



**August 10, 2007**

### **The Restaurant Industry is Feeling the Heat**

Across the country, restaurateurs are cooking up a storm, but the industry might be facing its own storm of sorts. Rents are on the rise due to a commercial property squeeze. Labor costs are on the brink of increasing as the federal government recently approved a minimum wage hike and more states propose living wage laws. Food prices are rising, with consumers wanting organic and high-quality products. Will this perfect storm cause a major shakeout? "This is not the first time our industry is facing business climate hurdles," says Hudson Riehle of the National Restaurant Association, who reports that this year, the industry is posting its 16th consecutive year of real sales growth. Nor are entrepreneurs being deterred by the challenges. Take Christine Iu, who opened Kitchen Bar in New York City in March 2006: She found an up-and-coming area where prices were still reasonable to open her restaurant/cafe/bar; she maximizes productivity by engaging employees in multiple tasks; and she changes the menu seasonally to stabilize food costs. Iu, 37, projects about \$750,000 in year-end sales. Lloyd Gordon, founder of restaurant consulting firm GEC Consultants, predicts that the winning ingredient will be efficiency. Riehle agrees and recommends using conserving equipment, exploring local suppliers to minimize shipping costs and get the freshest ingredients, and investing in staff development to retain employees. Doing so will help you steer clear of the chopping board.

Source: MSNBC Entrepreneur.com, Inc.

### **The Middleby Corporation Acquires Wells Bloomfield**

The Middleby Corporation announced it has acquired the assets of Wells Bloomfield from Carrier Commercial Refrigeration, Inc., a subsidiary of Carrier Corporation, which is a unit of United Technologies Corporation. The assets of the combined Wells Bloomfield entity were acquired for \$29 million in cash, subject to a post-close working capital adjustment. Wells is a recognized leader in holding and cooking equipment, including warming systems, fryers, convection ovens, counterline cooking equipment and ventless cooking systems. Bloomfield is a leader in beverage systems, including coffee brewers, tea brewers, and beverage dispensing equipment. The combined operations are headquartered in Verdi, Nevada and have annual revenues of approximately \$50 million. "We are very excited to announce the addition of these two industry leading brands to our portfolio. The Wells and Bloomfield brands have a strong presence with the major restaurant chains and enable Middleby to continue to build its market positions across the commercial foodservice segment," commented Chairman and Chief Executive Officer, Selim A. Bassoul. "Wells is recognized as the leader in food warming systems and is also well positioned to take advantage of the growing demand for ventless cooking solutions. The addition of Bloomfield provides Middleby with an entry into the fast growing beverage market. Our restaurant chain customers have expanded their beverage programs to satisfy increased consumer demand for coffee, tea and specialty drinks. The acquisition of Bloomfield allows Middleby to take advantage of this growing trend. We anticipate this acquisition will be accretive to earnings in 2008."

## **Triarc Puts Price on Potential Wendy's Deal**

The franchisor of the Arby's restaurant chain has indicated what it would be willing to pay to acquire Wendy's International Inc. In a Securities and Exchange Commission filing Monday, New York-based Triarc Companies Inc. said "it would be prepared to offer" between \$37 and \$41 a share for the Dublin-based fast food chain, or between \$3.2 billion and \$3.6 billion. Triarc Chairman Nelson Peltz said in a letter to Wendy's Chairman James Pickett that Triarc is a "natural, strategic buyer" for Wendy's that "should be encouraged to participate in the sale process." Peltz is CEO of Trian Fund Management LP, which combined with other affiliated funds owns a 9.8 percent stake in Wendy's. Triarc has given a Wendy's special committee looking at the company's future until 5 p.m. Aug. 1 to accept a proposed confidentiality agreement to allow the due diligence process to begin on a potential deal. "If we do not receive a favorable response by then, we will wish the special committee well in its effort to conduct an auction that will generate the best transaction for all Wendy's shareholders," Peltz said in his letter, adding that Triarc and Trian would continue to review alternatives and continue to contact and discuss Wendy's with other shareholders. He also said Triarc would consider increasing its offer, pending the results of due diligence. Wendy's spokesman Denny Lynch said the company does not comment on issues directed at the special committee. Wendy's in April created the committee to explore strategic alternatives for the company, including a sale of the 6,661-unit chain. Triarc continues to have issues with the special committee's requirements for a confidentiality agreement, first stated in a July 3 letter, which were reiterated in the most recent filing. "The confidentiality agreement (proposed by the special committee) contained several clauses that Triarc objected to either because Triarc believed they were not consistent with market practice or for other reasons," the filing said.

