



June 28, 2010

Chipotle Hits 1,000 Stores Milestone

Chipotle Mexican Grill opened its 1,000th restaurant. The 1,000th restaurant, located in Flower Mound, Texas, is a milestone that, according to Chipotle founder, chairman and co-CEO Steve Ells, was never supposed to happen. Ells' original plan for Chipotle called for only one restaurant. Ells, a classically trained chef who studied at the Culinary Institute of America in Hyde Park, New York, before beginning his culinary career at a fine dining restaurant in San Francisco, originally planned to pursue his dream of being a chef and owning his own restaurant. But the success of the first Chipotle gave rise to a new plan and has given Ells a bigger platform to influence how people eat. "I wanted to have a 'real' restaurant, but I didn't know enough about the business or the economics of running a restaurant," Ells says. "My plan was to use Chipotle as a cash cow to help me finance my own restaurant. It was a novel idea: I'd show that food that was fast didn't have to be a typical fast-food experience. I used great quality ingredients and cooked everything in the restaurant using classical cooking techniques. People loved it so I opened another, and another, and so on." Since opening the first restaurant in 1993 and shifting his plan to build more Chipotle locations, Ells and Chipotle have achieved a number of restaurant industry firsts. Chipotle was the first national restaurant company to commit to serving naturally raised meat (from animals that are raised in a humane way, never given antibiotics or added hormone, and fed a pure vegetarian diet), the first to commit to local and organically grown produce, and the first to serve dairy (cheese and sour cream) made with milk from cows that are not treated with the synthetic hormone rBGH (recombinant bovine growth hormone). Ells calls the vision behind this commitment "Food with Integrity" and it has the company looking for more sustainable sources for all of the ingredients it uses. "Our focus on making great tasting food with more sustainably raised ingredients available and affordable for everyone is one of the keys to our success," Ells says. "These better quality ingredients allow us to make better tasting food, and that's what keeps our customers coming back. While some of our customers don't know the depths of our commitment to finding such great ingredients, the discipline to focus on making food this way has contributed significantly to our reaching the 1,000 restaurant milestone." Through this commitment, Chipotle serves more naturally raised meat than any other national restaurant company, including all of its pork, 85 percent of its beef, and about 80 percent of its chicken. In all, that amounts to more than 75 million pounds of naturally raised meat this year alone. In addition to getting meat from more sustainable sources, 40 percent of all of its beans are organically grown, and the company plans to use at least 50 percent of at least one produce item from local farms for all of its restaurants (some five million pounds of locally grown produce in all). Recognizing that a great restaurant experience requires more than just great food, Chipotle has a unique internal people culture – a culture that appeals to and rewards its highest performers. Chipotle employees are now a driving force behind the growth to the 1,000 restaurant mark. This culture is impacting the lives of thousands of Chipotle employees, and improving customer service in its restaurants.

Source: QSRMagazine.com

Breakfast Accounts for 60% Restaurant Industry Growth. Coffee and Breakfast Sandwiches Key to Growth

Breakfast accounted for nearly 60 percent of the restaurant industry's traffic growth over the past five years, according to new research by The NPD Group. NPD reported that for the year ending March 2010, more than 12 billion breakfast meals were served at U.S. restaurants, of which 80 percent were purchased from QSRs. Since 2005, breakfast traffic increased on average two percent per year, compared to lunch visits that were flat, and dinner traffic that dipped 2 percent per year. "Breakfast has been and is projected to continue to be a bright spot for the restaurant industry," says Bonnie Riggs, NPD's restaurant industry analyst. "A restaurant morning meal serves a variety of needs. In addition to helping us jump start our day, it satisfies the need for convenience, is less costly than other restaurant meals, and is readily available to us." Specialty coffee and breakfast sandwiches were two of the fastest growing menu items during the morning daypart. From February 2005 through February 2010, volume for both grew twice as fast as the industry. A soon-to-be-released NPD report, "The Future of Foodservice," will provide a 10-year forecast of foodservice trends, noting that breakfast sandwiches will jump to 14 per capita servings by 2019, up from 11 in 2004. "There is a lot of activity around the breakfast daypart right now, with chains expanding into the daypart, and the addition of breakfast menu items, promotions and deals," Riggs said. "Currently only one out of ten breakfast opportunities is satisfied by foodservice, and there are more breakfasts skipped than served in restaurants, all of which means that breakfast is a significant growth opportunity for the foodservice industry."

