



July 23, 2007

### **The Middleby Corporation Acquires Carter Hoffmann**

The Middleby Corporation announced it has acquired the assets of Carter Hoffmann from Carrier Commercial Refrigeration, Inc., a subsidiary of Carrier Corporation, which is a unit of United Technologies Corporation. The assets of Carter Hoffmann were acquired for \$16 million in cash, subject to a post-close working capital adjustment. Carter Hoffmann, a leading manufacturer of commercial foodservice equipment, has annual revenues of approximately \$20 million. "This transaction broadens Middleby's portfolio of products in the foodservice equipment industry and provides an entry into the heating and holding equipment segment, a segment that is estimated to have annualized revenues of \$150 million," commented Chairman and Chief Executive Officer, Selim A. Bassoul. "Carter Hoffmann is a well recognized brand and long-standing industry leader that has been serving the foodservice industry for 60 years with a broad product portfolio of heated cabinets, re-thermalizing equipment, and food serving equipment. We anticipate this acquisition will be accretive to earnings in 2008."

### **National Restaurant Association Names Dawn Sweeney President and CEO**

The National Restaurant Association announced the selection of Dawn Sweeney as the president and chief executive officer of the organization. Ms. Sweeney will take the helm of leadership at an association that represents one of the largest industries in the country, employing more than 12.8 million people at nearly 1 million restaurant and foodservice locations, and generating annual sales of more than \$537 billion. The president and CEO also oversees the National Restaurant Association Restaurant, Hotel-Motel Show® - the largest single gathering of restaurant, foodservice, and lodging professionals in the Western Hemisphere, as well as the National Restaurant Association Educational Foundation. "Dawn Sweeney is an extraordinary executive with a record of success leading business and trade associations. She has the leadership, business and marketing skills that will enable her to build on the National Restaurant Association's success as we seek to grow," said Association Chairman Richard E. Rivera, FMP, chairman and CEO of Rubicon Enterprises LLC. "The Association has a bright future and Dawn's breadth of experience will be critical as we move forward." "This is an enormously exciting time for the restaurant and hospitality industry," said Ms. Sweeney. "I share the vision of the members of the board, staff and the state restaurant association partners for broadening and strengthening the reach of the Association and look forward to this unique opportunity." Ms. Sweeney will assume the Association president and CEO position on Oct. 1, 2007.

### **Can IHOP Chief Restore Polish to Applebee's?**

IHOP Corp. Chief Executive Julia Stewart said she plans to revive Applebee's International Inc. by better distinguishing the chain from competitors, remodeling its restaurants and selling hundreds of company-owned locations to franchisees. Whether Ms. Stewart succeeds will mark a defining point in her career in the restaurant industry, following her success in improving IHOP's financial performance. After months of plotting to acquire a restaurant chain, IHOP announced yesterday it sealed a deal to buy Applebee's for about \$2.1 billion, turning the company into the nation's largest sit-down restaurant chain by locations and sales, with a total of about 3,250 locations and sales of nearly \$7 billion. It is a bold move considering