Source: Business First of Columbus

## **TriMark Acquires The Gill Group and Companies**

South Attleboro, Mass.-based TriMark USA announced its second major acquisition in less than 60 days. In a transaction recently announced, TriMark has brought Gill Marketing of Phoenix and The Gill Group of Crofton, Md., the seventh operating division under its corporate umbrella. Founded in 1973, The Gill Group currently operates nine offices throughout Arizona, Maryland, North Carolina, Florida, Montana, Texas, California, Hawaii and Japan. All current management at the Gill companies will remain in place. In June, TriMark announced it acquired Cleveland based dealer S.S. Kemp & Co. "If nothing else, I am shaking things up a bit," joked Jerry Hyman, TriMark's president and chief executive officer. "Gill Marketing gives us an entrée into an additional sector of our business, government purchases; and Gill Group expands the contract capabilities of all TriMark locations." The addition of Gill, Hyman added, "gives us an extra layer of protection. I would not want TriMark to serve only chains or only non-commercial operators. Having these diversified revenue streams makes the company far more impervious to economic conditions." And what's more, as the ink on the Gill deal dries, TriMark and Hyman show no signs of slowing down. He points out that it can take anywhere from three to nine months to pull together a deal like this but Hyman hopes to announce another acquisition before the year ends. "This is not the end. It's just the beginning," he said. While TriMark's strategy of growth through acquisition may seem somewhat aggressive and bold, Hyman sees it as a natural progression for his burgeoning dealership. "I think that in order to continue to serve our customers you need to have more of a national reach," he said. "Even the companies that are not growing by acquisition are opening other branches outside their primary markets." And as more operators expand their geographical reach, Hyman feels it's imperative for his company to evolve with them. "If we as distributors can't meet our customers' demands, they will, by default, find another channel of distribution." Hyman anticipates the manufacturing community will be supportive of his company's growth strategy. "I do think the manufacturers understand we are trying to build this larger entity," he said. "I think they like doing business with a company that can promote their products across the country."

Source: FE&S

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### **McDonald's Selling Off Boston Market Chain**

McDonald's Corp. is selling Golden-based Boston Market, a year after spinning off Denver-based Chipotle Mexican Grill Inc. The agreement to sell the 630-restaurant chain, which specializes in roasted chicken and potatoes, to private-equity firm Sun Capital Partners was expected. McDonald's acknowledged in January that it was studying its strategic options. And though Boston Market is deemed only marginally profitable, it may bode well that Sun Capital Partners is an experienced buyer with other restaurant chains in its portfolio, including Bruegger's, Fazoli's, Souper!Salad! and Sweet Tomatoes. "It makes no sense for McDonald's to keep it," said analyst John Glass, of CIBC World Markets in Boston. He noted that McDonald's bought Boston Market in 2000 thinking it would learn something about the dinner business, but it now is focusing on trying to bolster its fast-food enterprise. Jody Berger, a spokeswoman for Boston Market, said the Golden headquarters has 220 employees and that there are 20 restaurants in Colorado. "The transaction has not closed, so it would be inappropriate to discuss the purchase at this time," Berger said. Glass estimated Boston Market, which has 14,000 employees nationwide, has about \$600 million of annual sales but an operating profit of less than \$5 million. The number of Boston Market restaurants has declined from 750 since McDonald's bought the 28-state chain in May 2000 for \$176 million. In a regulatory filing Monday, McDonald's listed Boston Market as having assets of \$180 million and liabilities of just \$89.1 million. It said it expected the transaction to be completed in the third quarter. Boston Market, originally called Boston Chicken, was founded in 1985 and enjoyed stellar success initially. But it ran into a cash crunch and filed for Chapter 11 bankruptcy re-organization in 1998. Many believed the company, which had 1,143 restaurants at its peak, grew too quickly. McDonald's acquired Boston Market in 2000 as part of what would become a failed effort to diversify its business. While the number of restaurants has declined, Boston Market has tried to increase its performance through home delivery and a prepared-food business in supermarkets. As of January, the company's food was in 1,300 supermarkets.