Source: NACS Daily News

Wendy's Owner Says he's Had Inquiry for Chain

Just two years after Wendy's International was sold to the owner of Arby's, a regulatory filing has raised the possibility of another sale. An unnamed buyer is considering a takeover of Wendy's/Arby's, and the company's major shareholder, Nelson Peltz, is considering the idea. Peltz made the disclosure in a regulatory filing, though he offered almost no detail. He "recently received an oral inquiry from a third party expressing interest on a preliminary basis in a potential acquisition involving the company, which could include (Peltz's group's) participation," the filing said. The news elicited groans from some of the people with a vested interest in Wendy's, one of the most iconic brands based in central Ohio. "You've got to be kidding me," said Pamela Thomas Farber, daughter of Wendy's founder Dave Thomas, recalling her reaction when she learned of the possible sale. She is co-owner of 33 Wendy's restaurants. Her greatest concern is that talk of a sale will be a distraction at a time when Wendy's has improved its financial performance. Other franchise owners share that worry. "It's a little disruptive," said Bob Schermer, CEO of Meritage Hospitality Group in Grand Rapids, Mich., which owns 69 Wendy's restaurants. Both he and Farber said they don't know enough to have an opinion about what the report might mean for their business. At the same time, both of them view a takeover as a serious possibility, otherwise Peltz and his group wouldn't have felt the need to make a regulatory filing. The report comes as Wendy's/Arby's is trying to bounce back from disappointing earnings. In the first quarter, the company reported a loss of \$3.4 million, compared with a loss of \$11 million for the same period a year earlier. According to Schermer, Wendy's is "on the mend." A company spokesman declined to comment. News that a sale was being explored sent Wendy's/Arby's shares up more than 7 percent to \$4.65 yesterday. The lack of detail in the filing means observers are left to examine a wide range of possibilities. Would a buyer be interested in Wendy's, Arby's or both? Would it be a merger with another restaurant company? Joscelyn MacKay, an analyst for Morningstar, suspects that the inquiry is from another restaurant owner, not a private-equity firm. "The combination of Wendy's and Arby's created such a large-scale company," she said. "I would really think that any kind of transaction would be to even improve on that." But she said any news of a possible combination or buyout likely is far off. Farber, an outspoken critic of the 2008 sale, speculated that Peltz might be planning to take the company private.

Source: THE COLUMBUS DISPATCH

Dunkin' Donuts Adds Two Senior Executives

Two senior-level executives have been hired at Dunkin' Donuts to support the company's focus on leadership marketing and operational excellence. Dan Saia was named vice-president of consumer engagement, and Weldon Spangler was named regional vice-president for the Midwest. Mr. Saia will be responsible for the creation, development and execution of Dunkin' Donuts' advertising, media and interactive strategies and plans, working closely with Dunkin' Donuts franchisees to develop innovative advertising campaigns and consumer messaging to support sales growth and enhance brand equity. Most recently, Mr. Saia was vice-president of marketing and communications at Yum! Brands. Mr. Spangler will be responsible for translating the company's business strategy into day-to-day execution at Dunkin' Donuts restaurants in the Midwest region. Most recently, Mr. Spangler was a division vice-president for Knowledge Learning Corp. Prior to joining Knowledge he spent nearly 15 years with Starbucks in positions of increasing responsibility, most recently as regional vice-president for the Pacific Northwest region.