IHOP, a pancake-restaurant chain based in Glendale, Calif., has about half the market capitalization of Applebee's, of Overland Park, Kan. Some analysts question whether the deal does much to reward Applebee's shareholders. In the past year, Applebee's stock has traded higher than the \$25.50-a-share purchase price. Since IHOP is buying the company with cash, Applebee's shareholders won't see any future benefit if Ms. Stewart succeeds. Ms. Stewart is trying to reassure skeptics by touting her record at the pancake chain. The 51-year-old started her restaurant career as an IHOP waitress when she was in high school. While studying marketing and communications at San Diego State University, she invented a "McDonald's Masher," which mashed a hamburger into the shape of the McDonald's Corp. arches, that landed her on the local TV news and eventually got her a job at an ad agency. After working in management at several restaurant chains, including Applebee's, she joined IHOP in 2001. Ms. Stewart has reinvigorated the IHOP brand and improved its finances. A major part of her turnaround strategy was selling IHOP restaurants to franchisees, which increased the company's free cash flow and helped drive up its shares. Ms. Stewart says she thinks the same thing can help Applebee's. IHOP plans to sell most of Applebee's 508 company-owned restaurants and their underlying real estate during the next several years to pay down some acquisition debt. The bigger challenge will be persuading people to start eating at Applebee's again. Ms. Stewart admits that Applebee's lost its focus and didn't change quickly enough in the last several years. "I don't think the taste buds are the same today," she said in an interview. "Consumers have very high expectations for flavor...they want a \$20 meal for \$12." She said it is too soon to say exactly how she will change Applebee's but that the company needs to decide "what they want to stand for" and then "go after that with a vengeance." She anticipates a remodeling for Applebee's restaurants and says "the brand work is going to take a while." The way that IHOP is structuring the acquisition suggests that the company is thinking like a private-equity firm, says Jeffrey Bronchick, chief investment officer at Los Angeles money-management firm Reed, Conner & Birdwell LLC, which owns IHOP shares. Private-equity firms use debt backed by the assets of the companies they target to fund their purchases. What IHOP is doing isn't that different. "Essentially, it's doing a debt-for-equity trade," says Mr. Bronchick.

Source: The Wall Street Online



### **Arby's Owner Says Wendy's Would be Natural Addition**

Nelson Peltz, already a big shareholder in the burger chain, objects to a 'standstill' clause. Billionaire investor and major Wendy's International Inc. shareholder Nelson Peltz said that his restaurant company, Arby's parent Triarc Cos., would be a natural buyer for the struggling Wendy's hamburger chain. However, in a letter to Wendy's Chairman James V. Pickett, Peltz said he objected to a so-called standstill clause that would prevent Triarc from launching a hostile takeover bid if the companies did not reach a mutual merger agreement. Peltz said Triarc had already voiced its objection to the one-year clause but had received no response. "The lack of response from Wendy's and its advisors and the feedback we are hearing from the market clearly indicate that Wendy's would prefer to sell itself to anyone other than Triarc," read the letter, which was disclosed in a regulatory filing. Peltz is chairman of Triarc and chief executive of Triarc Fund Management. Triarc increased its stake in Wendy's to 9.8% from 8.4%, the filing said. "As we've said before, the special committee of the board will provide comments when they feel it is appropriate," a spokesman for Dublin, Ohio-based Wendy's said. In addition to Wendy's, Triarc has also pushed for changes at consumer-branded companies including Tiffany & Co. and H.J. Heinz Co. Wendy's, the No. 3 hamburger chain, said in April that it was considering putting itself up for sale after several years of

disappointing sales. At the time, Chief Executive Kerri Anderson said the move to consider a strategic review or sale was driven by the board and was not her decision. Three Wendy's board members were nominated by Peltz last year. Pressure from Peltz sped up Wendy's spin-off of its Tim Hortons coffeehouse chain and led to the sale of its Baja Fresh Mexican Grill unit to an investment group. In March of last year, Trian agreed not to increase its stake in Wendy's or propose a takeover or other combination, but that agreement expired last week.

Source: Reuters/The Los Angeles Times

### **Fox & Hound to Buy Champps Chain**

It's not clear whether Littleton-based Champps' sites will be converted or keep the name and concept in the \$74.8 million deal. Restaurant operator Champps Entertainment has agreed to be acquired by Kansas-based Fox & Hound Restaurant Group, the Littleton-based company said. Under the agreement, Fox & Hound will pay \$74.8 million, or \$5.60 per share - substantially less than Champps' 52-week high of \$7.19 per share but 21 percent more than its Tuesday closing price of \$4.63 per share. F&H Acquisition Corp., Fox & Hound's parent company, submitted an unsolicited bid after Champps executives dropped plans to sell the company in May, Champps said in a statement. Champps had previously signed a letter of intent with New York-based private-equity firm Kinderhook Industries, but the deal fell through in March. At the time, Champps said it would continue to pursue a sale, but it backed off in May, claiming it hadn't gotten an acceptable proposal. Dave Womack, Champps' chief financial officer, declined to comment on the deal. Fox & Hound chief financial officer Jim Zielke also declined to comment. Champps owns and operates 49 restaurants and franchises or licenses 12 others in 21 states.

