

OPTIONS REPORT

April 24, 2019



McDonald's Corporation

Covered Call Relative Risk Ranking	MODERATE	Key	Key	Key	Key	Key
Diagonal Spread Relative Risk Ranking	CONSIDERABLE	Key	Key	Key	Key	Key
STARS® Ranking For Underlying Stock	BUY	★	★	★	★	★

Note: The Options Report is not a substitute for the underlying stock's Stock Report which contains information about the underlying stock and basis for the STARS Ranking.

Stock Symbol:	MCD
Stock Price (as of Apr. 24, 19):	\$195.26
12-Mo. Target Price (set Jan. 30, 19):	\$200.00
Annual Dividend Yield:	4.64
50-Day Moving Average:	185.18
100-Day Moving Average:	182.96
200-Day Moving Average:	174.62

Option Strategy Summary: The MCD June '19 covered call with a 195 strike price could potentially yield a 2.63% return if MCD stock stays above \$195 a share at expiration 58 days from now. A diagonal spread that involves selling the June '19 195 call and buying the January '20 155 call should cost \$153.21 less per share than the covered call and potentially yield a 8.70% return if the stock stays above \$195 at expiration. The lower return covered call has a 3 Key (Moderate Relative Risk) ranking while the diagonal spread has a riskier 2 Key (Considerable Relative Risk) ranking. On January 30, 2019 CFRA set a \$200 12-Month price target for MCD which is currently trading \$4.74 below that target. By using this covered call strategy potential returns may be higher than simply holding the stock if MCD stays below \$200.25 through June 21, 2019. The covered call strategy offers protection of 2.69%. If the stock goes below \$190.01 expect losses.

Strategy	Covered Call	Diagonal Spread
Buy-Side	Stock Symbol: MCD Stock Price: \$195.26	Call Month: Jan '20 Call Strike Price: \$155.00 Call Ask Price: \$42.05
Sell-Side	Sold Call Month: Jun '19 Sold Call Strike Price: \$195.00 Current Sold Call Bid Price: \$5.25	
Key Metrics	Net Debit: \$190.01 Downside Protection (%): 2.69 In-The-Money (%): 0.13 Break Even: 190.01 Assigned Return (\$): 4.99 Assigned Return (%): 2.63 Ann. Assigned Return (%): 16.53 Expiration Date: June 21, 2019 Trade Duration (Days): 58 Relative Risk Ranking: 3 Key	Net Debit: \$36.80 Downside Protection (%): 1.77 In-The-Money (%): 0.13 Break Even: 191.80 Assigned Return (\$): 3.20 Assigned Return (%): 8.70 Ann. Assigned Return (%): 54.72 Expiration Date: June 21, 2019 Trade Duration (Days): 58 Relative Risk Ranking: 2 Key

COMPARISON LADDER	
Based on range of stock prices at expiration	
Above \$221.74	Strategy shown not applicable
Between \$212.24 - \$192.23	Diagonal Spread (Min. Return)
Between \$192.23 - \$190.01	Covered Call
Below \$190.01	No Covered Call Strategy
Between \$190.01 - \$221.74	Diagonal Spread (Max. Return)
	Assumes Long Call Retains Time Value

Option Strategies Risk Assessment

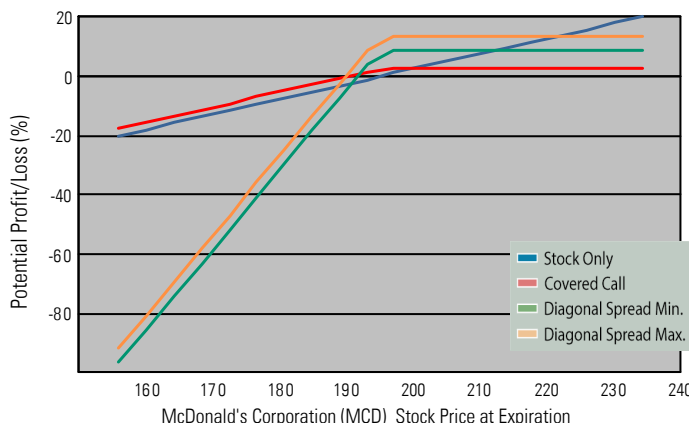
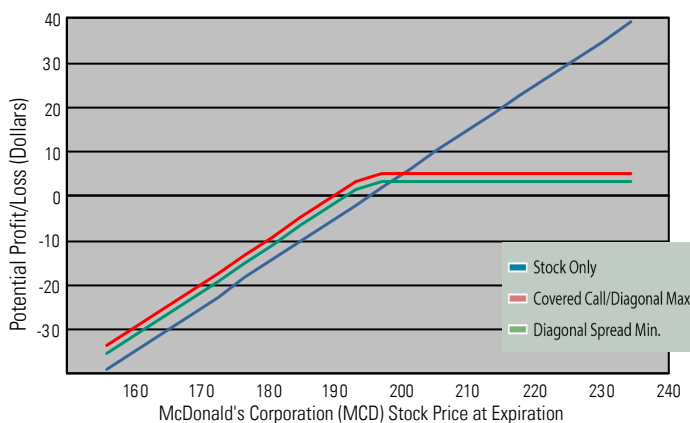
Covered Call Risk Assessment

