



June 1, 2009

### **The Middleby Corporation Completes Acquisition of Anetsberger Brothers, Inc.**

The Middleby Corporation announced it has acquired substantially all of the assets of Anetsberger Brothers, Inc. (“Anets”), manufacturer of griddles, fryers, and dough rollers for the commercial foodservice industry with approximately \$10 million in annual sales. The purchase price for the acquisition was \$3.5 million plus \$0.5 million in deferred payments if certain performance criteria are met. The transaction will be financed under Middleby’s senior revolving credit facility. The acquisition of Anets allows Middleby to continue to expand its portfolio of leading brands in cooking and warming and increase its market penetration in the griddle and fryer segment. Selim A. Bassoul, Middleby Chairman and Chief Executive Officer, said, “We are very pleased to announce the Anets acquisition. Anets is a well recognized brand, with a strong presence in the midwest. This acquisition allows us to continue to strengthen our leadership position in the fryer and counterline cooking segments and add to our portfolio of leading chain restaurant customers. Additionally, we believe there are measureable synergies that can be achieved with this acquisition.”

The Middleby Corporation

### **Kona Grill, Inc. Board of Directors Receives Unsolicited Expression-Of-Interest from Mill Road Capital L.P.**

Kona Grill, Inc. confirmed that it has received an unsolicited expression-of-interest from Mill Road Capital L.P., the Company's second largest shareholder, to acquire all of the Company's outstanding shares in a cash merger transaction at \$4.60 per share, for each of the approximately 6.5 million shares of Company common stock currently outstanding. The Company said that its Board of Directors, in consultation with the Company's outside financial advisors and legal counsel, will evaluate Mill Road's proposal carefully and in due course, within the context of the overall Company's strategic and financial plans, and will respond to the proposal appropriately in the best interest of all of the Company's shareholders.

Source: Kona Grill, Inc./GLOBE NEWSWIRE

## **Institutional Investor Survey Names Yum! Brands' Richard Carucci #1 Chief Financial Officer in the Restaurant Industry**

Yum! Brands Inc. announced that Richard (Rick) Carucci, Chief Financial Officer, was recognized by Institutional Investor's 2009 America's Best CFOs survey and ranked #1 in the restaurant industry for defining and executing the Company's strategies while delivering results during these challenging economic times. Institutional Investor's seventh annual ranking of America's Best CFOs identifies the top finance directors in each of 56 sectors within nine categories. The results are based on the responses of nearly 650 investment professionals at more than 350 of the world's most influential money management firms. According to the Magazine, Carucci and the other top CFOs are taking aggressive action to ensure that their companies are in a position to increase their market share when the economy recovers. "Rick is an outstanding strategic thought leader, helping Yum! Brands deliver consistently strong results," said David Novak, Chairman and CEO, Yum! Brands, Inc. "Yum is generating unparalleled international new unit development, significant free cash flow and an industry-leading return on invested capital. "This honor recognizes the incredible world-class talent throughout our global finance team," said Carucci. Yum! is building a vibrant global business by focusing on four key business strategies including: building leading brands across China in every significant category; driving aggressive international expansion and building strong brands everywhere; dramatically improving U.S. brand positions, consistency and returns; and driving industry-leading, long-term shareholder and franchisee value. Outside the United States in 2008, the Yum! system opened more than four new restaurants each day of the year, making it the largest retail developer in the world. Yum! Brands 2008 results demonstrated the Company's consistent record of success with 14 percent Earnings Per Share (EPS) growth, marking its seventh straight year of delivering at least 13 percent growth and exceeding its 10 percent EPS growth target. For the full year 2008, Yum! grew worldwide system sales 7 percent and same store sales 3 percent, contributing to 21 consecutive quarters of same store sales growth.

Source: Yum! Brands, Inc./BusinessWire

## **Sale of Scotsman, Ice-O-Matic Complete**

Ending one of the more storied transactions in recent memory, the sale of the former Enodis global ice machine companies to private equity firm Warburg Pincus from the Manitowoc Foodservice Group is complete. As part of the agreement being finalized, Scotsman Industries new management team was formally announced during the National Restaurant Association's annual trade show in Chicago. Serving as chairman and CEO of Scotsman Industries is Dave McCulloch. Previously, McCulloch served as CEO of the Enodis foodservice group. In addition, Kevin Fink has been named group managing director for Scotsman Industries' Americas division. In this role, Fink oversees all of the Scotsman and Ice-O-Matic business in this part of the world. Finally, Emanuele Lanzani was named group managing director for the company's European, Middle Eastern, African and Asia-Pacific Regions. In addition to Scotsman and Ice-O-Matic, the company also includes such brands as Simag, Barline, Icematic, Tecnomac and Oref. During a briefing at the NRA Show, company representatives indicated that each of the lines will continue to operate as they have in the past, with no anticipated changes to sales, distribution and service.

