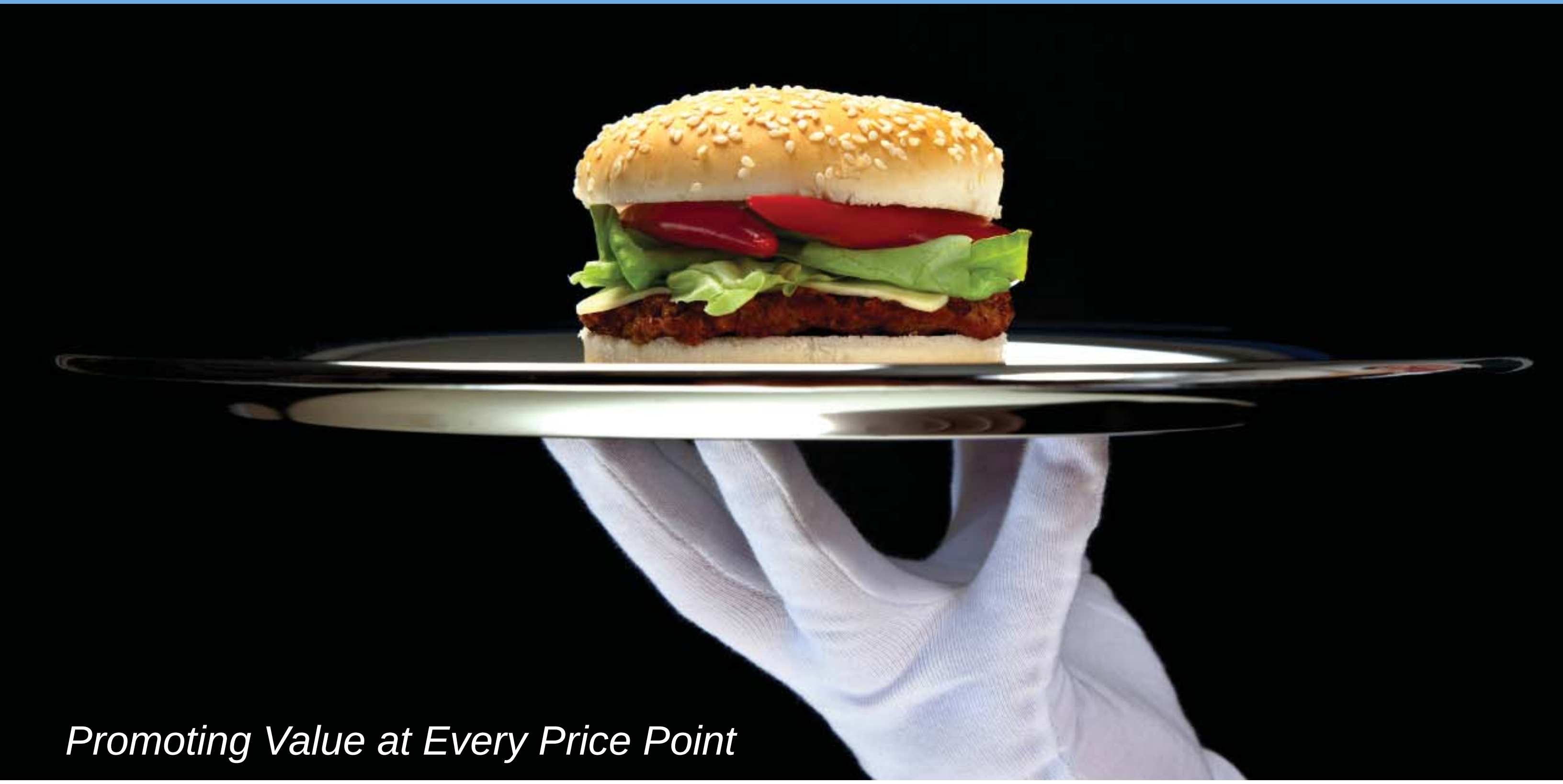
Restaurant Industry Spotlight
February 2010



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Recent Restaurant Industry Experience