Source: FoodBusinessNews.net



Obama Talks Small Business with Buffalo Wild Wings Franchisees

When Buffalo Wild Wings franchisee Bobby Pancake received a call from the White House on his cell phone, he didn't recognize the number so he let it go into voice mail. Upon returning the call, however, he swiftly discovered that he and Steve Wheat, his partner in High 5 LLC, a six-unit franchisee of Buffalo Wild Wings based in Bear, Del., would get to meet with President Barack Obama the next day to discuss the state of restaurants and other small businesses. Pancake, who called the June 11 meeting "an absolutely great experience," said he and Wheat were invited to Washington after being awarded the U.S. Small Business Administration's National Entrepreneurial Success Award in May. The annual award is presented to a successful business that received SBA assistance during its initial growth phase. The two partners founded High 5 in 2004 with several SBA guaranteed loans used to finance the first three of the company's current six locations. Today, High 5 generates sales of \$13.2 million and employs more than 400. Previously, both Pancake and Wheat had held corporate positions for the Minneapolis-based Buffalo Wild Wings Grill and Bar — Pancake as director of operations for company locations and Wheat as local store marketing manager. Terry Haney, the general manager of the Buffalo Wild Wings restaurant in Dover, Del., accompanied Pancake and Wheat to the White House. Pancake, who admitted that he did not vote for Obama in the 2008 election, said the three restaurateurs met with the president for 20 minutes together with two owners of a technology company in Rockville, Md. "It was pretty intimate," Pancake said. "We spoke candidly, and he was completely engaged in the conversation. We talked about the restaurant industry and small businesses in general." Wheat, who called the meeting with Obama "a privilege most people don't get," said that the president voiced his concerns about "getting small business moving forward again." One of the key points of discussion, Pancake said, was the problem small businesses had arranging bank loans. "We talked about getting the banks to loosen up so business can grow," he said. "We told him that if Congress were able to make changes, we would like to build a couple more restaurants and add more jobs. He was really interested in what we had to say." Specifically, Wheat said, the president discussed the need to raise the cap on SBA loans from \$2 million to \$5 million. Following the meeting in the Oval Office, the group convened for a press conference, during which the Obama discussed the Small Business Jobs

Initiatives and the need to “make it easier for smaller firms to hire and to grow.” Noting that small businesses historically have created two-thirds of all new jobs in the country, Obama said, “we’re going to need to make sure that small companies are able to open up and expand and add names to their payroll” in order to replace the millions of jobs lost during the recession. Obama said that small businesses lost 2.4 million jobs from the middle of 2007 to the end of 2008. “And because banks shrunk from lending in the midst of this financial crisis, it’s been particularly difficult for small business owners to take out loans to open up shop or expand,” he said. “It’s been hard to finance inventories and payroll and new equipment.” Obama also said he is urging Congress to approve tax breaks and lending incentives that would help to spur hiring and small business growth. During the press conference, the president took a moment to make a joke about the Buffalo Wild Wings franchisees’ names, saying, “Obviously, they’d have to be restaurateurs, named Pancake and Wheat.” Pancake, for his part, called the president “very kind,” and added: “While I don’t necessarily agree with all of his policies, there are things I definitely agree with. Some of his small business initiatives are very good. Some of these things will help small businesses get back on their feet and grow.” The opportunity to discuss business with the president was “a once in a lifetime experience.” However, Pancake added, he’s determined “that this won’t be the pinnacle of our career. It’s motivated us to get more involved politically in fighting for the industry.”

Source: NRN

Genghis Grill to Open First Memphis Restaurant

Genghis Grill, a restaurant chain that specializes in Mongolian cuisine, has opened first restaurant in Cordova community, Memphis, Tennessee. The chain's presence currently spans to 14 states. The Cordova outlet is located in the Shops of Rock Creek shopping center on Germantown Parkway. Genghis Grill will be going into the old Crescent City location. Currently, Genghis Grill operates restaurants in Franklin, Hendersonville and Chattanooga in Tennessee, and will be expanding into Knoxville, Germantown and Murfursboro by the end of this year. The restaurant has scheduled to open 15 additional new restaurants across the country in this year, expanding throughout the southwest, south central, Midwest, and southeast. The 45 unit chain operates locations through franchised and corporate stores throughout Arkansas, Arizona, Colorado, Florida, Iowa, Illinois, Kansas, Missouri, Minnesota, New Mexico, Nevada, Oklahoma, Tennessee and Texas. Genghis Grill has plans to open more locations in Arkansas, Alabama, Florida, Georgia, Kansas, Maryland, Missouri, North Carolina, New Mexico, Nevada, Oklahoma, Tennessee and Texas, which are awaiting construction or site selection. The first Genghis Grill opened in 1998 in Dallas, Texas.