Our 3 Key (Moderate Relative Risk) covered call strategy risk assessment reflects the volatility of MCD and CFRA's view of the company's prospects over the coming 12 months. A 3 Key ranked strategy has moderate relative risk, which means there is a possibility that the stock will not be assigned on or before 6/21/2019 - expiration day - and that the strategy may not be closed at the profit level shown in the covered call table. As with any stock or option strategy there is always risk of losing money. If MCD heads downward for any reason, only \$5.25 of that drop will be protected using this strategy. If MCD is selling for over \$200.39 at expiration, holding the stock without selling the call would have yielded a higher return. See elsewhere in this report for a further discussion of potential risks related to the Covered Call Strategy.

Diagonal Spread Risk Assessment

The diagonal spread strategy will normally carry more risk than a covered call strategy, but the rate of return is generally higher, since there is a lower capital outlay. At a 2 Key risk ranking this strategy is considered to have considerable relative risk. If the stock price at expiration is below \$195 this strategy will not generate the potential returns shown. Another risk for this strategy is related to the bought Call Option price. If the stock drops in price between now and expiration date, there is a possibility that the Jan '20 155 call could drop quickly. See elsewhere in this report for a further discussion of potential risks related to this strategy.

Option Strategies Potential Profit/Loss Comparison Chart. (See disclosures for charts on last page)



Option Strategies Discussion

McDonald's Corporation (NYSE: MCD) closed yesterday at \$195.26. So far the stock has hit a 52-week low of \$153.13 and 52-week high of \$195.95. MCD has had a 4 STARS (out of 5) ranking since 1/25/2016. On 1/30/2019 CFRA equity analysts set a 12-month price target of \$200 for the stock. McDonald's stock has been showing support around \$193.28 and resistance in the \$196.94 range. For a hedged play on this stock, consider a Jun '19 covered call with a 195 sold call for a net debit in the \$190.01 area. This covered call has a 58 day duration, and provides 2.69% downside protection and a 2.63% assigned return rate for a 16.53% annualized return rate (for comparison purposes only). This strategy has a 3 Key (out of 5) Moderate Relative Risk ranking and downside protection of 2.69%. Another way to play this stock would be with a diagonal spread that substitutes a longer term call option in place of the covered call stock purchase. To use this strategy consider going long the MCD Jan '20 155 Call and selling the Jun '19 195 call for a \$36.80 debit. The strategy has a 58 day duration, and provides 1.77% downside protection and an 8.70% assigned return rate for a 54.72% annualized return rate (for comparison purposes only). This strategy has a 2 Key (out of 5) Considerable Relative Risk ranking. McDonald's has a current annual dividend yield of 4.64%.

Glossary

100-Day Moving Average

A 100-Day simple moving average is the average closing price of the stock over the last 100 trading days. Moving averages can be used to gauge the direction of price movement in a stock.

12-Month Target Price

The equity analyst's projection of the market price a stock will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

200-Day Moving Average

A 200-Day simple moving average is the average closing price of the stock over the last 200 trading days. Moving averages can be used to gauge the direction of price movement in a stock.

50-Day Moving Average

The 50-Day moving average is the average closing price of the stock over the last 50 trading days. Moving averages can be used to gauge the direction of price movement in a stock.

52-Week High

This is the highest price that a stock has traded at during the last 52 weeks.

52-Week Low

This is the lowest price that a stock has traded at during the last 52 weeks.

Annualized Assigned Return (%)

The process of taking a return and multiplying it by a factor to simulate the return on a yearly basis. The return is multiplied by 365 then divided by the number of days to expiration. This return is always given for comparison purposes only.

