

MCDONALDS CORP  
Form 10-Q  
November 01, 2012  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934  
For the quarterly period ended September 30, 2012

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 1-5231  
McDONALD'S CORPORATION  
(Exact Name of Registrant as Specified in Its Charter)

Delaware 36-2361282  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

One McDonald's Plaza 60523  
Oak Brook, Illinois (Zip Code)  
(Address of Principal Executive Offices)  
(630) 623-3000  
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

1,003,976,633  
(Number of shares of common stock  
outstanding as of September 30, 2012)



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McDONALD'S CORPORATION

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEET

| In millions, except per share data  | (unaudited)<br>September 30,<br>2012 | December 31,<br>2011 |
|---|--------------------------------------|----------------------|
| Assets  |                                      |                      |
| Current assets  |                                      |                      |
| Cash and equivalents  | \$2,178.5                            | \$ 2,335.7           |
| Accounts and notes receivable   | 1,277.3                              | 1,334.7              |
| Inventories, at cost, not in excess of market   | 109.1                                | 116.8                |
| Prepaid expenses and other current assets   | 643.0                                | 615.8                |
| Total current assets  | 4,207.9                              | 4,403.0              |
| Other assets  |                                      |                      |
| Investments in and advances to affiliates   | 1,460.3                              | 1,427.0              |
| Goodwill  | 2,744.2                              | 2,653.2              |
| Miscellaneous   | 1,660.4                              | 1,672.2              |
| Total other assets  | 5,864.9                              | 5,752.4              |
| Property and equipment  |                                      |                      |
| Property and equipment, at cost   | 37,320.2                             | 35,737.6             |
| Accumulated depreciation and amortization   | (13,568.5 )                          | (12,903.1 )          |
| Net property and equipment  | 23,751.7                             | 22,834.5             |
| Total assets  | \$33,824.5                           | \$ 32,989.9          |
| Liabilities and shareholders' equity  |                                      |                      |
| Current liabilities   |                                      |                      |
| Accounts payable  | \$833.6                              | \$ 961.3             |
| Dividends payable   | 770.0                                | —                    |
| Income taxes  | 123.6                                | 262.2                |
| Other taxes   | 374.6                                | 338.1                |
| Accrued interest  | 158.1                                | 218.2                |
| Accrued payroll and other liabilities   | 1,379.3                              | 1,362.8              |
| Current maturities of long-term debt  | 512.1                                | 366.6                |
| Total current liabilities   | 4,151.3                              | 3,509.2              |
| Long-term debt  | 12,752.0                             | 12,133.8             |
| Other long-term liabilities   | 1,557.1                              | 1,612.6              |
| Deferred income taxes   | 1,480.0                              | 1,344.1              |
| Shareholders' equity  |                                      |                      |
| Preferred stock, no par value; authorized—165.0 million shares; issued—none                 | —                                    | —                    |
| Common stock, \$.01 par value; authorized—3.5 billion shares; issued 1,660.6 million shares | 16.6                                 | 16.6                 |
| Additional paid-in capital  | 5,689.0                              | 5,487.3              |
| Retained earnings   | 37,882.5                             | 36,707.5             |
| Accumulated other comprehensive income  | 609.5                                | 449.7                |
| Common stock in treasury, at cost; 656.6 and 639.2 million shares                           | (30,313.5 )                          | (28,270.9 )          |
| Total shareholders' equity  | 13,884.1                             | 14,390.2             |
| Total liabilities and shareholders' equity  | \$33,824.5                           | \$ 32,989.9          |

See Notes to condensed consolidated financial statements.

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 CONDENSED CONSOLIDATED STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME  
 (UNAUDITED)
 

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| In millions, except per share data         | Quarters Ended        |           | Nine Months Ended     |            |
|--|-----------------------|-----------|-----------------------|------------|
|  | September 30,<br>2012 | 2011      | September 30,<br>2012 | 2011       |
| Revenues                                   |                       |           |                       |            |
| Sales by Company-operated restaurants      | \$4,838.4             | \$4,855.5 | \$13,944.1            | \$13,705.6 |
| Revenues from franchised restaurants       | 2,314.0               | 2,310.8   | 6,670.8               | 6,477.7    |
| Total revenues                             | 7,152.4               | 7,166.3   | 20,614.9              | 20,183.3   |
| Operating costs and expenses               |                       |           |                       |            |
| Company-operated restaurant expenses       | 3,914.4               | 3,883.3   | 11,392.6              | 11,106.8   |
| Franchised restaurants—occupancy expenses  | 383.4                 | 376.2     | 1,134.3               | 1,103.5    |
| Selling, general & administrative expenses |                       |           |                       |            |