Source: Food Business Review

Technomic: Bakery Cafes, Bagel Chains on Upswing

Bakery cafe/bagel outlets were the most prevalent type of fast-casual chain among the top 100 chains during 2009, accounting for 21% of the total, up from 17% in 2008, according to Technomic’s 100 Fast-Casual Chain Restaurant Report. Mexican and other sandwich (not hamburger) were the second and third most common menu categories. Bakery cafe/bagel also topped the list with \$4.8 billion in U.S. sales during 2009, followed by Mexican and chicken at \$3.8 billion and \$2.5 billion, respectively. Technomic defines fast-casual restaurants as those that are part of the limited-service segment, providing fast service and fresh, high quality food in upscale settings.

Source: FoodBusinessNews.net

Southfield's Zoup! Ladles out Growth Plans. Company Hopes to Have Chain of 100 Locations by 2014

After 12 years of success in Metro Detroit and the Midwest, Zoup! is heading west -- and farther east --

with its menu of more than 100 soups. The Southfield-based chain of restaurants plans to add to its 25 franchises by opening 10 more locations by the end of the year and quadrupling its reach to 100 stores by 2014. The chain, which has 13 locations in the state, is a bright spot in a beleaguered Michigan economy that has made it difficult for local companies to thrive and expand. "When the economy's bad, it makes an already tough industry that much tougher," said Andy Deloney of the Michigan Restaurant Association. "So for a Michigan-based company like Zoup! to be moving forward with plans certainly is great news." During the recession, "financing really tightened up," Zoup! founder Eric Ersher said, "and it became much more challenging to get these franchise owners financed." Still, Zoup! managed to open 10 locations in 2009. The company plans to build on its Eastern franchises in Pennsylvania, New Jersey and Connecticut by expanding to cities such as Washington, D.C., and Boston. Heading west, Zoup! will add stores in Chicago and Denver. The company also plans to establish international franchises in Canada. Zoup! offers 12 soup options that rotate each day and caters to special dietary needs with low-fat, vegetarian, dairy-free and spicy varieties. Ersher says timing is right to expand, especially since soup elicits "thoughts of comfort, family and well-being." "From a franchise perspective, it's new and unique," he said. Ersher got the idea for Zoup! when he noticed what he considered a lack of high-quality soups in restaurants. "It seemed as if soup was an afterthought," he said. "We started asking around, and the consensus was clear that good soup -- really good soup -- was hard to find."

Source: The Detroit News

Court OKs Luby's Bid to Buy Fuddruckers for \$61M

A bankruptcy court has approved the sale of Magic Brands LLC and Fuddruckers Inc. to restaurant operator Luby's Inc. Luby's announced it will buy all the assets of the burger chain and its affiliates for approximately \$61 million in cash. The United States Bankruptcy Court in Delaware had to approve the sale. The company said in a news release that a court has granted approval for the sale. The deal is expected to close by July 26. Fuddruckers operates 60 Fuddruckers restaurants and three Koo-Koo-Roo locations. There also are 138 Fuddruckers franchises. Luby's operates 96 restaurants, primarily in Texas. Fuddruckers filed for Chapter 11 bankruptcy protection in April and Luby's participated in an auction of its assets last week that it won.

Source: The Seattle Times/ The Associated Press



Arby's Hires Restaurant Veteran Warren Chang

Struggling fast-food chain Arby's has appointed restaurant industry veteran Warren Chang to a new position to improve customer experience, the company's parent, Wendy's/Arby's Group Inc. said. Chang, 54, will serve as chief innovation officer for taste, quality and the customer experience, the company said in a news release. He will report directly to Arby's President Hala Moddemog, who was named president last month. Chang has more than 30 years of experience in retail and restaurants, including prior work at Arby's, where he led restaurant marketing and menu and product development from 1994 to 1998. He most recently served as president of Carino's Italian, a 140-unit chain of casual dining restaurants based in Austin, Texas.