Source: Rocky Mountain News/Reuters/The Associated Press

### **Anthony International Acquires SOVIS, North America**

Anthony International (AI), the world's largest manufacturer of glass doors and display equipment for the commercial refrigeration industry, announced the acquisition of SOVIS, NA, North America's preeminent producer of curved and specialty glass. SOVIS joins the AI portfolio of brand names which includes Anthony, Ardco, DisplayRite and Pike. Jeffrey Clark, President and CEO of Anthony International, cited store planners' increasing emphasis on curved glass display cases, tied to the growing national demand for upscale markets offering deli goods, fresh seafood, just-baked breads and cakes, salad bars, and prepared dishes for take-home meals. "The acquisition of SOVIS, NA positions Anthony International to grow and maintain its position as the number one global supplier of specialty glass to the refrigeration industry. This acquisition is one of many planned to fill existing voids to meet our customers' requirements as their global footprints expand. "SOVIS, NA specializes in tempered flat or curved glass (heated/non-heated, anti-reflective, anti-fog), offering silkscreen designs, custom drilling, and finished edges. SOVIS glass production facilities are located in Madison, GA, and as a global supplier, SOVIS ships its glass products to customers in five continents. This addition to the AI glass product line broadens the company's offerings

for food retail, restaurant, home, boat, and commercial building designs. Steve Foege, Anthony International Sr. Vice President of Sales and Marketing added, "This is a welcome addition to our growing list of value-added glass products, and provides us with another avenue to better serve our existing and future customers."

Source: Anthony International:

### **McDonald's Sued in China for Not Using Chinese**

A Chinese lawyer has sued McDonald's in China for using mostly English, not Chinese, on its receipts, violating his right to information, media reported on Friday. The lawyer, identified only as Shan, decided to take legal action against the world's largest restaurant chain after he ate at two McDonald's restaurants in Beijing in May and June. McDonald's offers food service in China, but it does not use Chinese, which violates the consumers' right to know," the Beijing Youth Daily quoted Shan as saying. Shan has asked McDonald's to apologize in newspapers and give him symbolic compensation of 1 yuan (13 U.S. cents), the newspaper said. The case began on Thursday. The newspaper quoted McDonald's as saying it was not fair to accuse the company of not using Chinese as its advertisements and menus were all in Chinese and its staff all spoke Chinese. The receipts had changed into Chinese since July, it said. The company was not immediately available for comment. Cases of east-meets-west culture clashes have been widely reported in China since the country embraced economic reforms in the late 1970s. Earlier this month, a controversial Starbucks coffee shop in the Forbidden City, the former imperial palace at the heart of Beijing, closed its doors after facing years of opposition.

Source: Reuters

### **Buehler Named CEO of Lone Star Steakhouse & Saloon Casual Dining Division**

Lone Star Steakhouse & Saloon announced today that Marc Buehler will join the company as CEO of its casual dining division, where he will oversee both the flagship Lone Star Steakhouse chain and Texas Land & Cattle concept. Buehler most recently served as President/CEO of Romacorp, Inc., parent and franchisor of Tony Roma's. He will report to the board of directors. "I am extremely honored to be joining a great team of people at both Lone Star and Texas Land & Cattle," said Buehler. "Both concepts are well recognized and have outstanding potential. By focusing on delivering outstanding guest experiences, every day, in every restaurant, we will create an exciting future." During his five-year tenure at Romacorp, where he began as VP of Marketing, Buehler played a key role in repositioning the Tony Roma's brand. Previously he served as Vice President of Marketing for Eateries, Inc., then parent of three concepts including Garfield's. Earlier in his career Buehler worked as Marketing Manager for Applebee's International, where he directed franchise media and strategic marketing efforts in major markets throughout the U.S.

