | 38.2% | 35.7% | 34.9% | 37.0% | 66.2% | 97.0% | 103.5% | Return on Shr. Equity | 73.5% |
| MARKET CAP: \$112 billion (Large Cap) | 10.7% | 11.5% | 17.8% | 15.5% | 17.5% | 20.1% | 16.8% | 15.4% | 12.0% | 20.6% | 34.0% | 40.0% | Retained to Com Eq | 29.5% |
| CURRENT POSITION 2014 2015 3/31/16 | 42% | 50% | 43% | 51% | 49% | 47% | 53% | 56% | 68% | 69% | 65% | 61% | All Div'ds to Net Prof | 60% |

come in 2015. The company sold a stake in *Pret A Manger* in 2008. Spun off *Chipotle Mexican Grill* in 2006 and *Boston Market* in 2007. Has about 42,000 employees. Officers/directors own less than 1% of common stock (4/16 Proxy). CEO: Steve Easterbrook. Inc.: DE. Address: One McDonald's Plaza, Oak Brook, Illinois 60523. Telephone: 630-623-3000. Internet: www.mcdonalds.com.

customer satisfaction. Meanwhile, sales in Asia should continue to recover. Same-store sales ought to be strong in the next two quarters, though the March term got an extra boost from leap day and unseasonably mild weather. Too, comparisons in the December period, will be

parisons in the December period will be more difficult as McDonald's laps the start of *All Day Breakfast*. Commodity costs ought to be favorable throughout the year, and foreign exchange headwinds will likely be more moderate than they were last year (expected to be \$0.05-\$0.07 for the

whole of 2016). All told, we've added a dime to our full-year 2016 earnings call. **Timely McDonald's stock should continue to appeal to momentum investors, especially those with a conservative bent.** The equity garners our top

scores for Safety (1) and Price Stability (100), and its Beta coefficient (0.70) is well below the market. Too, the dividend yield is above the *Value Line* median and the company's Financial Strength rating is top notch (A++). Value investors, on the other hand, may find the shares a bit pricey.

Matthew F. Spencer, CFA May 27, 2016

| | | | | |
|---|---|---|--|----------------------------------|
| <p>(A) Based on diluted shares. Excl. nonrecr. gain/(loss): '01, (116); '02, (556); '03, (256); '04, (66); '05, 36; '06, 536; '07, (936); '08, 96; '09, 136; '10, (26); '15 (176). Excl. cum. effect</p> | <p>of acting change: '02, (76); '03, (36); '04, (86). Incl. tax benefit: '04, 7c. Excl. tax benefit '05, 4c. Next exgs. report due late July. (B) As of 3/08 div'ds paid mid-Mar., Jun., Sep., Dec.</p> | <p>■ Div'd. reinvestment plan available. (C) Incl. intang. At 12/31/15: \$2,516.3 mill. \$2.77/share. (D) In mill., adj. for splits. (E) May not sum due to rounding.</p> | <p>Company's Financial Strength Stock's Price Stability Price Growth Persistence Earnings Predictability</p> | <p>A++ 100 65 90</p> |
| <p>© 2016 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.</p> | | | | |
| <p>To subscribe call 1-800-VALUELINE</p> | | | | |