Smith & Wollensky has been acquired by a consortium led by BUNKER HILL CAPITAL and PATINA RESTAURANT GROUP	Arby's a subsidiary of TRIARC has acquired RTM RESTAURANT GROUP	Certain assets of Mrs. Winner's CHICKEN & BISCUITS have been acquired by Church's CHICKEN
TM Capital Corp.	TM Capital Corp.	TM Capital Corp.
THE OCEANAIRE Seafood Room Series D Preferred Stock provided by existing investors led by CLARION CAPITAL PARTNERS, LLC	BENIHANA inc. has paid a 50% common stock dividend	LEE'S Famous Recipe Chicken Senior Term Loan Revolving Credit Facility provided by CRATOS CAPITAL PARTNERS
TM Capital Corp.	TM Capital Corp.	TM Capital Corp.
Mrs. Winner's CHICKEN & BISCUITS has been acquired by LEE'S Famous Recipe Chicken	QUAKER STEAK & LUBE BEST WINGS USA Series A Preferred Stock restructuring	AUTOGRILL has acquired RECECO
TM Capital Corp.	M&A International Inc.	M&A International Inc.

Introduction

The last 18 months have presented unprecedented challenges and opportunities for restaurant operators. Dramatic declines in consumer spending and store traffic, which began in the second half of 2008, have persisted for six consecutive quarters despite progressively weaker comparable periods. Generating traffic from today's frugal consumer has been a Herculean effort. From fast food to five-star restaurants, we've seen a proliferation of new discounting programs, loyalty programs and expanded menu offerings as operators seek to drive traffic at all costs. Fortunately, double-digit same-store-sales declines have been accompanied and, in some cases almost fully offset, by a coinciding decrease in commodity food prices, lower occupancy costs through renegotiated lease terms with landlords and other improved store level efficiencies. Aggressive cost cutting has partially offset the impact of the worst traffic trends in recent memory. However, most companies we talk to tell us that additional near term cost savings will be hard to find. Therefore, any further traffic declines will significantly impact performance.

Restaurant Industry Overview

Industry Size		*Restaurant Publicly Traded Comps - Median*		
Sales	$395bn	Metric	5 Yr Avg.	Current
2009E Growth	0.5%	TEV/LTM EBITDA	7.9x	7.0x
Primary Sectors		P/E	19.2x	16.4x
Quick Service				
Family Dining		***Restaurant M&A Comps***		
Casual Dining		Metric	5 Yr Avg.	Current
Upscale-Casual Dining		TEV/LTM EBITDA	8.2x	5.7x
Fine Dining		TEV/LTM Sales	0.8x	1.0x

Source: Capital IQ, National Restaurant Association and First Research

Protracted Recession Catches up to QSR

In our last publication, we commented on the declining US consumer budget and the generally accepted wisdom that quick service restaurants ("QSR") outperform their casual and premium dining peers in economic downturns. This trend has proven out over the last two years as QSRs have generated more consistent top and bottom line results in the face of a declining overall restaurant market. However, beginning in Q2 and Q3 2009, we've seen a momentum shift among consumers away from "trading down" and towards "trading out", as the QSR segment posted slightly negative same-store-sales of (.3%) and (.6%) percent, respectively. Rising unemployment has directly impacted sales in the QSR segment as consumers who had previously "traded down" to the segment's value proposition are "trading out" and consuming more meals at home or from convenience stores. As a result, sales and traffic fell in every price segment of the market this past summer, according to NPD Group. Full service restaurants, especially those at higher price points, continue to be affected disproportionately, due to greater declines in traffic, higher contribution margin per item and greater fixed costs.

A Bottom is Near

It appears that a bottom has formed in the restaurant industry. Wall Street research has keyed in on early signs of "trading up" with increases in casual and upscale-casual dining intentions. Similarly, Marcus Knapp's casual dining industry forecast model, Knapp Track, has recently predicted a swing to positive monthly same-store-sales for casual dining. Furthermore, the National Restaurant Association's expectation index, which measures restaurant operators' six-month outlook on same-store-sales, business conditions, employee hires and capital expenditures, indicates significantly improved operator optimism over this time last year.

Deal Activity Looking Up

The changing dynamics of the restaurant industry over the past 18 months have pressured restaurant operators to improve value propositions and streamline operations in order to maintain profitability in an extremely difficult sales environment. With the implementation of cost-saving initiatives behind them and a continuing favorable commodity environment expected in 2010, operators should see continued margin expansion due to improved operating leverage as sales levels rebound. Although we expect modest net new unit growth in 2010, financing should begin to materialize for growing concepts that were suppressed in 2009 by a lack of financing. Fortunately, we've seen green shoots of financing activity for growth concepts in Q4 2009 with Five Guys, Mellow Mushroom, Wendy's and McDonald's franchisees securing senior financing for new unit growth. Similarly, we've seen renewed M&A activity in the restaurant sector in the second half of 2009, including Levine Leichtman's unsolicited bid for Rubios Restaurants, Steak 'n Shake's acquisition of Western Sizzlin, the proposed Landry's take private transaction, takeover rumors surrounding Krispy Kreme and Applebee's in the public markets and several opportunities marketed on the private side, including the completed acquisition of Church's Chicken by Friedman, Fleischer and Lowe. We believe that as restaurant fundamentals continue to improve, we will see a corresponding increase in financing and M&A activity as operators position themselves to capture share of the market.

