



May 5, 2008

**Wendy's, Franchisor of Arby's Agree to Merge. The New Company Will Focus on Global Expansion, Growing Breakfast Sales**

A definitive merger agreement between Wendy's International, Inc. and Triarc Cos. Inc., the franchisor of the Arby's restaurant system, will create the United States' third-largest quick-service restaurant company, the companies announced. The boards of directors of both companies approved the agreement. Triarc will change its corporate name post-merger to include the name Wendy's. The combined systems will have about 10,000 restaurant units and pro forma annual system sales of about \$12.5 billion. The new company expects to pursue day-part expansion, primarily focused on breakfast. Other areas of focus include global expansion for both brands and growth through future acquisitions and new developments. Roland Smith, Triarc's chief executive officer, will continue in that role for the combined company and become c.e.o. of the Wendy's brand. The transaction, expected to close in the second half of 2008, requires the approval of Triarc and Wendy's shareholders. Nelson Peltz, Triarc's chairman, and Peter May, Triarc's vice-chairman, together own shares representing about 35% of the voting power of Triarc's outstanding stock. Mr. Peltz and Mr. May plan to vote their shares in favor of the transaction. Mr. Peltz, Mr. May and Edward P. Garden own the Trian Partners investment management firm, which has beneficial ownership of 9.8% of Wendy's stock, making it the largest shareholder of Wendy's. Trian Partners also plans to vote its shares in favor of the transaction. Under the agreement, Wendy's shareholders will receive a fixed ratio of 4.25 shares of Triarc Class A Common Stock for each share of Wendy's common stock they own. Wendy's will nominate two directors to Triarc's board of directors, which will be reconstituted and have 12 members. "We believe the combination of Arby's and Wendy's will create a powerful new restaurant company and a 'must own' restaurant stock with significant upside potential as we execute on the many opportunities we see to expand and improve these two very valuable brands," Mr. Smith said. "Working together with the Wendy's team, we expect to improve margins significantly at Wendy's company-owned stores. We also expect to drive significant synergies and improve efficiency, resulting in substantial annual savings for our combined organization. Arby's and Wendy's will operate as autonomous brand units. An Atlanta-based consolidated support center for the new combined company will oversee all public company responsibilities and other central service functions. Planned operating improvements at Wendy's company-owned stores are estimated to generate about \$100 million of annual incremental operating profit over time through improved costs associated with food, labor and general operating expenses. The elimination of duplicate corporate functions and the streamlining of support services are expected to re-cue overhead savings at an annual run rate of about \$60 million over time. The transaction is subject to regulatory approvals and customary closing conditions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Source: FoodBusinessNews.net

## **Juicy Profits for McDonald's**

The fast-food chain says it's seeing strong demand overseas and for its low-priced menu. Despite a rare dip in U.S. same-store sales in March, fast-food giant McDonald's reported strong first-quarter earnings thanks to robust overseas sales, the weak U.S. dollar, and success of its value menu. Many analysts think these trends will continue to fatten up profits this year. On Apr. 22, McDonald's surprised investors by reporting that first-quarter profit rose 24% on a 31% rise in total sales. The Chicago-based restaurant operator earned \$946.1 million, or 81 cents per share -- up from \$762.4 million, or 62 cents per share, during the same period last year. Revenue rose 6% to \$5.6 billion, beating Wall Street forecasts of a quarterly profit of 70 cents per share on revenue of \$5.4 billion. The U.S. dollar's decline is believed to have revved up profit by 5 cents a share, as the fast food chain operates more than 31,000 restaurants in 118 countries. McDonald's shares dipped 0.6% to \$58.35 on Apr. 22, as investors sold stocks on a heavy day of earnings news and record oil prices. McDonald's shares have traded as high as \$63.69 and as low as \$46.64 in the last year. In a statement, CEO Jim Skinner said strong first-quarter results were "driven by comparable sales and guest count increases across all geographic segments and outstanding international operating performance." According to the company, it was "serving 2.5 million more customers per day compared with the same period in the prior year." Among the fast growing international markets, European revenue rose 23% to nearly \$2.4 billion, and in Asia, the Middle East and Africa the growth rate was 24% on revenue of \$1 billion, with China and Australia leading the way. In the U.S., same-store sales rose a more lackluster 2.9% in the quarter -- not surprising given the looming recession concerns. But the same-store sales drop in March of 0.8%, the first in five years and blamed partly on the early Easter holiday, did catch some off guard. "Frankly it is a big surprise to me," said analyst Larry Miller at RBC Capital Markets, who had forecasted 1.8% same-store sales growth for March. McDonald's is forecasting a rebound in April U.S. same-store sales. The company has decided to sharpen its focus in the U.S. on breakfast, chicken, and beverage items during fiscal year 2008, and is craving for a bigger share of the beverage market. In late April or early May, a nationwide campaign is under way to give away for free the southern style chicken biscuit and sandwich with a purchase of a medium or large beverage, according to a research note by Best Independent Research. McDonald's also has plans to open full-fledged coffee bars by 2009 with a line of frappes, smoothies, and other beverage options.