Source: Bloomberg/Business Week

Sonic Appoints New Chief Marketing Officer

Sonic Corp. announced that Danielle Vona has joined the company as Chief Marketing Officer. Vona comes to Sonic from her position as a Vice President of Marketing at PepsiCo. In her 11-year tenure with Pepsi, Vona has been responsible for several areas including: all aspects of Propel brand marketing including new product formulations, flavors, packages, innovation, brand positioning and marketing communications; Pepsi's flavored soft drink portfolio where, among others, she managed the Sierra Mist brand as well as launching new and innovative brands; and Pepsi's juice and dairy portfolio, and packaging innovation. Commenting on the announcement, Clifford Hudson, Chairman and Chief Executive Officer of Sonic Corp., said, "We are pleased to have Danielle join our team. With her extensive knowledge of branding, packaging and customer research, she brings the necessary experience and perspective to Sonic. Additionally, Danielle has demonstrated leadership skills that will blend well with Sonic's Marketing department, the organization generally and our franchisees. She will bring additional depth to our Marketing team which will, in turn, serve our operators and franchisees in their quest to deliver Sonic's quality products and unique Carhop service."

Source: Sonic Corp.

California Pizza Kitchen Opens in Maui's Kahului Airport

California Pizza Kitchen, Inc. opened a quick-serve location in Kahului Airport (OGG), the primary airport on the island of Maui, HI. The new location, opened by CPK franchise partner HMSHost Corporation, a world leader in travel dining and shopping, is located in the post-security common area, Frank's Food Court. The new Kahului Airport location, open daily from 7:30 a.m. to 10:00 p.m., will feature a specialized selection of CPK's most popular pizzas, salads, soups and sandwiches from the full-service restaurant menu. In addition, the new CPK restaurant will offer a full breakfast menu highlighted by a great selection of breakfast pizzas including the Denver Pizza with scrambled eggs, fresh red and green peppers, Canadian bacon and mild onions. The menu will also offer The Works Breakfast Burrito and a variety of egg breakfast sandwiches served on Herb Cheese Focaccia bread.

Source: California Pizza Kitchen, Inc.

Smashburger Appoints Greg Creighton to Chief Operating Officer

Smashburger has promoted Greg Creighton to Chief Operations Officer (COO). In this newly created position Creighton will oversee all operations of corporate and franchise Smashburger restaurants. Creighton joined Smashburger in October 2008 as Regional Vice President and was promoted to Executive Vice President in February of 2010, in which he assisted in optimizing operations and purchasing. As COO Creighton will be responsible for creating consistent operations and excellent customer experiences at all 68 Smashburger locations in more than 15 states and will ensure they are maintained as Smashburger expands its presence across the country. Prior to joining Smashburger, Creighton spent several years as President, Chief Operating Officer and Chief Financial Officer for Minnesota-based fast-casual Asian dining chain, Leeann Chin. "As Smashburger expands, it is essential to maintain superior operating standards and an exceptional guest experience," says Smashburger CEO and Chairman David Prokupek. "Greg's experience with Smashburger and other high-growth organizations will make certain we maintain the highest level of standards as Smashburger expands to more than 300 stores in the next five years." "Smashburger's rapid growth is due in large part to our concept resonating with people across the country," says Greg Creighton, Smashburger COO. "I'm excited to work on replicating our success in our new store locations and ensuring we improve as needed."

Source: Smashburger



McCormick & Schmick's Opens Seventh The Boathouse Restaurant In Canada

McCormick & Schmick's Seafood Restaurants has opened a new The Boathouse location at Kitsilano Beach in Vancouver, British Columbia. This is the seventh The Boathouse restaurant for the company in Canada. The new The Boathouse Restaurant is located directly on the water overlooking Kitsilano Beach. The new restaurant seats more than 270 guests, including a heated covered deck, full-service bar and carry-out cafe dining. Bill Freeman, chief executive officer of McCormick & Schmick's Seafood Restaurants, said: "We're very excited about adding this new location to our family of The Boathouse Restaurants. "With its spectacular waterfront views and easy access to one of the premier beaches in the Vancouver area, we anticipate this location will be a prime dining destination for locals and visitors alike."