A Market Bottom - Current Macroeconomic Backdrop

Growing Consumer Optimism and Speculation

Growing consumer confidence, stabilizing same-store-sales and improving spending intentions have buoyed optimism in the restaurant industry and signaled a bottom. Despite an overall year-over-year decline in industry sales for Q3 2009, same-store-sales declines appear to be moderating for the casual dining sector, indicating the industry may be at an inflection point. Typically, sit down casual dining restaurants are the first to recover out of a recession as consumers begin to “trade up” and return to their prior spending habits. Traffic forecasts of the casual dining sector provided by NPD project a return to positive trends by the end of Q1 2010. Investors have embraced this optimistic sentiment. With fears of a double dip in equity markets subsiding, investors have returned to restaurant stocks. TM Capital’s Restaurant Index has gained 102% in the past 12 months, driven substantially by sharp rebounds in stock prices of casual and upscale-casual concepts, supporting the thesis that sit down casual concepts are a leading indicator of the recovery phase.

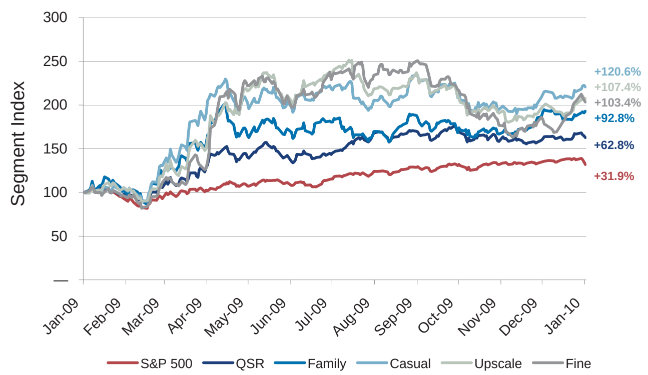
Volatility in Commodity Prices

Food commodity prices had risen meteorically over the last several years, reflecting the long term impact of rising oil and natural gas prices, increasing demand for grain for consumption and ethanol production, and incremental demand from emerging economies. After peaking at $147 a barrel in July 2008, crude oil prices came crashing down to as low as $30 a barrel in December 2008 as a result of the unfolding global financial crisis. Oil prices appear to have stabilized for the short term around the $75 mark with futures markets signaling a moderate upward momentum trend.

Restaurant operators have benefitted substantially from developments in commodity markets. Reductions in the spot prices of natural gas and petroleum drove down synthetic fertilizer and freight prices, respectively, and were quickly passed through the food distribution channel to restaurant operators by early 2009, providing significant relief from the margin compression of summer 2008. Food commodity prices remain well below their three year averages and continue to provide operators with a partial offset to lower traffic volumes.

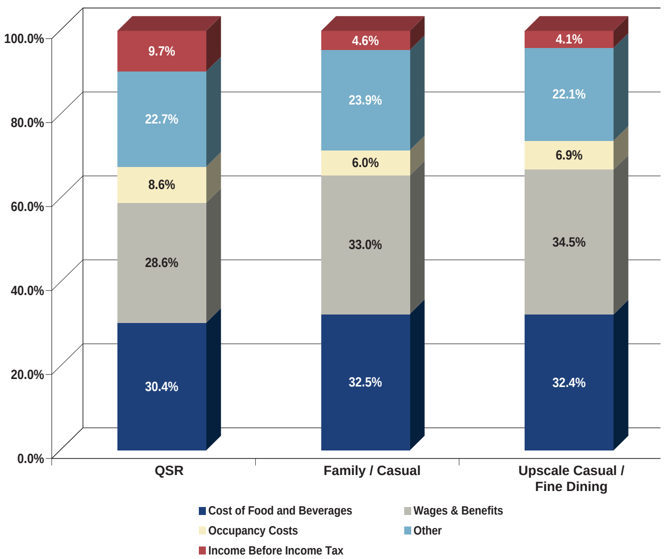
The graph on the following page provides an illustrative example of the effect of food commodity prices over the past three years on restaurant margins and the extent to which lower food costs have mitigated a reduction in foot traffic. In order to examine the impact of shifting costs on operating margins, we first examined food commodity prices, hourly wages and menu price increases and their respective contribution to restaurant level operating margins over the last three years