Source: Hotel News Resource



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### **The Culinary Institute of America to Build New Educational Facility**

The J. Willard & Alice S. Marriott Foundation has pledged \$5 million to The Culinary Institute of America (CIA) to establish the Marriott Pavilion on the college's Hyde Park, NY campus. The Marriott Pavilion will be an extension of the existing J. Willard Marriott Education Center at the CIA, a premier facility for undergraduate education and industry services including menu, product, and professional development. Featuring interactive audience response technologies and video-conferencing capabilities, the two-story Marriott Pavilion will house a large auditorium, a conference center with seminar rooms, and a theater-style demonstration kitchen. The Marriott Pavilion will connect the existing Continuing Education Center to St. Andrews Café. "The Marriott family has been making history alongside the CIA for more than 40 years," said CIA President Dr. Tim Ryan. "Their support of scholarships, facilities, and educational programs has played a significant role in the CIA's development as the world's premier culinary college. This gift and the establishment of the Marriott Pavilion will further enhance the CIA student experience with world-class programs and events." "My family and The Culinary Institute of America have a long history together," said Richard E. Marriott, Chairman of the Board of Host Hotels and Resorts. "As part of the food and hospitality industry, we also share a commitment to excellence in all aspects of the guest and employee experience. Through this facility, the J. Willard & Alice S. Marriott Foundation is proud to be able to have a positive impact on future students pursuing foodservice and hospitality education."

Source: The Culinary Institute of America

### **Garlic Jim's Named to Fastest-Growing List**

Garlic Jim's Famous Gourmet Pizza has been named one of the Top Ten Fastest Growing Concepts for July on restaurant-industry research Web site RestaurantChains.net. Garlic Jim's was chosen based on their growth percentage from April through July, and sits at number six of 10 of the fastest-growing restaurant chains in North America. Nominees are measured based on a set of parameters that each restaurant chain must exhibit for consideration. The chain must be a unique brand within the United States and Canada and have reliable information available regarding units and activity. The chain also must have at least three operating units but no greater than 50, and new growth must be at least four units.

Source: PizzaMarketplace.com

### **Eatery Goes National on Signature Hot Dog**

Johnny's Lunch comes from New York with 98-cent hot dogs, special sauce and big plans. The coney may be king in Metro Detroit, but George Goulson thinks people will add Johnny's Hots to their frankfurter royalty once they get a taste of his firm's signature hot dog. The first local Johnny's Lunch opened in early July on Dixie Highway and started serving Johnny's Hots, hot dogs costing less than \$1 a piece, to customers in Oakland County. Soon, residents in other communities will be able to order Johnny's hot dogs, hamburgers, fries, onion rings, shakes, rice pudding and soft drinks, said Goulson, chief development officer for the franchise. A local group plans to open 75 of them over the next five years with locations set to debut in Hamtramck, Livonia, and Macomb Township by the end of the year. Another developer has locations planned for East Lansing and Okemos this year. "People have concentrated on pizza, subs, sandwiches and hamburgers, but for some reason people did not put together that relationship with hot dogs and a restaurant," said Goulson, who previously worked for A&W, Long John Silver's and Little Caesars. Johnny's Lunch started in 1936 in Jamestown, N.Y., and Johnny's grandson decided recently it was time to start franchising the concept across the United States. "We always knew we were going to do this," said Anthony Calamunci, president. "It's the right time and the right brand and no one has taken hot dogs national." The local franchisor is looking for people willing to invest around \$200,000 to open units in its nine-county region in southeastern Michigan. Victor VanSlambrock said he has already lined up two franchisees with a third close to signing and expects the area can support more than 75 locations. "We are really proud to say that in this economy in Michigan, we are going to employ 1,500 people," VanSlambrock said. "Some of the jobs are for 16-year-olds, but we have management positions that pay \$35,000 plus bonuses." Potential franchisees should have some restaurant experience and a desire to work in their restaurants, he said.