Source: Food Business Review

Starbucks' Free Wi-Fi: Bring on the Loafers, Lazies, and Loiterers

So, Starbucks plans to offer free wireless Internet at all of its U.S. stores starting July 1. It's a friendly gesture, certainly, one that could very well draw more customers to the coffee chain's thousands of outlets. Then again, the Wi-Fi perk may prove a little too successful, particularly if it attracts a particular breed of wireless hound. You know the type. Offer free Wi-Fi and they will come--and never leave. Equipped with a laptop, cell phone, orthopedic backrest, and possibly even a Tupperware lunch, they'll hunker down in a leather chair or commandeer the best table--the one nearest the AC outlet, naturally. Often they seem to travel in packs; a free-Wi-Fi zone may face an infestation of laptop-toting loafers, a sea of glowing LCDs filling every corner of the coffee house. The neighborhood java hut often becomes their home office away from home. Big chains like Starbucks and McDonalds, both of which offer free Wi-Fi, probably won't suffer greatly from the insensitive table-hoarding antics of loiterers. But small businesses can feel the pinch from lost sales. Potential customers, seeing a packed restaurant or coffee shop from the street, may keep walking and spend their money elsewhere. And then there's the merchant's higher utility bill, an unpleasant side effect of making AC outlets available to power-hungry laptops. What's a small business owner to do? Many have done the opposite of Starbucks by curtailing free Internet access. Stung by last year's economic downturn, many New York-area coffee shops sent Wi-fi loiterers packing by covering up power outlets, banning laptop use during peak hours (e.g., lunchtime), and placing time limits on wireless access. How should businesses deal with Wi-Fi squatters? Let them be--or give them the bum's rush? As an occasional laptop loiterer myself, I'd like to know.

Source: PCWorld Business Center

Gordon Food Service Plans Expansion in West Michigan

Gordon Food Service (GFS) plans to invest \$24.2 million to consolidate several business operations spread throughout Canada into a new 100,000 square-foot facility in Wyoming. Pending all local and state approvals, the new building would be located within the company's world headquarters campus, and would house 173 new positions the company plans to fill over the next five years. Gordon Food Service recently announced an organizational restructuring in Canada that was developed to provide a more consistent and

integrated experience for its Canadian customers. Pending local and state approvals, the company will centralize these roles in Wyoming. Gordon Food Service and its affiliated companies currently employ 2,393 in Michigan, of which 273 are retail positions. Gordon Food Service was considering a location in Ontario, Canada as well as Wyoming for the expansion. The Right Place collaborated with the Michigan Economic Development Corp., the Michigan Department of Transportation and the city of Wyoming to develop an incentive and assistance package that included state Brownfield Redevelopment and Michigan Economic Growth Authority (MEGA) tax credits as well as local support. Located on 50th Street, west of Clay Avenue, the new office building would have the capacity to house up to 700 office workers. It would complement, not replace, other buildings on the Wyoming campus. "We are very encouraged and pleased with the support Gordon Food Service has received on this project from the state of Michigan, The Right Place, and the city of Wyoming. This project is not only an investment in the future of Gordon Food Service; it is an investment in the West Michigan Community," said Gordon Food Service President, Jim Gordon.

Source: Gordon Food Service/The Right Place, Inc.

Barnie's announces new temporary CEO

Barnie's Coffee & Tea Co. founder and chief executive officer Phil "Phil" Jones has been replaced, and the Orlando-based company plans to close five of its stores. Barnie's has brought in an outsider, Jonathan Smiga, to temporarily run the chain of coffee shops. Smiga, who became chief strategy officer and interim chief executive officer late last month, was not available for comment. His departure was apparently the board of directors' decision, said Brenda Hayes Brown, a franchisee who co-owns a Barnie's in Winter Springs. "I think there were some differences of opinion of how he was handling things," she said. "Franchisees had questions about the communication process ... We just didn't get a clear-cut picture as to where and what direction Phil was taking the company." Barnie's, which has shops in several states, said it is focusing on further development within Central Florida but is closing five stores. It did not identify where they are. According to news reports, Barnie's is closing one store in Knoxville, Tenn. Barnie's said in a statement that "while Phil Jones was the visionary behind Barnie's Coffee & Tea Company, since his repurchase in 2008, the company has been challenged in maintaining a sustainable business model. ... We believe this change in leadership is an essential component of restructuring Barnie's for future success." Smiga had been originally brought in as a consultant because Barnie's was "trying to get a fix on what they needed to do to build the business," Brown said. Barnie's executives said Smiga has held senior positions with Williams-Sonoma, General Mills, Darden Restaurants and The Culinary Institute of America.