Source: FE&S

## **Smashburger Secures New Multi-Unit Midwest Deal**

Smashburger secured its tenth franchisee, Reload LLC. The latest agreement brings the total number of Smashburger franchise locations to 187. The latest franchise deal is another step in Smashburger's forward-moving national expansion plans. The company began its franchise expansion in the fall of 2008 and has signed 10 deals with established, proven multiunit operators. The strategy is allowing Smashburger to grow swiftly without affecting its core consumer promise of a "better burger" value that maximizes guests' time and dining experience. "Franchise partners like Reload fit perfectly with how we're trying to grow and expand," says Scott Crane, president of Smashburger. "Reload brings experience and expertise to the table

and really understands how to operate a successful restaurant franchise. We're excited to have found such a strong franchisee to help us enter the Nebraska market. With Reload on board, we're sure to satisfy Nebraskan's desire for a better burger." Reload owner Jim Stevens also owns and operates more than 30 popular fast-casual and casual-dining franchise units in the Midwest. The 10 Smashburgers Reload has agreed to open will cover markets in Lincoln and Omaha, Nebraska. The franchisee has already scouted locations and is on schedule to open its first restaurant by the end of the year. The remaining nine locations are still very early in the planning stages but are slated to open over the next few years.

Source: QSR

### **McDonald's Says McCafe Launch Off to Good Start**

McDonald's Corp. executives said that the fast-food giant's McCafe coffee roll-out is off to a good start and that data on its market share impact should be available in about six months. "Things are going very, very well .... Coffee movement has been good. It's exceeded our expectations," Don Thompson, president of McDonald's USA, told reporters in a press conference following its annual shareholders meeting. McDonald's has said it expects the addition of beverages ranging from coffee and cappuccino to water and sports drinks to eventually add \$1 billion to annual sales. The company said its associated bottled beverages push likely will focus on plain and flavored waters and sports drinks rather than energy drinks and carbonated beverages. "The jury is still is still out relative to energy-based drinks," said Thompson, who added that frappes and smoothies could be in stores by the latter half of next year. McDonald's recently announced the formal launch of its McCafe coffee drinks in the United States, where around 11,000 of the fast-food chain's roughly 14,000 U.S. locations will have the McCafe coffee stations. "We're going to be doing some additional consumer measures and we'll get a chance to see what market share looks like, but that will probably be another six months down the road," Thompson said, referring to the impact of the company's coffee push. Many analysts view McDonald's McCafe expansion as a direct attack on cafe chain Starbucks Corp. which has lowered prices in some markets where competition has intensified. McDonald's is also rolling out McCafe stations in overseas restaurants. For example, it plans to add McCafe to more than 1,100 European outlets.

Source: Reuters

### **MAFSI Business Barometer Continues to Plunge Downward**

Overall sales for Q1/9 contracted by -11.0% which was deeper than the previous forecast of -7.3%. This marked the 5th consecutive quarter of negative growth, the 9th quarter of the current slowdown and the steepest decline to date in the seven year history of the MBB. Factoring out the Canadian decline of -5.2%, U.S. sales declined -12.0%, ranging from -15.5% in the West, -11.8% in the Northeast, -10.9% in the Midwest to -9.7% in the South. The worst hit product category was equipment at -12.6%, followed by furnishings at -8.3%, supplies at -6.1% and the tabletop at -4.5%. As further evidence of a continuation of this "Great Recession," 58% of reporting MAFSI reps state that consultant activity is declining while only 10% see an increase (32% report "staying the same"). Additionally, U.S. reps project a -10.5% decline and Canada reps a -4.2% decline, for the second quarter of 2009. The good news is that economic news appears to be "less bad" as key indicators like unemployment are growing at a slower rate. As one economist recently stated, "This isn't recovery, it's a slowing recession." We are hopeful that tax cuts and the stimulus package will fuel additional appetite for investment in foodservice products.