Annual Dividend Yield

A company's projected yearly dividend amount shown as a percentage of its stock price.

Assigned Return and Assigned Return (%)

The potential return from an option position, if the stock price is in the exercisable range at expiration. For a covered call, this potential return includes the premium from the sold option and any profit/loss on the covering stock position and assumes the stock price is above the strike price at expiration. This calculation does not include margin and is not annualized.

Assignment

Notification that an owner of an option has exercised his or her rights to buy or sell the underlying stock. The buyer of an option exercises his right and the seller of the option is assigned on the option.

Bid/Ask Spread

This is the difference in price between an option's bid and ask price. Options have wider bid-ask spreads than stocks do.

Break Even

The stock price at which any option strategy or combination stock and option strategy has a zero loss and zero gain.

Buy-Side

Many option-related trades have multiple transactions. In a covered call, shares of stock are purchased and call options are sold simultaneously. The Buy-Side section indicates the stock or call option bought for this strategy.

Diagonal Spread Assigned Return

This is the potential percent return for the position if the short-term option is In-The-Money (ITM) at expiration and the longer term option is exercised to cover the trade.

Diagonal Spread Minimum Return

If the stock expires above the short call, this is the potential percent return for the position assuming both options are exercised at expiration.

Diagonal Spread Max Return

This is the potential percent return for the position if the short-term option is ITM at expiration and the longer-term option retains its time value. One may buy to close the call before expiration, buy back the option and sell one in a farther out month (called rolling the option), or buy stock to cover and then sell another call against the farther out option.

Diagonal Spread Risk Assessment

The diagonal spread risk assessment and Key ranking is a proprietary indicator to help assess the relative risk of a potential trade. All option trades generate a Key ranking from 1 Key (highest relative risk) to 5 Keys (lowest relative risk). The risk ranking uses a number of indicators such as volatility, moving averages and underlying stock rankings.

Diagonal Spread Risk Ranking

This proprietary risk ranking is similar to the covered call risk ranking and rates Diagonal spread trades from 1 Key (Highest relative risk) to 5 Keys (Lowest relative risk.) This ranking system uses indicators including volatility, percent out-of-the-money, and STARS ranking to assess the risk for a trade. Diagonal spread trades will typically show a lower Key risk ranking (they are riskier) and higher potential return than covered call trades on the same stock.

Diagonal Spread

An option strategy involving the purchase of a longer-term call or put option and the sale of an equal number of shorter-term options of the same type at a different strike price.

Call Ask Price

The price a seller offers to sell a call option. This is the most an investor should pay for the bought option.

Call Month

The month during which the call option expires.

Call Strike Price

The price at which the owner of an option can purchase (call) or sell (put) the underlying stock. Used interchangeably with striking price, strike, or exercise price.

Covered Call Risk Ranking

A proprietary relative risk ranking for covered call strategies that ranks covered call trades from 1 Key (Highest Relative Risk) to 5 Keys (Lowest Relative Risk.) This ranking system uses a number of technical and fundamental indicators including stock beta, implied volatility, assigned return percent, percent out-of-the-money, STARS rankings, and moving averages to assess the relative risk on each trade.

Covered Call

An option strategy in which a call option is written (sold) against an equivalent amount of long (owned or bought) stock. Example: writing 10 ABC May 70 calls while owning 1,000 shares or more of ABC stock.

Current Sold Call Bid Price

The price a buyer is willing to pay a seller for a call option. This is the least an investor will receive for the sold option.

Downside Protection

Downside protection refers to the dollar amount a stock can drop before the covered call or diagonal spread becomes a loss.

Downside Protection (%)

This shows how far, as a percent of the current stock price, the underlying stock would need to drop before the covered call or diagonal spread becomes a loss. This is calculated by dividing downside protection by the current market price.

Expiration Date

The date on which an option, and the right to exercise it or have it assigned, cease to exist.

Expiration Friday

The last business day prior to the option's expiration date during which purchases and sales of options can be made. For equity options, this is generally the third Friday of the expiration month.

Expiration Month

The month during which the expiration date occurs. Stock options typically expire on the third Friday of the month.

Horizontal Spread

An option strategy that involves the purchase of a farther-term call or put option and the selling of an equal number of nearer-term options of the same type and strike price. Example: buying 1 XYZ May 60 call (far-term option) and selling 1 XYZ March 60 call.