Source: OrlandoSentinel.com

Real Mex Restaurants Announces Launch of Consent Solicitation for Its 14% Senior Secured Notes Due 2013

Real Mex Restaurants, Inc., a Delaware corporation, announced that it had commenced soliciting consents (the "Consent Solicitation") from holders of its 14% Senior Secured Notes due 2013, to effect a proposed amendment to the indenture governing the Notes. Upon the terms and subject to the conditions set forth in the Consent Solicitation Statement dated June 15, 2010 and the related Consent Letter which are being sent to holders of the Notes, Real Mex will pay a consent payment in the amount of \$5.00 per \$1,000 in principal amount of Notes for consents validly delivered (and not validly revoked) from holders of record of Notes as of 5:00 p.m., New York City time, on June 10, 2010. If the Proposed Amendment is approved and a supplemental indenture is validly entered into, then the supplemental indenture would bind all holders of the Notes, including non-consenting holders, but non-consenting holders would not receive the consent payment. The Proposed Amendment would, as described more fully in the Consent Solicitation Statement, amend the Indenture to permit affiliates of Sun Capital Partners, Inc. (two of which are existing equityholders of Real Mex's parent) to acquire a majority of the stock of Real Mex's parent without requiring Real Mex to make the change of control offer to repurchase the Notes that is contemplated under the Indenture.

At the same time that the Proposed Amendment becomes effective, the Indenture would also be further amended to add an additional covenant, pursuant to which Real Mex would agree that, in an optional redemption of Notes made between July 1, 2011 and June 30, 2012, Real Mex would pay to each holder of redeemed Notes an additional premium equal to 2% of the aggregate principal amount of the Notes redeemed (the "Additional Premium Amendment"). The Additional Premium Amendment will only become effective if sufficient consents are received so that the Proposed Amendment becomes effective. Sun Cantinas, LLC, an affiliate of Sun Capital Partners, Inc. that is an equityholder of Real Mex's parent, has agreed to reimburse Real Mex for all consent fees paid by Real Mex in the Consent Solicitation. In addition, if Real Mex becomes required to pay an additional premium to the holders of Notes pursuant to the terms of the Additional Premium Amendment, then Sun Cantinas has agreed to reimburse Real Mex for the aggregate amount of that additional premium.

Source: Real Mex Restaurants, Inc.



Dairy Queen® Expands in the Middle East. Quick Service Restaurant and treat leader announces franchisee agreement in Saudi Arabia

Dairy Queen® has signed an agreement with franchisee Al Safwa Food Group to open multiple locations in Saudi Arabia. The move into Saudi Arabia marks the 17th country outside of the U.S. and Canada where Dairy Queen will have a presence. The first Dairy Queen is scheduled to open in Riyadh in spring 2011 with a projected total of 32 locations by 2015. Dairy Queen currently has locations in the Middle East countries of Bahrain, Oman, Qatar and the United Arab Emirates. "The international marketplace has become a major area of expansion for the Dairy Queen brand," said John Gainor, president and CEO of International Dairy Queen, Inc. "International consumers really enjoy all that our brand has to offer and we look forward to bringing the great DQ® food and treats to Saudi Arabia." Riyadh-based Al Safwa Food Group, managed by Ihsan Dalati, is a new retail holding group whose members previously were involved in the casual dining segment in Saudi Arabia. DQ Grill & Chill® locations throughout Saudi Arabia will feature all of the soft-serve products that have made Dairy Queen an icon in the industry, such as the signature Blizzard® Treat, soft-serve cones, sundaes, frozen cakes and the MooLatté®, as well as great DQ Grill & Chill® food offerings such as the Chicken Strip Basket and delicious GrillBurgers®. "When we open in Saudi Arabia, Dairy Queen will have locations across the GCC countries and in Egypt; we look forward to future expansion in other neighboring Middle Eastern countries," said Rose Nichols, director of international development for International Dairy Queen, Inc. "We predict that the Saudi market will be a huge success as Saudi consumers are eager to try new brands and products."