Source: Denver Post

### **Texas Roadhouse Completes Acquisition**

Steakhouse chain Texas Roadhouse, Inc. said recently it has closed on the acquisitions of nine franchised restaurants for \$22.6 million. The restaurants included seven in Indiana and one in Kentucky and Missouri. Texas Roadhouse said it also purchased a fee interest in seven of the restaurants for about \$12.1 million. The company said it paid for the deals in cash through borrowings under its credit facility. The acquisition is expected to add about \$33.5 million in revenue and about 2 cents per share to earnings each year, the chain added. The company said it will also record a charge of about 1 cent per share related to the termination of franchise agreements for restaurants that operated at a royalty rate lower than current market royalty rates.

Source: Associated Press

### **Bertucci's Resumes Building Restaurants**

Updated image is key to plans for adding locations. After a two-year hiatus, Bertucci's Italian Restaurant is back to opening stores. Last week, it's unveiling a new look in North Attleborough, with a restaurant that features expanded seating, a new logo, and an upgraded bar. The Northborough chain plans to open three restaurants with the new design this fall, plus another 14 over the next two years throughout New England and the Mid-Atlantic area. Bertucci's new look is an attempt to update the traditional Italian feel of its older venues with vibrant colors and artwork, including roasted-tomato-toned walls and color photos of a verdant Tuscan landscape. "It's not just tweaks and updated paint colors," said Maria Feicht, Bertucci's senior vice president of marketing. "It's about creating a distinction." Indeed, the makeover of Bertucci's, known for its brick-oven pizza, comes on the heels of renovations at its rivals. Papa Gino's, of Dedham, recently unveiled a prototype with a new logo, larger interior, prominently displayed pizza preparation and baking area, and upgraded booths, tables, and chairs. The chain is planning to double the number of restaurants to 335 over the next five years. Ron Paul, president of the Chicago market research firm Technomic, said Bertucci's effort to differentiate the chain is crucial, especially considering the strength of rivals like California Pizza Kitchen and Olive Garden. "Bertucci's has to move away from the look and feel of an Olive Garden, which has a very loyal customer base," he said. Paul said the bar is a good way to raise the average size of the

check and become more of a casual dining restaurant and not just a pizza parlor. "We're fighting for loyalty," Feicht said. "This new design is not just about opening a new restaurant. It's about a new design that distinguishes us from other people."

Source: The Boston Globe



### **Granite City Food & Brewery Opens With Strong Sales in Rockford, Illinois**

Chain has now expanded to 19 restaurants. Granite City Food & Brewery Ltd., a Modern American upscale casual restaurant, opened a new restaurant in Rockford, Illinois on July 3rd with strong initial sales. The new restaurant is located in the new lifestyle component of the CherryVale Mall. The restaurant features Granite City's extensive menu that includes high-quality family favorite items prepared from made-from-scratch recipes and served in generous portions along with its own handcrafted beer. The Rockford location is the first Granite City restaurant opened in Illinois and is Granite City's first opening in 2007. Granite City plans on opening six additional restaurants in 2007 which will include two other locations in Illinois. Work is well underway to identify and secure prospective locations for potential 2008 openings. "This is our first restaurant in Illinois," commented Steve Wagenheim, Granite City's CEO and President. "We are delighted to bring Granite City to Rockford because we believe the Rockford market is a perfect 'sweet spot' for our concept. Our guests will be able to enjoy an upscale dining experience with superior service at a casual dining price. Without any fanfare or advertising, we were extremely pleased to see that our new Rockford restaurant opened with strong sales and we believe it will be a strong sales and profit contributor."