Source: Manufacturers' Agents Association for the Foodservice Industry (MAFSI)

### **Florida "Ground Zero" for Foodservice Kitchen Designers Across the Country**

Legislative activity in Florida may impact all foodservice professionals throughout the country who design kitchens but are not licensed interior designers. Recently, the state's House of Representatives passed a bill that will now exclude foodservice equipment manufacturers and their reps, dealers, and their employees

from a decade-long law requiring all commercial kitchens be designed only by a licensed interior designer, and approved by a licensed architect. The amended bill was the result of a year-long lobbying effort on behalf of the North American Food Equipment Manufacturers (NAFEM), the Manufacturers' Agents Association for the Foodservice Industry (MAFSI), and the Foodservice Equipment Distributor's Association (FEDA), the Florida Restaurant Association and individual members of the foodservice industry, in conjunction with the American Institute of Architects (AIA), the National Federation of Independent Businesses (NFIB), the Interior Design Protection Council (IDPC), the Institute for Justice and other parties. "It was a pretty amazing effort on everyone's part," said Brad Pierce, president of Orlando-based Restaurant Equipment World, whose dealership took a direct hit the existing Florida design laws. Jerry Pierce, REW chairman, led the company's defensive efforts. "Jerry's full-time job in relation to the foodservice industry has been this legislation for the past year," Brad Pierce said. Essentially, Pierce said, Florida was "ground zero," for this matter. He and the petitioning parties had hoped that in passing this bill, other states with the same laws regarding the requirements of interior designers for commercial kitchens would follow suit in adding the exemptions for manufacturers and dealers to their laws. All 161 representatives in the Florida house voted in favor of this and other amendments to the bill, that threatened to not only criminalize the equipment manufacturer and dealer community, but also the office supply industry, the furniture industry, and other unlicensed, professional interior designers, according to Pierce. Since 2001 the state of Florida has required all commercial kitchens be designed only by a licensed interior designer with approval by a licensed architect. This requirement went unenforced, until about a year ago when members of the Association Society of Interior Designers (ASID) and the Interior Design Associations Foundation (IDAF) encouraged prosecution against dealerships and other companies that have designed kitchens, office spaces, or have had a part in this type business. REW was among this set of defendants, but after presenting their case before the probable cause panel the case was closed without further prosecution. According to Florida governmental documents, 22 states have title and/or practice laws regarding the requirement of a licensed interior designer on kitchen projects. The title acts state that a foodservice equipment dealer, for example, cannot refer to itself as a licensed interior designer. The practice acts state that in addition to the title act, one cannot actually design a commercial kitchen without being a licensed interior designer. John Cornyn, president of FCSI – The Americas, said the consultant community missed the opportunity to get involved with the lobbying process for this particular bill, due to lack of knowledge about the happenings in Florida that started the stir among the industry. However, he said the group will work to not only re-examine this issue during Florida's next legislative seasons, but will also examine the issue as it affects other states as well.

Source: Foodservice Equipment & Supplies

### **Taco Del Mar Names New CEO**

Taco Del Mar appoints Larry Destro as the new president and CEO of the company. Taco Del Mar, a quick-service Mexican restaurant chain featuring big Baja beach-style Mondo Burritos and fish tacos, has more than 240 locations throughout the U.S. and Canada. Before joining Taco Del Mar, Destro served as President International of the Dunkin' Brands, including Baskin-Robbins and Dunkin' Donuts, where he led a successful turnaround for the company. He took International Baskin-Robbins and Dunkin' Donuts from record losses to record profits over a three year period. He also worked at Taco Bell for 13 years, serving for five years as Northwest Zone Vice President of Operations. In those five years, the company's same-store volumes doubled and profits tripled. Most recently, he served as the president of CB Manufacturing and Sales, growing revenues to record levels, and also worked as an executive adjunct professor at the University of Dayton, teaching franchising and small business management. Prior to this, Destro was the president and CEO of Moto Photo, Inc., where he restructured the company for the emerging digital market. A statement from the board of directors reads, "Larry's experience is a perfect match as we continue to create one of the most admired quick service Mexican restaurant chains in the country. We are thrilled to have him on board."

Source: QSR



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### **Levy to Add United Center to Menu**

Concessions already include Wrigley, U.S. Cellular, Toyota Park and Arlington Raceway. Chicago-based Levy Restaurants has signed an agreement in principle to acquire the concession and restaurant contract at the United Center. The move adds the lucrative Chicago Bulls and Blackhawks venue to a long list of concession contracts around the nation that includes Chicago's Wrigley Field, U.S. Cellular Field, Toyota Park and Arlington Raceway. Levy, which also owns Spiaggia and Bistro 110 in Chicago, will buy the contract from Bismarck Enterprises, which is owned by Peter Wirtz. The Wirtz family owns the Blackhawks and splits ownership of the United Center with Bulls owner Jerry Reinsdorf. The deal, which is scheduled to close after the Blackhawks end their Stanley Cup playoff run, will include the food and retail concessions at the United Center, as well as the venue's premium restaurants.