Source: International Dairy Queen (IDQ)

Granite City Food & Brewery Ltd. Announces Changes in Board of Directors

Granite City Food & Brewery Ltd. announced that its Board of Directors elected Milton D. Avery, Brian K. Gramm and Charles J. Hey to replace Todd W. Hanson, Eugene E. McGowan and Bruce H. Senske, who resigned from the Company's board on June 18, 2010. The following is information concerning the new directors: Steven J. Wagenheim, Chief Executive Officer of Granite City, commented: "We are very appreciative of the service on the board of Eugene E. McGowan, Bruce H. Senske and Todd W. Hanson,

and of their decision to resign now to allow the new directors to come on board in advance of our annual shareholder's meeting. We look forward to our new directors' service as Granite City continues to build its brand and solidify its position in the polished casual dining market. Milton Avery and Brian Gramm, who will join the board as independent directors, each offer a wealth of experience in business and I believe possess individual insights that will help the board and management as Granite City continues to build its business."

Source: Granite City Food & Brewery Ltd.

Landry's CEO gets key shareholder vote for buyout-WSJ

Landry's Restaurants Inc. Chief Executive Tilman Fertitta's \$1.4 billion bid for the seafood restaurant operator received the support of a crucial shareholder, the Wall Street Journal said, citing a person familiar with the matter. U.S. hedge fund Pershing Square Capital Management, which has control of just under 25 percent of Landry's stock, has agreed to vote its shares in favor of Fertitta's buyout offer in exchange for Fertitta raising his bid to \$24.50 per share from \$24 a share, the paper said. The new deal has received the support of Landry's special committee, the paper said. Fertitta's two-year-long bid to take Landry's private has been resisted in the past by both the company's board and shareholders including Pershing Square, which is headed by activist investor William Ackman. Last month, Fertitta, who owned about 55 percent of Landry's stock as of May 23, sweetened his bid to buy all of Landry's outstanding stock that he didn't already own.

Source: Thomson Reuters 2010

Mexican Restaurants, Inc. Announces Formation of a Special Committee to Consider Alternatives to Reduce Cost Burdens

The board of directors of Mexican Restaurants, Inc. announced the formation of a special committee comprised of five independent directors to explore and evaluate alternatives available to reduce the cost burdens of being a publicly traded company, including whether to discontinue its listing on Nasdaq and to terminate its registration under the Securities Exchange Act of 1934. There is no timetable for the committee to make a recommendation nor does the committee intend to provide updates until it reaches its recommendation; it is unknown whether the board of directors will elect to pursue any recommendation of the committee.

Source: Mexican Restaurants, Inc.

Flat Out Crazy Talks Funding, Expansion Plans

Greg Carey, president and chief operating officer of Chicago-based Flat Out Crazy Restaurant Group, the operator of the Stir Crazy and Flat Top Grill Asian-theme casual-dining chains, describes himself as "one of those odd ducks that likes the thrill of taking an already conceptualized business and growing it." While he's pulled off the job before, overseeing the expansion of concepts such as Rainforest Café and P.F. Chang's China Bistro, he admits that "it's not always the easiest job in the world, but it fits my management style." Easy or not, Flat Out Crazy plans to start growing again over the next 18 months and has secured \$8 million from U.S. Bank and HillStreet Fund IV to do it. The company is targeting Texas, the Rocky Mountain States and the mid-Atlantic region for developing about six Stir Crazy casual-dining restaurants and about nine fast-casual Flat Top Grills, where guests create their own stir-frys. Plans call for two Flat Tops and one Stir Crazy this year, with the balance to come in 2011. Currently, the company operates 28 units in eight states.

Source: NRN

If you would like to have news about your company in our newsletter, please send all editorial contributions to Mario Schacher: marioschacher@yahoo.com

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