Source: BusinessWeek.com

## **Burger King Plans Rapid China Growth Over 3 Years**

Burger King Holdings Inc, the world's No. 2 hamburger chain, is looking to open several hundred restaurants over the next three years in China, where it now has only 12, a senior executive said on Monday, as it seeks to narrow the gap with rival McDonald's Corp. "If you look over a three year period, there should be several hundred restaurants," Asia Pacific President Peter Tan said in an interview in Shanghai, when asked about the company's target for new restaurants in China. He added a note of caution, however, indicating that the ability to secure sites may pose constraints. "How many hundred, I don't what the number is. It's definitely more than a hundred, but how much more will depend on the availability of sites." Burger King, which entered China in June 2005, had been very cautious about growth, to make sure all the foundations would be in place before expanding aggressively in the country, mainly through franchises, he said. McDonald's owns more than 900 restaurants in China and Yum Brands Inc operates more than 2,000 KFC stores in the country as western food chains vie for a bigger share of China's 200 billion yuan (\$28 billion) a year fast-food market. Burger King Chief Executive John Chidsey said last December that the company's nascent international business may catch up with its U.S. business in terms of revenue within five years, with plans to open 250 to 300 outlets across China during that period. "China is a fast-growing market where 1.4 billion people are getting wealthier by the day," Tan said, adding Burger King would target teenagers and young adults between 18 and 30 in affluent cities along China's eastern coast. About 90 percent of the new restaurants in China will be franchised and 10 percent self-owned, in line with Burger King's business model internationally, Tan added.

Source: Reuters

### **Max & Erma's Restaurants, Inc. To Be Acquired by G&R Acquisition, Inc.**

Max & Erma's Restaurants, Inc. announced the signing of a definitive agreement with G&R Acquisition, Inc. (G&R), an entity formed by Gary Reinert, Sr. of Pittsburgh, Pennsylvania. Under the terms of the agreement, G&R will acquire all of the outstanding shares of the Company for \$4.00 per share in cash. The Boards of Directors of both the Company and G&R have unanimously approved the proposed transaction. Certain of the Company's principal stockholders, including all of the members of the Company's Board of Directors and the Company's President and Chief Executive Officer, who collectively own approximately 45% of the outstanding shares of the Company's common stock, have agreed to vote their shares in favor of the transaction. Rob Lindeman, President and Chief Executive Officer of Max & Erma's said, "This transaction creates value and liquidity for our stockholders and a recapitalization which will allow us to continue building the Max & Erma's brand. The transaction will allow us to focus our resources on the business and avoid the costly and complex requirements of being a public company." Mr. Reinert, President of G&R, said he is pleased to become involved with Max & Erma's. "The Max & Erma's brand stands for quality and a great dining experience. While I will not personally be involved with management, we have assembled a great team who, together with the Company's current management, will solve the Company's liquidity and capital issues and allow the Company to effectuate its turn-around plan." Following the transaction, the Company's current management will remain in place.