Source: The Chicago Tribune

### **Hard Rock Café Announces New Hollywood Location**

The Hard Rock Cafe is coming next year to Hollywood, where it will open in a prominent spot at the intersection of Hollywood Boulevard and Highland Avenue, the company said. The restaurant chain famous for its music memorabilia collection will set up shop between the Kodak Theatre and Mann Grauman's Chinese Theatre in a space, at 6801 Hollywood Blvd., to be vacated by a Virgin Megastore. The 20,000-square-foot Hard Rock Cafe Los Angeles will include a 500-seat restaurant, a live concert area and a shop selling Hard Rock merchandise and rock 'n' roll memorabilia from the company's collection. "We've been patiently searching for the perfect location for Hard Rock Cafe on Hollywood Boulevard and are excited to have finally found it," said Hamish Dodds, chief executive of Hard Rock International. The restaurant will be in the Hollywood & Highland shopping and entertainment center. A representative of the center's owner, CIM Group Inc., said the closing date for the Virgin Megastore has not been set.

Source: The Los Angeles Times

### **Starbucks Bails Out Some Employee Stock Options**

Because the company's share price has significantly dropped in the past year, officials at Starbucks Corporation are giving employees with stock options a chance to swap out their "under water" options. Stock options are considered "under water" if their exercise price is higher than the current value of the stock. The Seattle coffee giant (NASDAQ: SBUX), which has seven stores in the Dayton area, is instituting a "stock option exchange program" that's set to expire May 29. Under the program, employees can surrender their options that are "under water" for a lesser amount of new options with a lower exercise price. "It's a way to reward our partners' contributions by allowing them to benefit from potential increases in our stock price," Starbucks officials said in a filing with the U.S. Securities and Exchange Commission. Eligible employee stock options affected by the program have an exercise price per share greater than \$19 and were granted prior to Dec. 1, 2007.

Source: Dayton Business Journal

## **Burger King Corp.'s Canadian Subsidiaries Sell 20 Restaurants to Heartland Food Corp. of Canada**

Burger King Corp. announced that its Canadian subsidiaries have sold 20 restaurants in Ontario to Heartland Food Corp. of Canada as part of the company's ongoing strategic portfolio management. Additionally, Heartland Food Corp. simultaneously closed on the acquisition of 14 previously franchised BURGER KING® restaurants in Ontario.

"We are delighted to have Heartland Food Corp. as a franchise owner and operator in Canada," said Chuck Fallon, president, North America, Burger King Corp. "As our third largest North American franchisee for the BURGER KING® brand, Heartland Food Corp. will continue to penetrate the Canada market by developing new restaurants in the upcoming years." Heartland Food Corp. currently owns 257 BURGER KING® restaurants, the 34 purchased in Canada and 223 throughout the U.S. in Illinois, Indiana, Michigan and Wisconsin. In 2005, the company was awarded the prestigious BURGER KING® Brand Leadership Award. This award is given to the top 16 franchisees that have consistently distinguished themselves from the more than 1,200 other franchisees worldwide by providing high-quality customer service, attaining operational excellence and demonstrating an unwavering commitment to the BK® brand. "We are very excited about expanding our presence internationally and our decision to help grow the BURGER KING® brand in Ontario," said President and CEO Steve Wiborg of Heartland Food Corp. "We look forward to providing the growth and development opportunities to our management and employees at our recently acquired restaurants. Watching people grow into leaders is what makes our business special, and keeps the Heartland Food Corp. team strong."

Source: Burger King Corp. HEARTLAND FOOD CORP.

## **The Secrets of Chang**

The recession is killing chain restaurants. So why is P.F. Chang's thriving? During a recession, making macaroni and cheese for dinner instead of heading to the Macaroni Grill is a no-brainer. And so the vast casual-dining sector, which grew fat during the late free-spending consumer boom, has been getting hammered. Restaurants are the top category in which U.S. consumers said they are most likely to cut back, according to a recent Boston Consulting Group survey. "Casual dining is getting hit hard," says BCG partner Catherine Roche. The higher up on the food chain you are, the worse it is. Sales at the upscale Morton's steakhouse fell 24 percent in the first quarter of 2009. But at least one comparatively pricey restaurant chain is turning in the equivalent of a Michelin-starred performance. P.F. Chang's China Bistro, whose two restaurant chains-P.F. Chang's and Pei Wei Asian Diner-are staples of upscale malls and mixed-use developments, said that same-store sales fell a bit but profits produced at its 350 outlets rose 38 percent from the first quarter of 2008. Operating margins-the holy grail of any business-at P.F. Chang's 190 stores rose from 12.8 percent to 14 percent, largely because of "incremental operational improvement opportunities." The stock has doubled since November. P.F. Chang's rode the trading-up boom of this past decade, opening stores in tony malls and economic hot zones and becoming the first Chinese-food chain to reach \$1 billion in revenue. But the days when you could simply open the doors and welcome consumers armed with credit cards and cash from mortgage refinancings are over. In this downturn, the company has avoided wholesale restructuring and panicky discounting. For many restaurants, Chinese and otherwise, 2009 is the Year of the Closing. But no P.F. Chang's bistros have shuttered. Rather, it simply has worked hard at doing a better job running things. Co-CEO Rick Federico says that in early 2008, when traffic first softened, management went through "all elements of our business that don't touch our guests or our product" in a search for efficiencies. P.F. Chang's cross-trained prep cooks and line cooks, so the folks who dice chicken and vegetables can fry them up in woks, too. It also hired an expert to develop a new scheduling tool to manage staffing better. In a period when growth is muted, this unglamorous focus on operations and seemingly minor efficiencies will allow all types of businesses-not just restaurants-to distinguish themselves from their competition. While loath to discount aggressively, P.F. Chang's introduced \$7.95 lunch specials for the first time in mid-2008. As the recession deepened, the company noticed more people cutting back on the discretionary parts of dinner, such as appetizers and desserts. So in December, it rolled out a three-course fixed-price menu for two for \$39.95, which was plenty for me and a

