

Projects from McDonald's

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Managing Unrealistic Investor Expectations

What should a corporation do when faced with unrealistic investor expectations? In class rooms you are taught what a firm should do when it finds that investor expectations are unrealistically low and the stock is undervalued. What should it do when the expectations are unrealistically high? Should the firm manage investor expectations and bring them to realistic levels? What are the consequences of doing that, and not doing that? You will develop a framework for answering this question.

Advantages of an AA Vs an A Credit Rating

McDonald's Corporation is the world's #1 fast food company with a 2004 sales of \$19 billion, a net income of \$2.3 billion, and over 30,000 restaurants worldwide. The interest expense during 2004 was about \$358 million. S&P lowered McDonald's corporate credit rating in May 2003 from A+ to A and the rating of its subordinated debt from A to A-. Evaluate the cost to McDonald's from this rating change.

For this project you will first develop a framework for answering this question and make an interim presentation to McDonald's management. You will follow up with a final report giving your findings.