Source: Max & Erma's/G&R Acquisition, Inc., the

### **Chick-fil-A Founder Opens Pizza Restaurant. Truett Cathy Says He's Not Launching a New Chain**

Truett Cathy, founder, chairman and chief executive officer of Chick-fil-A, is opening a pizza place. Cathy, 87, has made his name selling chicken sandwiches, backed by a popular set of advertisements that feature cows urging people to "Eat Mor Chikin." But in a recent interview, Cathy said he was looking forward to opening a new venture called Upscale Pizza. "Any sensible person would say 'Why get involved with this? You've got your lap full as it is,'" said Cathy, who's privately owned Chick-fil-A chain now has almost 1,400 outlets. "But it's more of a challenge for me." He said he wanted to try something new. "I'm afraid to slow down," said Cathy, in between tasting some trial slices of the pizza from his new restaurant. "I'm afraid if I do, that I'll quit. I don't want to quit." Chick-fil-A will continue to be his primary focus. Cathy isn't ready to relinquish his role as Chick-fil-A CEO. "Why would I?" Cathy asked. "I'm only 87." He also has no plans to turn Upscale Pizza into a chain. He said his goal was to create an affordable family restaurant for the local community. Cathy has many ties to the southside. He opened his first restaurant, the Dwarf Grill, in Hapeville in 1946 and Chick-fil-A headquarters is on the southern outskirts of Atlanta. Upscale Pizza will not carry Chick-fil-A sandwiches. It will feature pizza, hot dogs, soups, sandwiches, salads and shakes. The hot dog has been under-appreciated by the restaurant industry, Cathy said. He fondly remembers eating hot dogs, not hamburgers, as a child and has always liked the Varsity's hot dogs. "We've dwelled on hamburgers all this time," he said, lamenting the lack of attention to hot dogs. The restaurant will have a self-serve section and a section where customers can be waited on. Upscale Pizza represents a new chapter in his life, Cathy said. He doubts he'll launch another restaurant concept after this one. "I think this is it," Cathy said. "This is my tribute for years to come. I hope to make it right."

Source: The Atlanta Journal-Constitution

### **Barber Promoted to COO, Executive VP at Cracker Barrel**

Lebanon-based CBRL Group Inc., parent company of Cracker Barrel Old Country Store Inc., has promoted Douglas E. Barber to executive vice president and chief operating officer. Barber will oversee all restaurant and retail operations, training and real estate development for the company's 575 stores in 41 states. He was promoted from senior vice president of restaurant operations. CBRL also announced the resignation of chief marketing officer Simon Turner and says a nationwide search will be conducted to fill that position.

Source: Nashville Business Journal



### **Restaurants Say Times Are Tough, Getting Tougher**

Prospects for the restaurant industry continued to weaken in March along with the worsening economy, a leading trade group said recently. The monthly performance index published by the National Restaurant Association came in at 97.9 in March, down 0.9 percent from February and its lowest level on record. A value of 100 or greater indicates the industry is in a period of expansion. The Restaurant Performance Index is based on the responses to a Restaurant Industry Tracking Survey, which includes restaurant operators nationwide who are asked to comment on a variety of indicators including sales, traffic, labor and capital expenditures. The indicators include same-store sales, traffic, labor, capital expenditures -- both current and future -- employees, business conditions and staffing. Six out of the eight indicators declined in March, according to the NRA, which said the data signified both a slowdown in current industry performance as well as a weakening in the outlook for the industry in the coming months. Among specific NRA findings: 25 percent of restaurant operators said the economy is the No. 1 challenge facing their business, 22 percent are concerned by food costs, and 16 percent are worried about building and maintaining sales volume. About 14 percent are troubled about their ability to recruit and retain employees.

Source: Washington Business Journal

### **Damon's Appears to Have a Buyer**

Damon's Grill could become the third central Ohio restaurant chain in less than a week to have a new out-of-town owner. Damon's, which has been struggling in recent years, is close to being bought by Gary Reinert Sr., according to people familiar with the situation who did not want to be named because they're not authorized to speak for the company. Reinert's company, G&R Acquisition Inc., struck a deal this week to buy Max & Erma's for \$10.2 million, days after the parent of Arby's reached an agreement to purchase Wendy's International. One source said the Damon's deal is close to being completed, depending on financing. Damon's would not confirm a deal. It released a statement saying that it and its parent company, Alliance Development Group, "are exploring a number of strategic options for the company's future. As the discussions are confidential, it would be inappropriate to release any details." Facing a decline in sales, the sports-themed chain with about 80 restaurants has tried to reinvent itself in recent years, building prototype restaurants that de-emphasize sports in favor of quality casual dining.