less ravenous colleague at a recent lunch. P.F. Chang's has dialed back the number of new restaurants it is opening this year, from about 20 to eight, in part because so many ambitious real-estate developments have been scrubbed.

Source: Financial Post/Slate, Canada

### **2009 National Restaurant Association Restaurant, Hotel-Motel Show Provides Springboard for Restaurant Industry Recovery. The Show Delivered a High-Impact, "Positive Jolt" to Energize the Industry**

Celebrating its 90th anniversary in 2009, the National Restaurant Association Restaurant, Hotel-Motel Show provided a high-energy forum where tens of thousands of restaurant and hospitality operators from all fifty states and around the world connected with exhibiting companies to find solutions to boost business. NRA Show 2009 – the largest restaurant show in the Western Hemisphere - and the International Wine, Spirits & Beer Event (IWSB) were blockbuster events, each delivering a high-impact, positive jolt to energize the industry. The NRA Show and IWSB provided operators from across all industry segments with a stream of innovative products, services and ideas to help them improve their business as the economy heads toward recovery. The NRA Show was held May 16-19 at McCormick Place in Chicago.

“NRA Show 2009 was a great success and in many ways an industry tipping point. We have received incredibly positive feedback from both exhibiting companies and attendees from around the world,” said Lorna Donatone, Convention Chair for NRA Show 2009 and President of School Services at Sodexo Inc. “Exhibitors found the exhibit floor filled with power buyers from all segments of the industry exploring the most innovative products and services on the market in every aisle. The Show also featured star-power including top restaurateurs, celebrity chefs and leading trend-setters in the culinary and educational programming, adding to the exciting and lively atmosphere. Operators are returning home energized and optimistic and ready to put new products, ideas and contacts to work.”

- “Now more than ever is the time to get busy on our business. We can't shut our doors. At this point, it's all about the competition and staying ahead and this [the NRA Show] is a great resource.” -David Starr, operating vice president of restaurants, Bloomingdale's.
  - “Look at this, it's great! Even in this ‘recession,’ this place is doing well. It's good to see this many people at this year's NRA Show.” -Ming Tsai, chef/owner of Blue Ginger in Wellesley, Mass.
  - “Within the restaurant industry, it is about creating brand differentiation for your customers. In other words, what will make your restaurant and brand stand out from the competition. The National Restaurant Association show provided this year's attendees with strategic insights into achieving that brand differentiation - a critical must-have in today's environment.” - Bill Whitman, Jr., vice president of communications, McDonald's USA.
- Exhibiting companies reported that the quality of attendance was extremely high.
- “Operators are well aware of our core product offerings, but we need the trade show environment like the National Restaurant Association show because this show is the largest restaurant and foodservice show, and it consistently delivers the broadest range of high quality buyers.” -Ben Middleton, trade communications manager, Coca-Cola North America.
  - “We've gotten more leads. We've actually doubled the amount of leads this year than we had last year.” - Brent Mague, director of marketing, Rubbermaid Foodservice.
  - “The NRA Show is unbelievable; this is the place to meet serious decision-makers. The contacts we wanted and needed to meet are here. This show is going to put [us] on the map ” -Greg Grunberg, visionary & chief executive of Yowza!!, a first-time exhibitor and star of NBC's Heroes television show and the recently released Star Trek movie.
  - “The NRA Show is the best show in our industry.” -Dean Landeche, vice president of marketing, Manitowoc.
  - “I encourage small and big alcohol producers to exhibit at IWSB, come prepared and expect lots of large volume buyers. This is the best place to meet face to face with leading on-premise buyers.” -Kent Fleischmann, owner, Dry Fly Distilling, an IWSB exhibitor.