Twelve Month Share Price Performance by Segment



Source: Capital IQ
See the competitive landscape table on page 5 for a list of companies by segment

Restaurant Industry Cost Structure



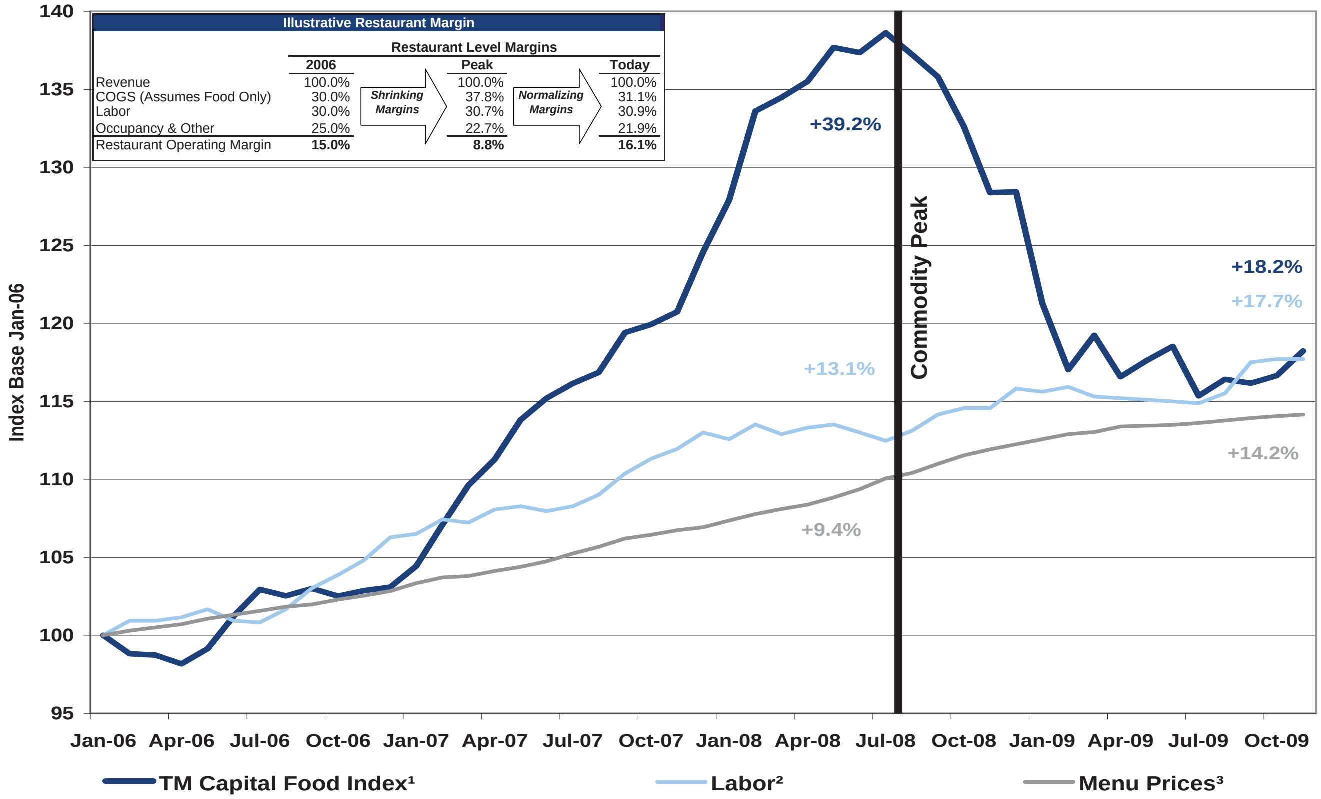
Source: National Restaurant Association

(initially assuming constant traffic during the period). At the time of our last publication, commodity and labor prices had crested, driving substantial margin compression as demonstrated in the peak period in the illustrative example on the following page. Soon after, financial uncertainty and rising unemployment created a reduced discretionary spending environment, placing restaurant operators in “double jeopardy” as topline pressures mounted without significant input cost relief. However, steep declines in commodity prices alleviated pressure throughout 2009, as seen in the example on the following page. Assuming constant traffic from July 2008 to November 2009, a restaurant operator would have seen a 730 basis point increase in restaurant level operating margin (from 8.8% to 16.1%).