Source: The Detroit News

### **Quick-serve Mexican Restaurant Plans 10 N.C. Locations**

The first Pancho's Mexican Grill in North Carolina opened earlier this year at 210 Huffman Mill Road in Burlington. The quick-service restaurant is expected to be the first of 10 locations opening in the state in the next two years, including a Greensboro location slated for June 2009. Owner Ron Hezar also owns and operates five Subway restaurants in the Triad. The Mexican restaurant emphasizes fresh ingredients, down to made-as-ordered tortillas. Iowa-based Pancho's has 46 locations nationwide, 30 of which are franchised, and expects to open 25 more restaurants this year. The estimated initial investment for a franchise is between \$260,000 and \$410,000, with an initial franchise fee of \$30,000.

Source: The Business Journal of the Greater Triad Area

### **CKE Restaurants Sells 18 Restaurants**

CKE Restaurants Inc. announced recently that it sold 18 Hardee's restaurants in Iowa and Nebraska as part of an ongoing re-franchising program. The program is expected to involve about 200 Hardee's restaurants across the Midwest and Southeast, it said. The company has so far sold 46 restaurants to franchisees and secured commitments for 30 new franchise restaurants.

Source: Reuters

### **IHG Announced Opening of \$35 Mmillion Holiday Inn Express Hotel & Suites**

IHG (InterContinental Hotels Group), the world's largest hotel group by number of rooms announced that the 77-room Holiday Inn Express Hotel & Suites Grand Blanc, Michigan is to have its Grand Opening Ceremony on August 17, 2007 at 12:00pm. Situated in Grand Blanc, Michigan, the newly constructed three floor, 45,000 sq.-ft. hotel boasts upscale décor throughout the lobby, great room and guestrooms. The property is within walking distance to Genesys Hospital and just minutes from Downtown Flint. Warwick Hills Country Club, host of the Buick Open, is also a short drive from the hotel. The Holiday Inn Express – Grand Blanc offers a variety of amenities such as free continental breakfast, wireless high speed internet access, a business center, pool, and fitness center. The Holiday Inn Express –Grand Blanc which is owned and managed by the Amerilodge Group.

Source: InterContinental Hotels Group PLC



The advertisement is a horizontal banner. On the left, a dark red vertical box contains the text 'The NAFEM Show' in white, with 'The' in a smaller font above 'NAFEM'. Below this, it says 'October 11-13, 2007' and 'Georgia World Congress Center Atlanta, Georgia, USA'. To the right of this box, the text 'is right around the corner...are you READY?' is written in a dark red, italicized font. Below this text is the logo for 'american recruiters', which features a stylized blue and red flame or leaf shape above the word 'american' in a blue sans-serif font and 'recruiters' in a lighter blue sans-serif font.

### **Hard Rock Rolls With the Times**

The theme-restaurant chain now belongs to the Seminole Tribe of Florida, but the Orlando-based company has been undergoing a transformation started in 2004. When the Seminole Tribe of Florida announced its plans to buy Hard Rock Cafe International late last year, the corporate marriage sounded as unlikely as the Grimm's fairy tale partnership of the cat and the mouse. The Seminoles, who derive most of their tribal

income from casino gambling, were keen to use the Hard Rock brand to fuel worldwide growth of that business. Orlando-based Hard Rock's executives, while realizing that the tribe's gambling interests offered solid financial support, were eager to continue pursuing an expansion on multiple fronts, including more restaurants, non-casino hotels and music venues. The deal closed in March, and both parties sound blissful - so far. Hard Rock still conjures images of logo T-shirts and music memorabilia for most people. But the company's identity began undergoing a major transformation in 2004, when the Seminoles opened two Florida casino-hotels under the Hard Rock flag. "When our facilities opened, Hard Rock was a restaurant company," said Jim Allen, chief executive officer and president of Seminole Hard Rock Entertainment, the tribal parent company. "It is now becoming more of a hotel-and-gaming company." Casinos are money machines, and the Seminoles point out that, in their three-year affiliation with Hard Rock, casinos have played a big role in reversing a declining company's fortunes. "We have already demonstrated that the success of what we are doing is tremendous," Allen said. "Casinos just generate so much revenue." Hard Rock, with restaurants around the world, is a highly recognized brand. And the Seminoles, who bought Hard Rock in March for \$965 million, are the first tribe to adopt a widely known entertainment company as the platform for a big gambling venture. Two other U.S. casinos operating under the Hard Rock name -- one in Las Vegas, the other which just opened in Biloxi, Miss. -- aren't owned by the Seminoles. A third casino, also a franchise, is scheduled to debut in Macau in 2009.