Source The Columbus Dispatch

### **CKE Restaurants, Hardee's Sell 59 Restaurants to Franchisees**

CKE Restaurants Inc., parent company of St. Louis-based Hardee's Food Systems Inc., sold 59 of its restaurants as part of its strategic re-franchising program that was announced in April, the company said last week. Carpinteria, Calif.-based CKE Restaurants also operates Carl's Jr. restaurants. LMJKL Enterprises Midwest, which currently operates 58 Carl's Jr. restaurants, bought 51 more of the restaurants from CKE primarily in the Champaign, Ill., Paducah and Louisville, Ky., markets. MJKL also committed to build at least 35 new Hardee's restaurants over the next eight years in these markets. CKE also completed

the sale of eight restaurants in the Little Rock, Ark., market to Saddle Peak LLC. Saddle Peak has also committed to build a minimum of five new Hardee's restaurants in the Little Rock market over the next four years.

Source: St. Louis Business Journal

### **New Restaurant Growth Boosts Burger King Results**

Burger King Holdings said last Thursday that strong same-store sales in each of its segments and new restaurant growth helped to boost profit 21% in its third fiscal quarter. The fast-food chain said net income rose to \$41 million, or 30 cents a share, from \$34 million, or 25 cents a share, last year. Revenue rose 10% to \$594 million. Analysts, on average, predicted a profit of 27 cents a share on revenue of \$580 million, according to Thomson Financial. Burger King says same-store sales rose 5.8% during the quarter. "This quarter we delivered on our global growth strategies, with all segments contributing to top and bottom line expansion," said John Chidsey, chief executive officer. "We leveraged our product pipeline and marketing initiatives around the world while creating a consistent and positive guest experience at our restaurants." Chidsey credited the growth with a new Whopper advertising campaign in the USA, as well as new chicken sandwiches and Snoopy and SpongeBob SquarePants promotions. In the rest of the world new products and standardizing some menus also helped. Burger King now expects a profit of \$1.33 to \$1.35 a share for the year, up from previous guidance of \$1.28 a share. Analysts predict earnings of \$1.32 a share. In the quarter, Burger King continued its global expansion, including the opening of the first restaurant in Colombia and three franchised airport locations in China. "Our high visibility restaurant in the Beijing airport will expose millions of passengers to our brand this summer in connection with the 2008 Olympics," Chidsey said. "Gateway airport locations throughout the Asia Pacific region are projecting our brand presence worldwide."

Source: The Associated Press/USA Today

### **Pizza Inn Expanding Into Southern Asia**

Pizza Inn, Inc. announced the signing of a multi-unit development agreement to open up to 35 new units starting in Dhaka, the capital city of Bangladesh. Pizza Inn has awarded a territorial master license agreement to Mohammed Foods and Allies Private Limited Company, both owned and operated by Sak Ekramuzzaman of Dhaka. "This is a significant step toward our goal of brand expansion into Asia," stated Ward Olgreen, Sr. Vice President of Worldwide Franchising for Pizza Inn. "Mr. Ekramuzzaman and his management team bring a wealth of leadership and business acumen to the Pizza Inn brand in a region of the world where the growth opportunities seem limitless." Mohammed Foods and Allies Private Limited Company own and operate several businesses in Bangladesh as well as abroad, including R.A.K. Ceramics. "We look forward to our partnership with Pizza Inn," stated Mr. Ekramuzzaman. "The city of Dhaka will soon learn about Pizza Inn's commitment to quality and service, whether they are dining in our restaurants or enjoying their made-from-scratch pizzas at home." The development agreement will utilize the support services of United Food Company, Pizza Inn's master licensee for Saudi Arabia and Qatar. United Food Company acts as Pizza Inn's Franchising and Training hub for the region.

Source: Pizza Inn, Inc.

### **Starbucks to Slash U.S. Store Openings Through 2011**

Starbucks Corp. announced last week it would slash U.S. coffee store openings through 2011 as it adjusts to slower U.S. growth and turns its focus to expanding newer international markets. The company, which warned last week of the worst economic environment in its history, blamed the domestic housing crisis for a significant quarter-over-quarter deterioration in U.S. customer traffic and said it saw early signs of a potential traffic slowdown in the United Kingdom, which may be related to economic problems there.