Today, despite oil prices having risen approximately 150% from December 2008 lows, overall energy demand remains soft, and plummeting profit margins on alternative sources such as corn-based ethanol have reduced demand for these commodities. As a result, producers have access to cheap animal feeds, leading to declines in food commodity costs as savings are passed on to operators. Based on select data from the Bureau of Labor Statistics, TM Capital's Food Price Index continues to show favorable trends, decreasing 3% in 2009 and 15% since the commodity peak.

Savings on food costs during the past year, along with lower renegotiated occupancy costs and other improved store level efficiencies, have mitigated the impact of the steepest traffic declines in recent history. The accompanying graph on the following page illustrates the potential for restaurant operators to maintain operating margins similar to those experienced before the recession even with significant declines in traffic. In our illustrative scenario, a restaurant experiencing no change in traffic volume from July 2008 to November 2009 would have seen margins expand from 8.8% to 16.1% based on TM Capital's operating cost decline assumptions. Furthermore, we looked at the effect of various declines in traffic on margins in today's operating environment. Based on the dramatic declines in food commodity costs since July 2008, traffic could decline 8.9% over that same period and drive a 120 basis point margin expansion (from 8.8% to 10%). Similarly, if operators were able to maintain traffic levels (modest decline of 0.5%) from the commodity peak of July 2008, they could drastically improve margins from 8.8% to 15.0%.

Commodity, Labor and Price Trends



Illustrative Restaurant Margin

Restaurant Level Margins

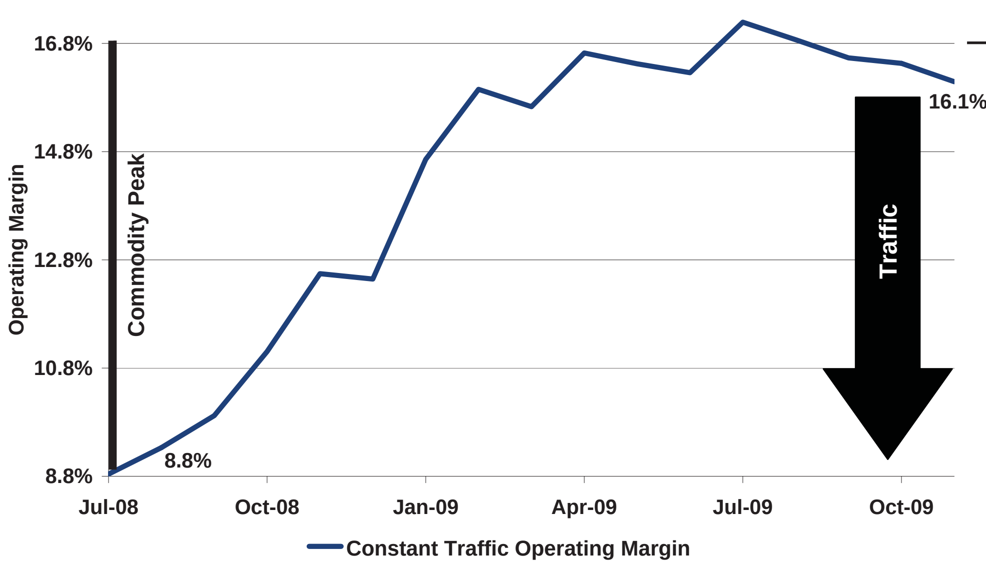
	2006		Peak		Today
Revenue	100.0%	*Shrinking Margins*	100.0%	*Normalizing Margins*	100.0%
COGS (Assumes Food Only)	30.0%		37.8%		31.1%
Labor	30.0%		30.7%		30.9%
Occupancy & Other	25.0%		22.7%		21.9%
Restaurant Operating Margin	**15.0%**		**8.8%**		**16.1%**

Source: Bureau of Labor Statistics

NOTE: Illustrative example reflects impact of only Food, Labor and Menu Price increases over the last 3 years. Assumes constant traffic, a QSR restaurant operating margin of 15% in 2006 and that COGS consists only of food costs.