This year's NRA Show featured more country pavilions than ever before including Australia, Brazil, Canada, China, France, Japan, Korean, New Zealand, Spain, Taiwan and Thailand. Globalization will remain critical as exhibitors seek to export from the U.S., distributors and operators from across the country look to import into the U.S., and the NRA Show will continue to engage the industry and evolve to meet its needs.

### **El Pollo Loco, Inc. Announces Closing of Senior Secured Notes Offering**

El Pollo Loco, Inc. announced that it has closed its previously announced offering of \$132.5 million aggregate principal amount of 11¾% senior secured notes due 2012. The Notes were issued at a price equal to 98.000% of their face value. This offer was made in the United States to qualified institutional buyers under Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), to non-U.S. persons outside of the United States under Regulation S of the Securities Act and to a limited number of institutional accredited investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act. The Notes have not been registered under the Securities Act and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements.

Source: El Pollo Loco, Inc.

### **Denny's Continues Shift to Franchises**

Denny's Corp. is continuing its plan to increase its percentage of franchise-owned units, which should result in new-restaurant growth, executives said at the company's first quarter conference call. During the quarter, the company opened 11 new restaurants (10 franchised and one company-owned), and sold 30 units to franchisees. Overall, the company has sold 239 restaurants to franchisees since the 2007 launch of its Franchise Growth Initiative. The high-margin income generated as a franchisor now exceeds the income contribution of company-owned restaurants, noted Nelson Marchioli, president and chief executive officer. "We expect the mix to continue to a more heavily franchised system," said F. Mark Wolfinger, executive vice president, chief administrative officer and CFO. These franchisees then open additional restaurants, he noted. Denny's ended the quarter with a system mix of 82% franchised and licensed restaurants and 18% company restaurants, compared with 66% franchised and licensed restaurants and 34% company restaurants before the FGI program. For the first quarter of 2009, Denny's reported total operating revenue, including company restaurant sales and franchise revenue, of \$165.8 million compared with \$196 million in the prior year quarter. Same-store sales decreased 1.4% at franchised units and increased 0.3% at company units. The company reported earnings of \$4.3 million up from \$4.1 million in the prior year quarter. Denny's consists of 286 company-owned units and 1,260 franchised and licensed units in the United States, Canada, Costa Rica, Guam, Mexico, New Zealand and Puerto Rico.

Source: GlobeSt.com

### **CRHS Acquires Harry's Pacific Grill Restaurants**

Pursuant to a Share Exchange Agreement, the Custom Restaurant & Hospitality Group, Inc. (OTCBB:CRHS) acquired all of the issued and outstanding membership interests of Rancho Cucamonga Harry's Pacific Grill, LLC, a California limited liability company and Temecula Harry's Pacific Grill, LLC, a California limited liability company (collectively "HPG"). CRHS exchanged 57% of its issued and outstanding common stock with Westmoore Investment, L.P., a California limited partnership and Westmoore Partners, Inc, a California corporation (collectively "Westmoore") for the membership interests of HPG owed by Westmoore. Robert Jennings, CEO of the CRHS stated: "We are pleased to complete the acquisition; we believe that this acquisition will provide us with an opportunity to grow Harry's Pacific Grill and provide liquidity for our shareholders." CRHS is committed to making a significant impact within the Hospitality Industry as we develop and position our brand within the marketplace. CRHS is dedicated to the continual improvement of our business practices and to outperform the competition towards gaining

the reputation as the most motivated, innovative and reliably productive company in the industry. Our desire to attract, engage and develop motivated stakeholders will allow us to compete at the highest levels. We will continue to productively and profitably manage our company and assets through effective leadership, strategic management, dedication to financial integrity and performance success. Our goal is to be recognized as one of the industry's premiere, full-service hospitality development firms.

Source: Custom Restaurant & Hospitality Group, Inc.



**Diversified Restaurant Holdings' Board Sets Stage for Purchase of Nine Buffalo Wild Wings Restaurants. Restaurants had combined sales in 2008 of over \$25 million**

Diversified Restaurant Holdings Inc. announced that its Board of Directors at their April 30, 2009 meeting had authorized management to begin due diligence on exercising its option to purchase nine Buffalo Wild Wings. Six of these restaurants are located in Michigan with the remaining three in Florida. "Over the last two years our Company has experienced dramatic growth increasing from \$3.4 million in 2007 to \$11.6 million in 2008," stated T. Michael Ansley, President and CEO of Diversified Restaurant Holdings, Inc. (Stock Symbol DFRH). "With this acquisition scheduled for August 1, 2010, we will acquire nine restaurants whose combined sales in 2008 were over \$25 million. If the acquisition is completed, our Buffalo Wild Wings wholly-owned restaurants will have expanded from 2 in 2007 to 19 in 2010."