Chief Executive Howard Schultz, brought back in January to lead a turnaround of the company, continued to dismiss fears that Starbucks was overbuilt or that new competitors like McDonald's Corp. were stealing customers with coffee drinks. The U.S. mortgage meltdown was leaving customers less to spend, he argued. "We strongly believe it is not the competition ... We don't believe that we've saturated the market, but we do believe that we have a head wind the likes of which we've never seen," Schultz told analysts in a conference call. Wall Street was lukewarm to the company's pull-back in new openings. "It's not really surprising that they've slowed their store growth. The fact that they are making plans to slow it is certainly better than what they were telling us before," said John Langston, an analyst at Hodges Capital Management. Starbucks is bracing for its first full-year profit decline since 2000, forecasting fiscal 2008 per share earnings that are somewhat lower than the 87 cents reported last year. Nevertheless, it is forecasting accelerating earnings for 2009 through 2011. Starbucks sees per share earnings in a range of 90 cents to \$1 for fiscal 2009, of \$1.10 to \$1.20 for 2010 and \$1.35 to \$1.50 for 2011. In a bid to improve its fortunes, Starbucks said it planned to reduce its fiscal 2008 U.S. store openings to 1,020, the second decrease this year.

Source: Reuters

### **Food & Hospitality Expo for Beijing and North China**

2009 will mark the return of FHC Beijing, the 8th edition of this international exhibition for food, drink, hospitality, foodservice, bakery and retail industries targeting the Beijing and the North China market from 10-12 June 2009 at CWTC Beijing. "With all the publicity and excitement of the Beijing 2008 Olympics it is easy to lose sight of the fact that this Capital city of 16 million, is also the tourist hub for all China and business center for the North China market and is in itself, a vast market for food, beverages and hospitality supplies. A region that cannot be ignored by exporters of food, wine, confectionery, bakery, chinaware, glasses and hospitality supplies, seeking a foot hold in this market" said Brendan Jennings, General Manager, China International Exhibitions Ltd the organizers of FHC Beijing. With the addition of 10,000 hotel rooms, plus the upgrading of cold storage, warehousing and distribution for food and beverages, there is no doubt that Beijing's hospitality industry has received a major boost from hosting the Olympics this year. However, this new hospitality infrastructure is long overdue in a Capital city whose population is growing by half a million per year and is the principal destination for international tourists visiting China . A total of 126 million tourists visited China in 2007 representing a 14.5% increase on 2006 figures according to the China National Tourist Authority, CNTA. While the WTO forecasts China will be the No. 1 tourist destination in the world by 2012.

Source: FHC Beijing/Overseas Exhibition Services Ltd

### **Bidding Process Narrows for Macaroni Grill**

Sources say that it won't be long before Dallas-based Brinker International Inc. and Romano's Macaroni Grill part ways. Macaroni Grill is on the auction block, and Sun Capital Partners Inc. is reportedly the final bidder, according to The Deal, a financial media company in New York. The asking price for the chain, which was founded by Texas restaurateur Philip Romano in 1988, is reportedly \$190 million. A sale is expected to be announced by June 25. The Boca Raton, Fla., private equity firm also owns Fazoli's Restaurants, Boston Market, Souper Salad and a number of other restaurant chains. Other bidders may have included private-equity firms Castle Harlan Inc. and Bruckmann, Rosser, Sherrill & Co. LLC, according to The Deal.

Source: Dallas Business Journal



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### **Burger King Corp. Appoints Gladys DeClouet Senior Vice President, North America Company Operations**

Burger King Corp. today announced the appointment of Gladys DeClouet as senior vice president, North America company operations. DeClouet succeeds Dave Gagnon, who announced his intention to leave the company at the end of the fiscal year. DeClouet will be responsible for all operations and the profitability of the United States and Canadian company-owned restaurants. She reports to Chuck Fallon, president, North America. “In this vital role, Gladys will continue to drive operations excellence through our restaurants,” Fallon said. “We will continue to provide our guests with high quality and convenience at affordable prices, and a consistent brand experience. In addition, she will oversee our ongoing strategic re-imagining efforts that we believe will increase restaurant traffic and drive sales. Gladys’ strong operations and finance background will ensure that our restaurants continue to grow profitably while increasing our guests’ satisfaction through operational improvements. We are excited to add Gladys to our global executive team, and we are proud to embrace her as part of our BURGER KING® family.” DeClouet is the former vice president of operations for Jack in the Box. In this role, DeClouet had responsibility for over 900 company operated restaurants and \$1.8 billion in sales. DeClouet commented, “I am glad to be joining the BURGER KING® North American team in its new era of growth. I am confident that my past experiences in developing and managing great teams will enable us to build upon the recent successes in sales expansion through strategic initiatives including new company restaurant openings, reimagining efforts and the delivery of exceptional guest service.”