Granite City Food & Brewery Ltd.

### **HuHot One of the Fastest Growing Small Chains in the Nation**

HuHot Mongolian Grill is living up to its Genghis Khan-inspired concept. The Montana-based restaurant chain is expanding rapidly, and, in fact, is now the second-fastest-growing small chain in the nation, according to Restaurant Business magazine. The magazine contracted with Technomic, a food industry research and consulting firm in Chicago, to produce a list of the 50 fastest-growing restaurant franchises with total sales between \$25 million and \$50 million. HuHot, which has corporate offices in Missoula, was the only company from Montana to make the list. Clocking system-wide sales of \$27.5 million and average per-store sales of \$1.7 million, it was outpaced only by Salsarita's Fresh Cantina of Charlotte, N.C. HuHot began franchising just five years ago, and has already exploded into 24 locations in 13 states, including a new restaurant that opened in Kalispell last month. Three more locations are currently under construction, says Andy Vap, who founded HuHot and now runs it with a number of other family members. But unlike the ancient military leader on whom the restaurant is based, Vap says he never set out to conquer the world. "When we did our first store we didn't have any intention of franchising," Vap said last week. He'd always hoped to open more restaurants, he said, but considered it an eventuality because it can take years to develop a viable franchise plan. It's downright dangerous to grow rapidly without one. The first HuHot restaurant in Missoula was launched in 1999 under the name Mongo's Mongolian Grill. A few years later, when Vap began considering franchising, he researched trademarks and discovered the name was already registered in other states. So he did some more research and eventually

settled on HuHot, the ancient capital of Inner Mongolia. The Mongolian grill concept has been around for a long time, Vap said, but it has typically been offered as a side attraction. Vap and his family thought it could stand on its own.

Source: the Missoulian

### **Restaurants Unlimited Completes Pacific Coast Acquisition**

Restaurants Unlimited Inc., an affiliate of Sun Capital Partners Inc., has completed its acquisition of one of Portland's leading restaurant operators, Pacific Coast Restaurants Inc. No purchase price was given. Seattle-based Restaurants Unlimited operates 29 restaurants in 14 states, including Kincaid's, Palomino's, Palisade, Cutters Bayhouse, Scott's, Ryan's Grill and more. Pacific Coast has 27 restaurants, including the Portland City Grill, Stanford's, Newport Bay, Manzana, Henry's 12th Street Tavern, Portland Steak & Chophouse and the Marina Fish House. "Though we anticipate that growth will come primarily from opening new restaurants, we will continue to take advantage of acquisition opportunities as they present themselves," said Steve Stoddard, president and chief executive officer of Restaurants Unlimited. He added that the two companies have similar operating philosophies and no location overlap. Sun Capital Partners is a private investment firm that focuses on leveraged buyouts, equity and other investments. The company has invested in more than 160 organizations worldwide since its inception in 1995.