Source: Diversified Restaurant Holdings, Inc.

**Smoothie King Passes 600th Store Milestone. Company Adds 32 Locations in First Four Months of 2009**

Despite the global economic downturn, Smoothie King, the originator of the nutritional, fruit-based smoothie, announced recent new store openings have allowed the company to surpass 600 locations worldwide. Smoothie King Franchises, Inc., has added 32 new locations since January, with most new openings occurring in the United States. Entrepreneur magazine ranked Smoothie King the 37th fastest growing franchise and the 57th top global franchise in 2009, and the company continues to seek new franchisees to carry its brand across the United States and around the globe. "There is a worldwide demand for healthy, fast and functional food, as well as nutritional supplements, that is fueling our growth. Our guests are served a custom-blended smoothie that is delicious, beneficial and very relevant by engaged, passionate franchisees who share our vision," said Steve Kuhnau, Smoothie King's co-founder and CEO. "We provide products that contribute to the health regimen of our guests, something more important than ever in these stressful times." Smoothie King believes its ability to sustain success and build its brand in difficult times can be attributed to a couple of reasons: Americans, as well as global citizens, are indeed becoming more health conscious, which makes the category and a brand such as Smoothie King attractive to entrepreneurs. The shaky job market has caused people of all walks of life to reevaluate their career goals. Potential Smoothie King franchisees want to be more in control of their livelihood and also share our vision of providing guests a healthy alternative to fast food. "Snacks are less and less the hunger-soothing bridge between formal meals," said Kimberly Egan, CEO of CCD. She noted the study also shows 21 percent of all meals consumed are snacks, and that trend is expected to grow another 14 percent by 2017. "Our founding principle to provide purpose-driven but great-tasting products to help people live healthier

lives is universally appealing," said Kuhnau. "And the snacking trend gives us another point of relevance with consumers and will further contribute to our brand's growth."

Source: Smoothie King Franchises, Inc.

### **Foodservice Yearbook International 2009 Global Buyer's Guide**

For decades, FYI has been regarded worldwide as a "One-Stop Shop" for purchasing and specifying, the Foodservice Yearbook International reaches buyers at the very beginning of the decision-making process. FYI is the original and most widely used annual buyers' guide in global foodservice. It reaches close to 100,000 buyers, consultants, exporters and foodservice professionals around the world, and with more than six readers per copy. Also, the latest buying patterns survey showed that our readers refer to FYI eleven times per year, and these contacts have produced actual sales for the advertisers. The Foodservice Yearbook International contains the most comprehensive listing of exporting suppliers and manufacturers to the foodservice world with more than 1,300 manufacturers' listings and over 3,000 product listings. Bonus circulation at selected major global trade shows during 2009. The Foodservice Yearbook International's targeted audience of 16,166 readers control over 80% of the world's \$1.5 trillion annual foodservice volume. The readers of FYI are buying-empowered professionals at global and regional headquarters of hotel and restaurant chains, major hotel and restaurant locations, consultants, contract caterers, cruise-ships/airline/rail/amusement caterers, supermarket and c-store chain headquarters and a global network of distributors, in over 140 countries worldwide. The targeted circulation of Foodservice Yearbook International allows you to consolidate your advertising budget into one magazine that reaches the entire foodservice world. For more information, please contact [mschacher@globalfoodservice.com](mailto:mschacher@globalfoodservice.com)