1. TM Capital Food Price Index = Includes average wholesale price increases of beef / veal products, young chickens, pork products, egg products, dairy products, fats & oils, flour, frozen potato products and liquid soft drink base.
2. Labor = Includes average foodservice wages in the US
3. Menu Prices = Food Away From Home Index – a proxy for menu price increases

Implied Operating Margin Based on Traffic Levels (since Commodity Peak)



Traffic Level	Operating Margin
Constant	16.1%
(0.5%)	15.0%
(4.9%)	12.5%
(8.9%)	10.0%
(10.7%)	8.8%

Source: Bureau of Labor Statistics
Note: Assumes COGS, labor, and menu price fluctuations as outlined in the graph on page 3. Operating margin base case assumes constant traffic. Table represents theoretical declines in traffic and corresponding operating margin, given current operating environment.

Opportunity in the Commercial Real Estate Market

In addition to a significant decline in food input costs, operators have found relief in lower occupancy costs caused by the disruption in today's real estate market. In 2009, operators across all price points pushed back on landlords to renegotiate leases on favorable terms, further improving restaurant level operating margins. A tremendous opportunity remains for growth concepts to take advantage of retail vacancies driving long term lease opportunities at historically low rates. We expect that a very attractive real estate market, coupled with some signs of life in the financing markets, will drive a significant rebound in unit expansion in 2010 for growth oriented concepts.

Unemployment and Inflation

Restaurants continue to suffer from the top line impact of high unemployment and reduced discretionary income. While industry optimism may be on the rise, we believe prolonged unemployment rates above the 10% level of December 2009 will create drag on any economic recovery and have a magnified adverse impact on the restaurant and consumer discretionary sectors. In the event of a more rapid recovery, falling unemployment may prove to be a double-edged sword. Increasing demand for energy, food and labor during any recovery could result in an increase in food costs and potential compression of operating margins.

Going forward, inflationary concerns and the potential for a weaker dollar also pose a real threat to the lower commodity prices shielding the restaurant industry. Loose US monetary policy persists as the Federal Reserve appears committed to keeping lending rates near zero for the very near-term while significantly expanding the monetary base to finance economic recovery spending, evidenced by the run up in gold prices. Commodities such as oil and grain, which can also be used as a hedge against the dollar, may follow suit if any inflationary pressures arise.

Restaurant Market Segments & Relative Performance

In analyzing the health and performance of the restaurant market, TM Capital categorizes the industry into five market segments based on clientele, service level and average check size:

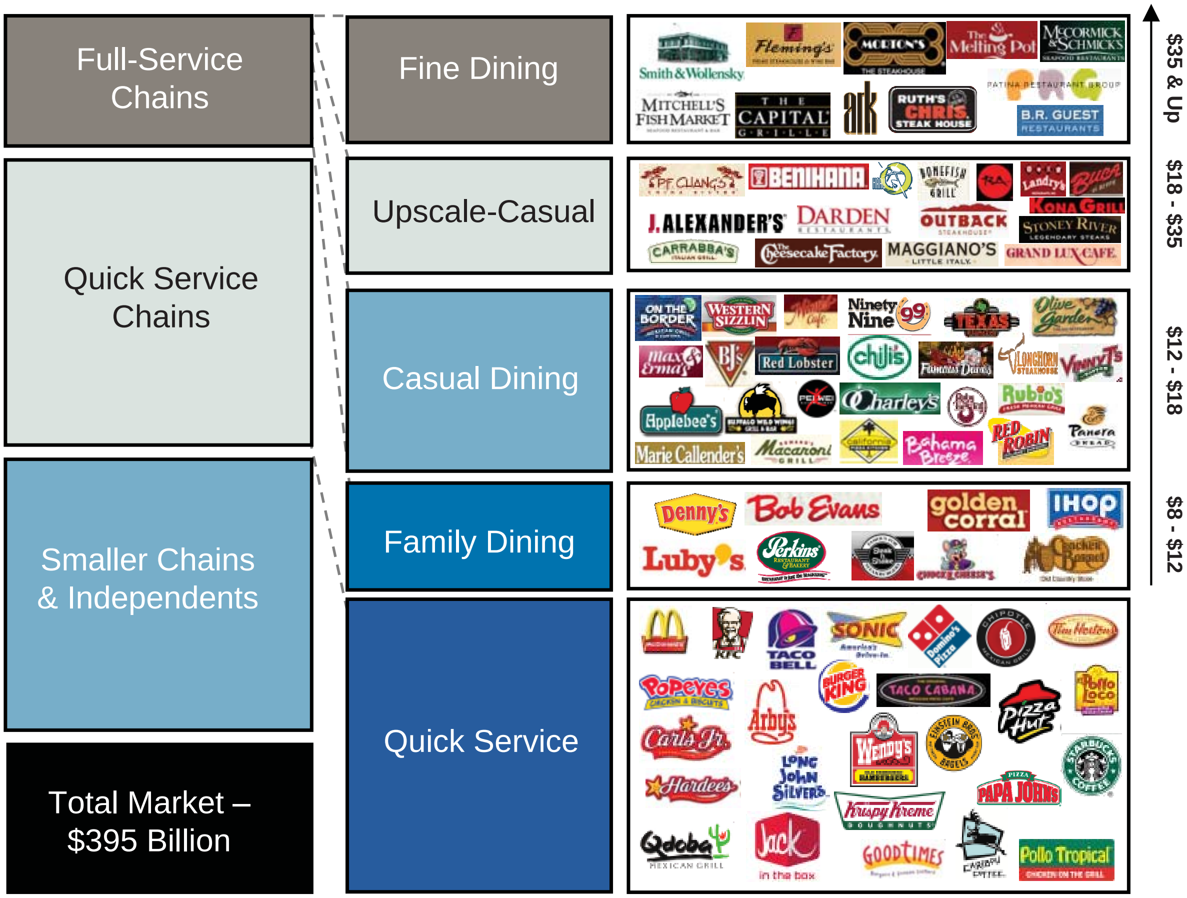
- QSR,
- Family Dining,
- Casual Dining,
- Upscale-casual Dining, and
- Fine Dining.