Source: The BURGER KING® Corp.

### **Dallas Area Has New Ruby Tuesday Franchisee**

Ruby Tuesday, Inc. announced the transfer of its Dallas, Texas franchise to the Redstone Hospitality Group, LLC, a company led by Nick Galanos, a former Ruby Tuesday executive. The agreement is for the development of twelve restaurants in the Dallas area, as well as the operation of three existing Ruby Tuesday restaurants in McKinney, Bedford and Rockwall. Galanos was Chief Operating Officer for Ruby Tuesday’s international operations and also served as Chief Operating Officer for TGI Fridays and President of Champpps Sports Bars. Other Redstone partners are Executive Vice President Chris Meaker, a 24-year industry veteran who was the senior operating executive with Darden’s Olive Garden brand in Canada, and Jeffrey Jones, a successful real estate investor and developer and the founder of America Development & Investments Ltd. “I believe we have a great team with huge potential,” said Jones “We know the Dallas market well, and we know we can generate the kind of guest experience that will result in more people visiting Ruby Tuesdays more often and in higher revenues. We look forward to expanding the brand within the Dallas-Fort Worth and greater north Texas marketplace. “The Redstone Group has in-depth knowledge of our brand, and they are proven operators. We are confident in their abilities to bring Ruby Tuesday’s high-quality casual dining to the Dallas area,” said Mark Ingram, President of Franchise for Ruby Tuesday. This new franchise agreement is a continuation of Ruby Tuesday’s expanded presence in Texas over the last six months, which includes the signing of new development commitments for the San Antonio and Brownsville/McAllen areas.

Source: Ruby Tuesday

### **Ruth's Chris Steak House, Inc. Announces Departure of Craig S. Miller**

Ruth's Chris Steak House, Inc. announced that Craig S. Miller has departed from his roles as the Company's Chairman, Chief Executive Officer and President, effective immediately. Miller had been with Ruth's Chris since March 2004, and led the Company through an IPO, its relocation to Orlando, FL in the aftermath of Hurricane Katrina and the recent acquisition of the Mitchell's Fish Market and related brands. Robin P. Selati, a Managing Director with Madison Dearborn Partners, the Company's largest shareholder, is returning to the role of Chairman of the Board. Selati stated, "On behalf of the Company and the remaining Board members, we express our deep and sincere appreciation to Craig and the leadership that he provided the Company during his tenure. We wish him nothing but the best in his future endeavors." Mr. Selati added, "The Company will retain a world-class search firm to identify a successor and will conduct a thorough search. The Board is more than confident that, as a result of the steps that it has taken, there will be no disruption to the Company's business interests during the transitional period." In the interim, the Company has formed an Executive Committee to provide leadership during the search process. The Executive Committee is comprised of Geoffrey Stiles, EVP/President of Ruth's Chris Steak House, Damon Liever, EVP/President of Mitchell's Fish Market, Robert Vincent, EVP/Chief Financial Officer and Thomas E. O'Keefe, EVP/Chief Legal and Compliance Officer and will be chaired by Bannus B. Hudson, one of the Company's Board members. Mr. Hudson stated, "While I'm saddened to see Craig depart, I look forward to assisting the Company in meeting and successfully surpassing the challenges that stand before it. The Company has a long and storied history and the Board and management team remain committed to ensuring that it maintains and ultimately improves on its current competitive position."

Source: Ruth's Chris Steak House, Inc.