### **Moody's Raises Krispy Kreme Liquidity Rating**

Moody's Investors Service on May 8 raised the speculative grade liquidity rating of Krispy Kreme Doughnuts Corp. to SGL-3 from SGL-4. The update reflected a recent credit agreement that eased liquidity tightness but was accompanied by several caveats about the company's outlook. With the adjustment, Krispy Kreme's corporate family rating was affirmed at Caa1 with a B3 for senior secured credit facilities. The rating outlook remained negative. Explaining the liquidity upgrade, Moody's said Krispy Kreme "modestly improved (its) liquidity position with an April 2009 amendment to its financial covenant. Under terms of the amendment, the interest coverage covenant has been relaxed over the next two fiscal years. Additionally, the company has prepaid \$20 million of term debt from cash and reduced its secured \$30 million revolving credit facility commitment to \$25 million. Moody's said other contributing factors were Krispy Kreme's "manageable amortization schedule" and a "modest" cash balance of \$17 million after the debt paydown. On the other hand, Moody's said the rating optimism was "tempered" by "weakening free cash flow generation" forecast over the next 12 months and reduced availability under the revolving credit facility. Other aspects of Krispy Kreme's prospects prompt a cautionary view, Moody's said. "Most of Krispy Kreme's operations likely remain under pressure," the agency said. "To this point, we note that any decline in operating performance and cash flow generation in conjunction with scheduled covenant step downs could erode the newly afforded covenant cushion. If this occurs, both the company's SGL and long-term rating could be pressured downward." Summarizing the broader picture at Krispy Kreme, Moody's said the Caa1 rating (credit defined by the agency as of "poor standing and subject to very high credit risk") and negative outlook reflect weak credit metrics, a narrow product line and weak sales trends because of slumping customer traffic. An effort to move toward more of a franchisee-based operation from a company-based operation have not helped Krispy Kreme's financial picture, in part because certain large franchisees, especially those not in the Southeast, are struggling. Moody's said the picture for Krispy Kreme is not entirely negative. The company benefits from strong brand recognition, geographic diversification and "some success" in resolving legacy litigation and material weaknesses issues that had been a weight on Krispy Kreme's credit ratings.

Source: [Foodbusinessnews.net](http://Foodbusinessnews.net)

### **Consumer Capital Partners Hires New CFO**

Consumer Capital Partners (CCP), a private equity and concept development firm, is augmenting its senior management team with the addition of Tim Mullany as its chief financial officer. CCP's private equity group focuses solely on multi-unit consumer centric businesses, primarily in the restaurant, retail, and leisure industries. CCP is the financial and creative engine behind the popular fast-casual restaurant concept Smashburger. Mullany will lead the financial and accounting functions at CCP, charged with creating lasting value for the firm, its clients, and ultimately consumers. He brings a strong background of working as a CFO in the asset management/broker-dealer community combined with a keen understanding of consumer markets and trends. "Tim has an impressive financial and analytical approach to business and investments, yet he has creativity and consumer concept development experience that matches perfectly with CCP's objectives," said Dave Prokupek, managing partner and chief investment officer at CCP. "We're excited to have Tim and his unique perspective on board." Previously, Mullany was CFO at Global Portfolio Advisors in Boston where he managed more than \$5 billion in assets and an investment fund of \$1 billion. He was also CFO of Spartan Partners, a boutique restructuring and turnaround management firm in New York. Prior to his work as CFO, he worked in private equity and investment banking in New York at J.P. Morgan and Banc of America. Mullany began his financial management career at KPMG as senior associate. He earned his MBA in finance and management from Columbia University and his BS in accounting from Villanova University.

Source: Consumer Capital Partners (CCP)

### **Best Western International Rolls Out Major Hotel Expansion Plan for the Middle East**

Best Western International Asia has announced a strategic plan to expand into the Arabian Gulf Region, with 25 hotels targeted within 2010. Best Western International, The World's Largest Hotel Chain®, has entered the Middle East in 2008, with the strategy to drive Best Western hotels, its value-for-money accommodation, and a higher brand, Best Western Premier®, a unique collection of upscale hotels and resorts offering superior standards and services, across the Gulf Cooperation Council (GCC) countries. "Despite the current recession, we see the crisis as an opportunity that fits with our products for the Middle East. With Best Western and Best Western Premier brands, we are able to cater for both mid-scale and upscale markets. The overall strategy of offering high-quality accommodation and services with reasonable price is one that fits well at any time, especially now that everyone is looking for extra value," said Glenn de Souza, Best Western International's Vice President International Operations - Asia. The brand has recently announced the signing of its first two Best Western Premier properties in The Middle East. The 320-room Best Western Premier Dhow Palace Hotel and the 222-rooms Best Western Premier Creek Hotel, both located in Bur Dubai, are scheduled to open its door in May 2009. In addition, the brand has sealed the deals with two properties in Oman, one in Qatar, one in Kuwait, and is very positive to add three more hotels within the city of Dubai and another two hotels in Saudi Arabia by the end of 2009. "Construction costs have fallen sharply since the advent of the economic crisis, making it a good time for developers to build hotels that will be ready in two years to attract the upsurge in tourism when the economy strengthens," the executive added. Looking ahead, by the time the economy starts to recover, Best Western will have over 10 projects in GCC countries ready to open. Notably, the Holy City of Mecca in Saudi Arabia is another targeted destination where the brand plans to have 3 hotels in the next two years. Other strategic cities include Doha, Muscat, Riyadh, Kuwait City and Madinah. With a target to become the region's largest international hotel chain, Best Western aims to have 200 hotels with 50,000 rooms across Asia and the Middle East by 2010.

Source: Best Western International/ehotelier.com



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

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