Specifically, our analysis examines segment growth (both same-store-sales and unit growth) as well as the percentage of operators in each segment which have had increasing same-store-sales ("gainers") versus those experiencing decreasing same-store-sales ("decliners"). Please see the Restaurant Industry Competitive Landscape below for a summary of the companies we track in each segment.

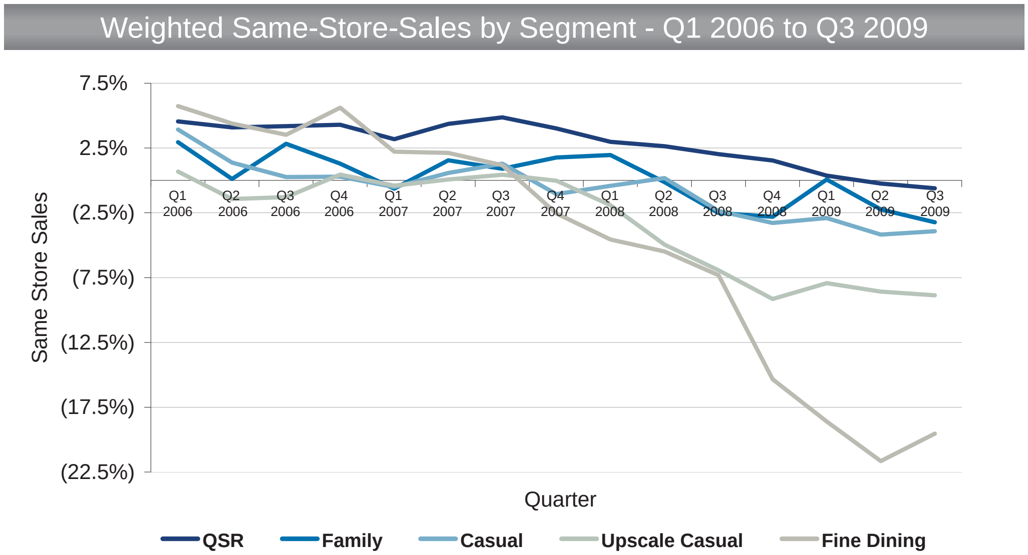
General Recessionary Trends Continue - QSRs No Longer Aided by "Trading Down"

Based on our segment same-store-sales analysis, performance by segment continues to maintain a tight correlation with average check size, as QSR and family dining operators have consistently outperformed their peers through the current recessionary environment. However, QSR and family dining concepts began recording negative same-store-sales as a segment for the first time in Q2 and Q3 of 2009 as they comp'd against tough comparable quarters in 2008 that were elevated in part by consumers "trading-down" from higher price points. While more inexpensive restaurants avoided declines initially, the chart on the following page indicates this deep and protracted recession "caught up" to the QSR sector in recent quarters.