### **Seasoned Corporate Catering Executive Joins Organic To Go**

Organic To Go announced the appointment of Jeannette Davidson to the position of Vice President of Sales. With a focus on delivery and catering, Davidson brings more than 10 years of successful and innovative sales management experience to Organic To Go. Most recently, she was the sales manager at Gretchen's Shoebox Express of Seattle, Washington. "The corporate catering/delivery side of our business represents over 40% of our overall revenue and grew by 47% in '07 vs. '06. The opportunity for growth in this sales channel is exceptional. We are very excited to have Jeannette join our team. Her experience in corporate catering sales in addition to her sales management and team building skills puts us ahead of the curve to take advantage of our growth opportunities," said Jason R. Brown, Chairman and CEO. "I am thrilled to be a part of the organic movement and participate in the growth opportunity it presents us in the U.S. as has occurred in Europe," commented Davidson.

Source: Organic To Go

### **Cosi Names New CEO and Chief Development Officer**

Cosi has appointed James Hyatt as its president and CEO and as a member of the company's board of directors. Mr. Hyatt succeeds interim president and CEO Robert Merritt, who will continue to serve as a member of Cosi's board of directors. Mr. Hyatt was most recently the executive vice president and global chief operations officer of Burger King Corporation. He has more than 30 years of branded industry experience at all levels of corporate and franchise restaurant operations. William Forrest, chairman of Cosi, said: "Jim has the ideal combination of experience, skills and drive to be a highly effective leader for Cosi. He has a comprehensive operating background and track record of success, from the restaurant level to the global level, and from both the corporate and franchisee perspective." Mr. Hyatt said: "I am very excited to have the opportunity to lead the strong concept, management team and franchise network that Cosi has established. I am looking forward to working closely with Cosi's people and partners to leverage our collective talent and energy to expand Cosi's brand position and enhance Cosi's value for the benefit of our

shareholders, franchise partners, employees and guests." Cosi also has named Paul Bower to the position of chief development officer, effective immediately. As chief development officer, Mr Bower will have responsibility for Cosi's real estate and business development strategy with direct oversight for franchise sales, restaurant development, construction and facilities. Previously, Mr Bower served as vice president of development for Redbox, a DVD rental company. James Hyatt, Cosi's president and CEO, said: "We are enormously excited to marry Paul's experience and expertise with Cosi's strong brand and growth opportunity." Mr Bower said: "Joining Cosi's executive team is the perfect opportunity for me. The premium convenience segment far and away is the most exciting in the restaurant industry, and Cosi's high quality guest experience, leadership, resources and economic model make it an emerging force."

Source: Food Business Review Online/Cosi

### **FER Announces Date for President's Preview Forecast Seminar**

This coming July 30 is the date for Foodservice Equipment Reports' 2009 E&S Market Forecast President's Preview meeting. The equipment and supplies forecast seminar will once again be held at the Eaglewood Resort and Spa in Itasca, IL. The meeting will feature the magazine's hard-number forecasts for E&S market growth in 2007 and '08, and will include a wealth of data on general economic, operator and materials-price trends. A panel of leading operators will once again kick off the meeting. John Muldowney, principal at Clarity Marketing, Tipp City, Ohio, will join FER Publisher Robin Ashton in presenting the forecast. Muldowney will also update his data on the performance of the Top 150 E&S manufacturers. Not least, AutoQuotes will update its data on E&S pricing trends.

Source: FER

### **FEDA Announces New Board Members**

The Foodservice Equipments Distributors Association (FEDA) welcomed five new board members and recognized four outgoing board members for their service and leadership during the association's 2008 Annual Convention in Tucson, Ariz. Joining the Board of Directors are: Charlie Fusari, TriMark Economy Restaurant Fixtures; Richard Manias, Dine Co.; Walne Donald, Mobile Fixtures & Equipment Co.; Jerry Hyman, TriMark USA, and Scott Miller, State Restaurant Equipment Co. Outgoing board members recognized for their service included: Don Ball, FRS Inc.; Jeff Simon, Louis Wohl & Sons; Henri Louapre, Loubat Equipment Co., and Ed Poore, Strategic Equipment & Supply Corp.

Source: FE&S

### **Yum Says Big Re-Franchising Deals Hard to Do**

Yum Brands Inc. said last week that tight lending standards have made it difficult to sell large groups of company-owned restaurants to franchisees. Yum Chief Financial Officer Richard Carucci said in the company's earnings call with analysts that lenders are requiring 35 percent equity or more on larger deals -- more than the 25-plus percent the company has traditionally required. "The banks are requiring 35-plus equity to lend, and it's hard for the buyers in some cases to make that work," Carucci said. "On the small deals we're able to still make that work, because people have equity in their existing business," he said. Selling restaurants reduces company sales, but improves profit margins because the company collects more franchise fees without having to operate restaurants. Yum, Chili's Grill & Bar owner Brinker International Inc. and Carl's Jr owner CKE Restaurants Inc. are among the operators that have been selling company-owned eateries to franchisees.