Source: Portland Business Journal

### **Slam Dunk for Taco Mac: Popular Wing Joint Lands Philips Arena Location**

Taco Mac, an Atlanta wings chain, is ready to slash, dunk, sack and sing at Philips Arena, where it will become the stadium's first sit-down restaurant open to the public year round. The deal -- a 10-year lease with the arena's managers, Atlanta Spirit LLC -- will put the wings eatery in front of 2 million potential customers -- the folks that attend Atlanta Thrashers, Atlanta Hawks and Georgia Force games and concerts each year. It's the kind of high-profile location that, done right, can be a cash cow for a restaurant, and a platform for explosive growth. So far, Taco Mac has been growing slowly but steadily to 22 stores in metro Atlanta and one in Chattanooga. But the chain's owners would like to expand across the Southeast -- and Philips Arena attracts the right demographics to give the chain name recognition from Alpharetta to Alabama. Philips Arena will be Taco Mac's highest-profile location. While they also have a Taco Mac concession in the Georgia Dome, it's a small location only open during events. In Philips Arena, Taco Mac will spend \$2.5 million to build a large, two-story, 10,000-square foot, 400-seat restaurant on the stadium's north side, next to competitor Jocks & Jills in CNN Center, and across from what is sure to produce a steady flow of customers, the Georgia World Congress Center. The new restaurant is taking over an area called the Hangtime Lounge, near seating section 7 of the arena. "This gives us a sit-down experience for fans," which previously only club and suite-level ticket holders had, said Atlanta Spirit CEO Bernie Mullin. Mullin said he is also considering changes to the Headlines Grill restaurant in the arena (with potentially a new restaurant concept) and the Philips Experience, where he more activities. Taco Mac represented the right mix of food for the stadium, and the right environment, he said. Taco Mac is on a growth spurt. They have four restaurants in development, with the former Stool Pigeons spot in the Metropolis building in Midtown. Campbell said they are trying to open four to five restaurants a year. Their newest outpost is in Lindbergh City Center. Their stores, most corporate-owned, range from \$1.5 million to \$4 million in revenue annually, said Campbell. "We expect this [arena location] to be the industry leader."

Source: Atlanta Business Chronicle

### **Will Roger Clemens' New Restaurant Catch On?**

New York got his arm, but Houston gets his rib-eye. But will Houston fans have a bad taste in their mouths when Roger Clemens' Rocket Sports Grill opens at Memorial City Mall by year's end — or will they be more forgiving of the Yankee-turned-Astro-turned-Yankee? When he first made known his restaurant plans in late 2005, Roger Clemens was a hometown hero. But the building of the grill was delayed for more than a year, and since then, to the dismay of some Astros fans, he's gone back to the team up north. His

restaurant can still be a winner, marketing experts say, because of his Texas roots and civic involvement and fans' capacity to forgive over the long haul. In time the Katy Rocket's stellar achievements as a player will be what counts, they maintain. "It depends on what he does when he returns," said Betsy Gelb, professor of marketing at the Bauer College of Business at the University of Houston. If he stays involved with high-profile civic activities and is visible as a "Houston good guy," he can soothe bad feelings, she said. "But just to assume you can come back and do nothing and people will remember you fondly is overly optimistic. With everyone, it's 'What have you done for me lately?'" she said. Charitable ventures: Clemens has been active in the local community, pledging \$3 million to Memorial Hermann Hospital and involving himself in various outreach projects through his Roger Clemens Foundation. "His restaurant is probably going to be around for a while," Gelb said, and future generations of Houston fans won't care as much that he went back to the Yankees near the end of his career.

Source: Houston Chronicle



The advertisement features a video call window on the left showing a man in a blue shirt. To the right, the text reads "american recruiters" in a blue, sans-serif font. Below this, in a larger, bold, red font, it says "4-WAY Interviewing from ANYWHERE in the world". At the bottom, in a bold, black font, it says "call 847-303-0560 for information". The background is a gradient of blue and white.