Intrinsic Value

Option premium is made up of either time value, intrinsic value or both. The intrinsic value is based on how deep-in-the-money the stock is priced. For a call, it is how far above the strike price the stock price is located.

In-the-Money

A call option is in-the money if the stock price is above the option strike price.

In-The-Money Percent (%)

For a covered call this shows how far, as a percent of the current stock price, the underlying stock price is related to the sold call strike price. This is calculated by dividing the in-the-money dollar amount by the current stock price.

Key Metrics

The Key Metrics area of the report shows important information about the strategy including the net debit, downside protection percent and relative risk ranking.

Long Call

Buying a call on a stock results in a "long call" position. An investor buys a call if they think the stock price will rise.

Net Debit

The amount paid when doing a spread transaction. It is a negative difference between the option(s) sold price(s) and option(s) bought price(s).

Option Strategies Discussion

The Option Strategies Discussion shows several critical factors analysts consider and then shows the potential return rates on each strategy.

Option Strategy Summary

This is the executive summary of the report that shows the potential returns and costs of both the covered call and diagonal spread strategies.

Out-of-the-Money

A call option is out-of-the-money if the stock price is below its strike price.

Sell-Side

Many option-related strategies have multiple transactions. In a covered call, shares of stock are purchased and call options are sold simultaneously. The Sell-Side section shows the month and strike price for the call option sold for this strategy.

Sold Call Month

This is the expiration month of the sold call option.

Sold Call Strike Price

This is the strike price of the sold call. When an option is sold, the purchaser has the right (or option) to buy the stock at the strike price any time between the initial purchase and the date the option expires.

Stock Resistance

A term used in technical analysis to describe a price at which rising stock prices are expected to stop or meet increased selling activity. This analysis is based on historic price behavior of the stock.

Stock Support

A term used in technical analysis to describe a price at which falling stock prices are expected to stop or meet increased buying activity. This analysis is based on previous price behavior of the stock.

OPTIONS REPORT

April 24, 2019



Glossary (Continued from Page 2)

Strategy

The strategy refers to the choice of options methods deployed to seek to profit on a stock and may be selling a covered call, selling a diagonal spread or holding the stock.

Time Value

Option premium is made up of either time value, intrinsic value or both. From its creation date to its expiration date, an option's time value decays away and any value left is intrinsic value which rises or falls with the price of the stock. If XYZ stock is at \$51.00 and the April 50 call is trading at 2.50, the option has 1.00 (51.00-50.00) of intrinsic value and 1.50 (2.50-1.00) of time value.

Trade Duration (Days)

This is the number of days a trade is active. It is the total number of days from the initial opening transaction until expiration day.

Volatility

This is a rating of the stock's price volatility over the past year. Volatility is the propensity of a security to swing up and down in price.

Disclosures

S&P GLOBAL™ is used under license. The owner of this trademark is S&P Global Inc. or its affiliate, which are not affiliated with CFRA Research or the author of this content. This report is for informational purposes only. When using this report, investors are advised to consult the accompanying glossary of investment terms.

The data and information shown in this report is intended for use by financial professionals and/or sophisticated investors who should verify that all data, assumptions, and results are accurate before making any investment decision or recommendation. Before acting on any information in this document, an investor should consider whether the strategy is suitable for their particular circumstances and, if necessary, seek professional advice.

STARS® RANKINGS (ON UNDERLYING STOCK):

STARS rankings are subject to change at any time. The STARS Ranking system is defined as follows:

★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell):** Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

A reference to a particular investment or security by CFRA or one of its affiliates is not a recommendation to buy, sell, or hold such investment or security, nor is it considered to be investment advice.

This report is created by InvestorsObserver ("IO"), a subsidiary of Fresh Brewed Media/O2 Media LLC. ("FBM"). Accounting Research & Analytics, LLC d/b/a CFRA or its affiliates provides this report to subscribers who provide this report to you. FBM and IO have developed and are responsible for the strategies, discussions, assessments and other analyses of the options presented in this report.