Source: OrlandoSentinel.com

### **Smoothie Chain Juicing up Atlanta Presence**

Tropical Smoothie Café is ready to make more waves in Georgia. Area developer Bob Frederickson and operations manager Carol Frederickson, his ex-wife and current business partner, believe Atlanta could have as many as 45 franchises in the next 10 years. That would be a substantial jump from today's nine existing stores in Atlanta, plus one in development. "Atlanta is the largest metro area that Tropical Smoothie is in, and they are counting on us to build a strong market," said Bob Frederickson. The rapid growth here would mirror the chain's mission to grow from 245 stores in 34 states to 1,300 nationwide in 10 years. Virginia Beach already has 35 stores, and the 10-year-old Destin, Fla.-based chain is also targeting Miami, Orlando, Tampa, Tallahassee and Las Vegas. The chain has hired Comprehensive Loyalty Inc. to help identify the best trade areas, said Carol Frederickson. That technique has helped boost franchisee revenue by as much as 30 percent in some areas, she said. Stores typically have about 2,000 square feet and 35 to 50 seats with some outdoor tables. The menu includes soups, salads, wraps, sandwiches and smoothies. A sandwich, which includes chips and a cookie or fruit, is \$6.49. Smoothies start at \$3.89. Catering can also be as much as 40 percent of a store's sales, she said. Franchisees pay a \$20,000 fee, and build-out and equipment costs are \$220,000 to \$250,000. Bob Frederickson said he wants to put stores in the Perimeter, Cobb County and downtown.

Source: Atlanta Business Chronicle

### **Momentum Continues for Europe's Hoteliers**

Latest results from the HotelBenchmark™ Survey by Deloitte reveal that rooms revenue per available room (revPAR) across Europe grew 6.8% for the first six months of 2007 - only slightly below the 7.2% growth achieved during the same period last year. Despite the lack of major sporting events hosted by the region in 2006 – the Winter Olympics in Turin and the FIFA World Cup in Germany – Europe's hotels have continued to go from strength to strength. Performance has been driven by improvements in average room rates, which have increased by 5.8% so far this year. Hotels in Valencia stole the show reporting revPAR increases of 38.2%. This growth is largely attributable to the America's Cup, which attracts sailors, spectators and media from across the world. Hoteliers managed to increase average room rates by a staggering 33.4% - whilst the Swiss managed to claim the title for the second time in a row, beating New Zealand. Istanbul hoteliers also saw impressive revPAR growth - up 26% during the first six months of the year. The market has benefited from increased demand from a range of conferences, trade shows and sporting events. In addition Turkey has been trying to position itself more strongly as an 'arts and culture' destination. All of this activity seems to be paying off with visitor arrivals to Turkey up 16% year-to-May according to the World Tourism Organization (UNWTO). Lisbon has continued to perform well with

revPAR up 14% so far this year. The city has hosted a number of conferences, including the biennial Alimentaria International Food Show in May, which attracted 40,000 visitors. RevPAR growth has been mainly driven by average room rates, which are currently just €1 off the €100 mark. Another Southern Europe city that has achieved double-digit growth is Athens – with revPAR up 10.6% during the first half of 2007. May was an especially good month for the city, as it hosted the UEFA Champions League Final. On this night hotels saw revPAR soar by 116% to €337 – over three times higher than the year-to-date average. London did not disappoint either, showing impressive growth of 14.6%. Business and leisure travel to the UK’s capital has remained strong – and consequently London continues to achieve the highest occupancy in Europe at 80.5%. Lorna Clarke, Executive Director of HotelBenchmark™ at Deloitte commented: “Despite the absence of the same amount and scale of events hosted by Europe last year, the hotel industry has had a strong start to 2007 – with a large number of cities turning in double-digit revPAR growth. The region continues to benefit from robust economic performance – particularly across the Euro area – which is helping drive both business and leisure demand for hotels. The outlook for the rest of the year looks promising however concerns remain over continuing rising credit levels and the prospect of further interest rate rises, which would place pressure on consumers discretionary spending and dampen leisure travel.”