### **Hilton acquired by Blackstone**

Hilton Hotels has entered into a definitive merger agreement with The Blackstone Group in an all-cash transaction, valued at approximately \$26 billion. Under the terms of the agreement, Blackstone will acquire all the outstanding common stock of Hilton for \$47.50 per share. The price represents a premium of 40% over yesterday's closing stock price. Hilton's Board of Directors recently approved the transaction. It is anticipated that the transaction will close during the fourth quarter of 2007; completion is subject to the approval of Hilton's shareholders, as well as other customary closing conditions. A special shareholders meeting will be scheduled at a later date. The acquisition brings together a leading global hospitality company with Blackstone's extensive portfolio of hotels and resorts. Blackstone currently owns more than 100,000 hotel rooms in the U.S. and Europe, ranging from limited service properties such as La Quinta Inns and Suites to LXR Luxury Resorts and Hotels. The LXR collection includes such upscale properties as The Boulders Resort and Spa (Arizona), The El Conquistador Resort (Puerto Rico), The Boca Raton Resort and Club (Florida), The Golden Door Spa (San Diego), and The London NYC (New York). Blackstone's holdings complement Hilton's unparalleled family of brands, which include Hilton, Conrad Hotels & Resorts, Doubletree, Embassy Suites, Hampton Inn, Hilton Garden Inn, Hilton Grand Vacations, Homewood Suites by Hilton, and The Waldorf=Astoria Collection. Blackstone intends to invest in the Hilton properties and brands globally to enhance and grow the business for the benefit of owners, franchisees and customers. Over the last fifteen years, Blackstone has been the largest private investor in hospitality worldwide and it has a strong track record of reinvesting in its hotel properties. Blackstone has invested approximately \$1 billion in redevelopment capital in its LXR properties over the last three years; it has also grown the La Quinta brand by approximately 45% since its acquisition in January 2006.

Source : Hilton Hotels Corporation

### **McDonald's Trucks Will Run on Cooking Oil in the U.K.**

McDonald's announced recently that it is converting its British delivery fleet to run on bio-diesel made largely from its own recycled cooking oil. Matthew Howe, senior vice president with McDonald's UK, said the fast food restaurant should eventually be able to replace the 6 million liters of diesel its fleet used last

year with cooking oil from its 1,200 restaurants in Britain. "We may even have a little bit of excess (bio-diesel) capacity we can sell into the market," he told Reuters. About half of its 45-strong fleet based in Basingstoke in southern England is running on the bio-diesel, McDonald's said, adding that it would convert all its 155 delivery trucks to run on the green fuel in about 12 months. The move will save about 1,700 tons of carbon annually, which is the equivalent of removing about 2,400 cars from the road each year, when the national rollout is completed next year, the company said. Howe said the fuel would not smell like the company's food. "If our trucks drove around the High Street and it smelt of our fries, what a Pavlovian effect, it would be fantastic but unfortunately it does not," he said. "It would have been one of the best marketing campaigns we could ever have had," he added. The bio-diesel will initially be made up of 85% used cooking oil collected from around 900 McDonald's restaurants and 15% from pure rapeseed oil. "As we get better at the refinement we will be able to remove virgin rape (oil) from the process," Howe said. McDonald's UK is using a mixture of high oleic U.K. rapeseed oil and sunflower oil from Spain to fry its food. The company switched to the formula in April as part of its strategy to stop using hydrogenated fats. Hydrogenation can lead to the creation of trans-fats, which may have worse effects on the human body than saturated fats, according to Britain's Food Standards Agency. High oleic oils are designed to replicate the stability and long shelf life of hydrogenated oils without the adverse health effects.

Source: Associated Press/Reuters

### **Yale University Dining Services has Announced it will Begin a Transition to Once Again Become a Self-Operated Foodservice Program**

Ernest Huff, Yale's associate vice president of student finance and administrative services, informed staff that the decision was effective June 19 and will take place over the course of a transition period. "Yale University Dining is now well-positioned to be a leader in college dining and in sustainable food," says Huff. "This transition builds on Yale's ongoing commitment to increased student satisfaction, excellence in operations, sustainability in the dining halls, and strong staffing." Yale's dining services department has been operated by Aramark for the past nine years, with many of the dining facilities undergoing significant renovation during that time.