Information Pertaining to the Options Report

OPTIONS STRATEGIES: KEY RANKINGS: All options strategies are based upon underlying stocks that have been assigned a 3, 4, or 5-STARS ranking by CFRA equity analysts. Each hedged strategy shown is given a "Key" ranking as an indicator of relative risk for the strategy. 1 Key is highest relative risk, while 5 Keys denotes lowest relative risk. The Key rankings are determined based on numerous factors ranging from the STARS ranking for the underlying stock to the volatility of the associated equity options. The Key Ranking for each strategy is determined at the time the strategy is initially identified based on market prices, STARS rankings and statistics before the market opening of the date on this report. Strategies are ranked using a 1 to 5 ranking system as follows:

1 Key - Highest Relative Risk

2 Key - Considerable Relative Risk

3 Key - Moderate Relative Risk

4 Key - Low Relative Risk

5 Key - Lowest Relative Risk

COMPARISON LADDER: The Comparison Ladder is designed as a tool to help evaluate which, if either, of the strategies (Covered Call or Diagonal Spread) is more attractive based on an assumed range of stock prices at expiration.

INFORMATION ON CHARTS: Return data is based on one options contract and/or owning 100 shares of the underlying stock. Return data excludes transaction costs, taxes and the effect of margin calls. The Potential Profit/Loss chart is based on assumed price movements of the underlying stock and does not reflect all possible prices. Therefore, the potential loss is not necessarily limited to the loss depicted in the chart.

Disclaimers and Warnings:

RISKS OF USING EXCHANGE-TRADED OPTIONS:

Investing in options carries substantial risk. An investor may lose the entire amount of the premium paid for an option. Option strategies do not protect against a continued decline in the value of the underlying stock, and it is possible to lose the entire amount of money invested in the underlying stock. Prior to buying or selling options, a person should consult a financial advisor and must receive a copy of Characteristics and Risks of Standardized Options which is available at <http://www.cboe.com/resources/intro.aspx>

The content of this report and the opinions expressed herein are those of CFRA and IO based upon publicly-available information that CFRA and IO believe to be reliable and the opinions are subject to change without notice. This analysis has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While CFRA and IO exercised due care in compiling this analysis, CFRA, IO AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, to the full extent permitted by law, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA. The Content shall not be used for any unlawful or unauthorized purposes. CFRA and any third-party providers, as well as their directors, officers, shareholders, employees or agents do not guarantee the accuracy, completeness, timeliness or availability of the Content. Certain information presented herein is derived from the Stock Report for the underlying stock; however, not all information from the Stock Report is presented herein. For key statistics, assessments and other information pertaining to the underlying stock, you should consult the applicable Stock Report. Investors are responsible for conducting their own independent research and/or seeking professional advice before making any investment decision. Past stock, index, or option performance is no guarantee of

future performance or price appreciation or depreciation. This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. A reference to a particular investment or security is not a recommendation to buy, hold or sell such investment or security, nor is it considered to be investment advice. This material does not take into account your particular investment objectives, financial situations or needs, trade size, brokerage commissions and taxes and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. CFRA and its affiliates are not responsible for suitability. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only current as of the stated date of their issue. Prices, values, or income from any securities or investments mentioned in this report may fall against the interests of the investor and the investor may get back less than the amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. This material is not intended for any specific investor and does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice. This document does not constitute an offer of services in jurisdictions where CFRA or its affiliates do not have the necessary licenses.

Certain information in this report is provided by S&P Global, Inc. and/or its affiliates and subsidiaries (collectively "S&P Global"). Such information is subject to the following disclaimers and notices: "Copyright © 2017, S&P Global Market Intelligence (and its affiliates as applicable). All rights reserved. Nothing contained herein is investment advice and a reference to a particular investment or security, a credit rating or any observation concerning a security or investment provided by S&P Global is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. This may contain information obtained from third parties, including ratings from credit ratings agencies. Reproduction and distribution of S&P Global's information and third party content in any form is prohibited except with the prior written permission of S&P Global or the related third party, as applicable. Neither S&P Global nor its third party providers guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such information or content. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE AND ALL S&P INFORMATION IS PROVIDED ON AN AS-IS BASIS. S&P GLOBAL AND ITS THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR INFORMATION OR CONTENT, INCLUDING RATINGS. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice. This investment analysis was prepared using the following sources: Accounting Research & Analytics, LLC d/b/a CFRA, One New York Plaza, 34th Floor, New York, NY 10004, S&P Global Market Intelligence, 55 Water St., New York, N.Y. 10041, Fresh Brewed Media/O2 Media LLC, 413-A E. Main Street, Charlottesville, VA. 22902 Reports prepared using technology protected by US Patent Numbers 7,856,390 and 7,716,116