Source: ehotelier.com



### **Chipotle Establishes Scholarships at the Culinary Institute of America**

In 1990, a young student of The Culinary Institute of America in Hyde Park, N.Y., received his toque and headed to California to pursue his dreams of becoming a chef. Some three years later, looking to open a restaurant of his own, he returned home to Denver and, with a loan from his father, Steve Ells opened a burrito restaurant in the hopes of making enough money to some day open a “real” restaurant. Fourteen years later, that Denver burrito restaurant continues to do a brisk business, along with the more than 640 other Chipotle Mexican Grill locations nationwide. The restaurant has a loyal following, has received critical acclaim around the country, and has become one of the fastest-growing restaurant companies in the country. “My time at The Culinary Institute of America provided a great foundation when I was starting my career and taught me many lessons that are still valuable today,” said Ells. “In many ways I was lucky. Not everyone has the resources or support they need to help realize their dreams.” That’s why Chipotle has established the Chipotle Mexican Grill Annual Scholarship beginning in the 2007-08 academic year. The \$2,500 scholarship will be awarded to an emerging culinary professional in either the Associate in Occupational Studies in Culinary Arts or the Bachelor of Professional Studies in Culinary Arts Management degree programs. The recipient must demonstrate support for sustainable agricultural practices consistent with Chipotle’s philosophy of Food With Integrity. In addition to the new annual scholarship, Chipotle is also giving \$10,000 each year for the next five years to the college to establish the Chipotle Mexican Grill Endowed Scholarship Fund. This scholarship will award some \$2,500 each year to a deserving student or students once the principal balance has been raised, and will continue in perpetuity. The Chipotle scholarships come at a time when enrollment in culinary schools is on the rise. The scholarships will be awarded to students who share Chipotle’s commitment to sustainable agriculture, as the commitment to sustainable practices underpins much of what Chipotle does – from sourcing food to the design and construction of its restaurants and its employee development programs. Chipotle’s support for sustainable agriculture began when it started serving naturally raised pork some seven years ago. That support has grown into a much broader vision, one that Chipotle calls Food With Integrity, which involves

a constant and thorough evaluation of ingredients used to cook its food, from the standpoint of animal welfare, sustainable agriculture, healthfulness, and taste. That pursuit has led Chipotle to serve more naturally raised meat (meat coming from animals that are raised in a humane way, fed a pure vegetarian diet, and never given antibiotics or added hormones) than any restaurant group in the world. Today, all of the pork Chipotle uses is naturally raised, as is more than 70 percent of its chicken and nearly half of its beef. Beyond meat, about 25 percent of the beans it buys are organically grown, and all of its sour cream, and most of its cheese, is made from milk coming from cows that are not treated with the synthetic hormone rBGH. "Obviously, I am thankful that Chipotle will be able to help other aspiring chefs fulfill their potential. We believe supporting such individuals is consistent with Chipotle's goal of changing the way people think about and eat fast food," said Ells.

Source: Chipotle Mexican Grill

### **Back Yard Burgers Stockholders Approve Merger**

Back Yard Burgers, Inc. announced that its stockholders, at a special meeting, voted to adopt the previously announced merger agreement providing for the acquisition of Back Yard Burgers by BBAC, LLC in a transaction valued at approximately \$38 million, including debt to be repaid by BBAC. Under the terms of the merger agreement, the holders of Back Yard Burgers common stock and preferred stock will receive \$6.50 per share in cash for their shares. Subject to the completion by BBAC of its financing package and satisfaction of certain other conditions, the transaction is expected to close in August 2007.

Source: Back Yard Burgers

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