Source: Food Management

### **Marriott International to More Than Triple Hotel Presence in India by Yearend 2010**

The Marriott International, Inc. hotel brands portfolio in India will more than triple by year end 2010 as the company's presence in the country grows to encompass 21 properties, six lodging brands ranging from luxury to upper-moderate categories, and an additional 3,324 rooms. Included in the expansion are: Three JW Marriott Hotels & Resorts properties and one Ritz-Carlton hotel in the luxury tier; one Marriott Hotels & Resorts hotel and one Renaissance Hotels & Resorts property in the upscale, deluxe category; one Marriott Executive Apartments property for extended-stay travelers; and eight Courtyard by Marriott hotels in the upper-moderate segment. Marriott International will operate these hotels under long-term management contracts. Currently, the company's portfolio in India consists of six properties, five brands and 1,534 rooms, all of which are expected to open in 2009. They join nine previously announced properties that are soon to start, or are currently under construction in Bangalore, Gurgaon, Hyderabad, Kolkata, Mumbai, Noida and Pune. In addition, the existing 286-room Renaissance Mumbai Hotel is undergoing a 302-room expansion that is scheduled for completion in 2008. "We are delighted by the depth and scope our hotel portfolio is taking in India," said Ed Fuller, president and managing director of international lodging for Marriott International. "Our goal is to appeal to a wide range of travelers, both those visiting from abroad as well as local travelers within India. We are confident that the portfolio that we, along with our local investors and partners, are building will be appreciated for their sophisticated amenities as well as for providing good value-whether at the luxury, upscale or upper-moderate segments of the travel continuum." Mr. Fuller said that Marriott International expects to announce additional hotels for India in the near future and that the company recently opened a development office New Delhi. Marriott International began operations in India in 1999 with the opening of the 178-room Goa Marriott Resort. In 2001, that hotel was followed by the opening of the 177-unit Lakeside Chalet Marriott Executive Apartments in Mumbai. Since then, the 286-room Renaissance Mumbai Hotel & Conference Center, the

358-room JW Marriott Hotel Mumbai, the 238-room Courtyard by Marriott Chennai and the 297-room Hyderabad Marriott have all joined the Marriott International brands portfolio in India.

Source: Marriott International, Inc.

### **Russians Seem to be Hungry for Western-Style Growth Companies and American-style Grub.**

There is no precise Russian translation for buffalo wings or potato skins. But by serving up this kind of pub grub and other fare, Rostislav Ordovsky-Tanaevsky Blanco, a man with a mouthful of a name himself, has put together a chain, large by Russian standards, of 194 restaurants, operating under such familiar names as T.G.I. Friday's and Benihana. The chain hauled in \$219 million in revenue from 12.5 million meal tabs last year. Now his Rosinter (as in Ros International) Restaurants is in expansion mode. He aims to open hundreds more eateries over the next five years and in June floated the company on the Russian exchange, becoming the nation's first publicly listed restaurant chain. The offering raised \$100 million, valuing the company at \$320 million, or 12 times trailing Ebitda. Through a separate business Rostik, as he is known, has also signed a contract with Yum Brands to co-brand restaurants with KFC and bring the Colonel's recipe to hundreds of locations. "The possibility to grow is unlimited," he says. Not without a few bruises along the way. A descendant of Russians born and raised in Venezuela, Rostik,



48, has been plying various businesses in Moscow since 1984, a year before Mikhail

Gorbachev moved into the Kremlin. Rostik's great-grandfather was governor of the Tobolsk region in Siberia, where Tsar Nicholas II and his family were taken during the revolution. Rostik's ancestors saved themselves by heading to Yugoslavia, but his father ultimately landed in Caracas. His new partners were pure American--T.G.I. Friday's, a unit of the Carlson Cos., the giant restaurant and hotel operator. Among other things Friday's introduced his Russian employees to a foreign concept: customer service. To hire more-outgoing waiters they held auditions, requiring applicants to sing a song or perform a short skit. "We had to warm them up a little bit," says Richard Snead, Carlson Restaurants' chief. "There was a reluctance to speak the 'May I help you's?'" Rostik opened his first Friday's in mid-1997, paying a franchise fee of \$100,000 or so plus 2% to 4% of annual sales.

Source: Forbes.com

If you would like to have news about your company, please send all editorial contributions to Mario Schacher: [mschacher@arcimal.com](mailto:mschacher@arcimal.com)

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