Source: Reuters 2008.



### **Arizona Considers a Guest Worker Program of Its Own. It Is Fast Tracking Bills That Would Allow the State to Admit Temporary Workers from Mexico**

The state already at the cutting edge of immigration reform seems poised to undertake yet another experiment: a guest worker program created and administered by a state rather than by the federal government. The Arizona legislature is expected to fast track bills to create a temporary worker program in the state. Even with the backing of top lawmakers, the bills face big hurdles, including sign-off from the feds. But if approved, they would streamline the process for Arizona employers to hire temporary workers from Mexico – and would serve as a model for national reform, say supporters. At the same time, Arizona is pursuing a separate path to try to ensure that employers here, mainly in agriculture, have enough workers to bring in the crops. Gov. Janet Napolitano (D) is proposing that Arizona serve as a pilot for testing changes – some proposed by states bordering Mexico and others by US Labor Secretary Elaine Chao – to the existing federal program for granting visas to farm laborers from abroad. Arizona already has the toughest employer sanctions law on the books – a possible reason, some experts say, employers are finding it more difficult to find an adequate number of workers now. Others, though, say that worker shortages here are chronic and that the real problem is lack of comprehensive immigration reform at the federal level. Other states register similar complaints. "We've heard from lawmakers around the country who are concerned" about flaws in the existing visa program for farm workers, says Sheri Steisel, an immigration policy expert at the National Conference of State Legislatures in Washington. "Other states are going to watch this Arizona effort." Guest worker programs, of course, have a long history in the US. There was one during World War I and another, known as the bracero (strong arm) program, from World War II until 1964. The latter, critics say, led to massive immigration, both documented and undocumented. Currently, the Department of Labor oversees a program created in 1986, dispensing H-2A visas for farm workers and H-2B visas for those in other industries. Government officials and analysts alike say the former is a bureaucratic morass and is little used by employers. On Feb. 6, the Labor Department proposed changes – the first in 20 years – to make the H-2A program more efficient. In a statement announcing the changes, the department acknowledged that "only a little more than 75,000 workers participate in the H-2A program, while there are an estimated 600,000 to 800,000 illegal immigrant workers on America's farms." Changes include a procedure to more fairly calculate wages for foreign workers and ways to cut red tape, making it easier and swifter to hire foreign workers, particularly at harvest time. To protect domestic workers, the proposed changes increase the time employers would be required to recruit American workers before resorting to hiring foreign labor.

Source: The Christian Science Monitor

### **Sonic Names Scott McLain President of the Company**

Sonic Corp. named Scott McLain president of the company, the drive-in restaurant chain announced last week. McLain is currently president of Sonic's franchising subsidiary. The role of president is currently filled by Clifford Hudson, Sonic's chief executive and chairman. McLain will be responsible for marketing, information technology, purchasing, development, franchise human resources and corporate communications. Sonic, which has 3,400 drive-in restaurants, also named Mike Perry chief operating officer, overseeing restaurant operations. Perry is currently president of the company's restaurant operating

subsidiary. Perry will be replaced by Eddie Saroch, who is currently responsible for franchise services. That role will now be filled by Sharon Strickland.

Source: CNNMoney.com/he Associated Press

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

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Craig Wilson  
847-303-0560 Ext. 203  
[cwilson@ariteam.com](mailto:cwilson@ariteam.com)

Michael Page  
847-303-0560 Ext. 201  
[mpage@ariteam.com](mailto:mpage@ariteam.com)

Ted Agins  
847-303-0560 Ext. 202  
[tagins@ariteam.com](mailto:tagins@ariteam.com)

Mario Schacher  
847-303-0560 Ext. 208  
[mschacher@ariteam.com](mailto:mschacher@ariteam.com)

John Daschler  
847-303-0560 Ext. 207  
[jdaschler@ariteam.com](mailto:jdaschler@ariteam.com)