Restaurant Industry Competitive Landscape



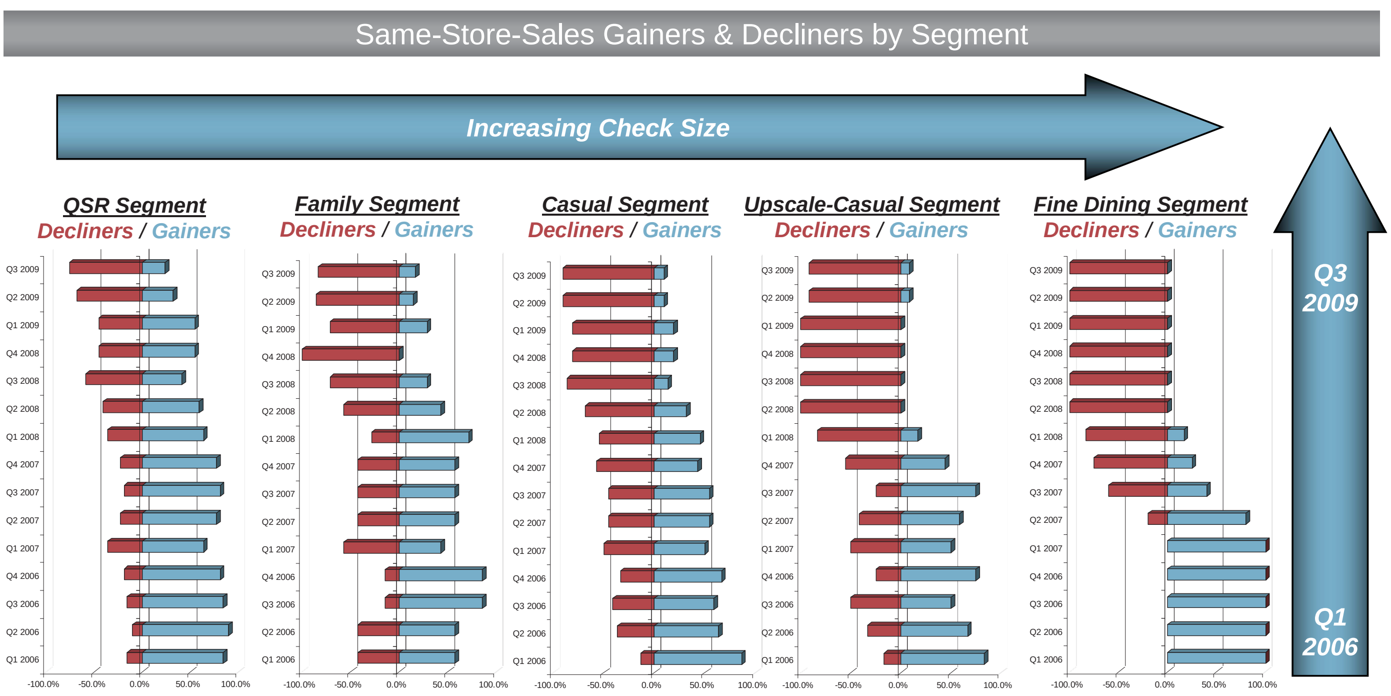
Source: TM Capital and National Restaurant Association



Source: SEC filings, company press releases and websites. See the competitive landscape slide on the previous page for a list of companies included in each segment.

Extreme weakness in same-store-sales appears to be subsiding in the casual and upscale-casual segments after two years of precipitous declines that placed a disproportionate amount of stress on higher price point restaurants. A comparably more difficult environment for these operators over the past six quarters created more incentive to streamline businesses and innovate marketing and promotional discounting strategies. We believe casual same-store-sales will transition back into positive territory by Q2 2010, as rising consumer confidence and weak comparable 2009 results create a lower hurdle to clear. Select concepts in the upscale-casual segment with only modest reliance on business travel will benefit from improved operating efficiencies as well as the return of consumer spending on "small luxuries" as a reward for frugal habits during more austere times. However, the fine dining segment stands to see a more protracted recovery due to a greater dependence on business travel and reduced corporate spending.

Even as sales improve, we surmise restaurant operators will be pressured by "deal oriented" consumers as well as franchisors to keep many of these deep discounting measures in place. One of the unfortunate byproducts of a wave of discounting is the conditioning of consumers to always expect a "deal". A recent study in the Journal of Consumer Research finds consumer perception of value has recently become significantly more dependent on the appearance of deep



Source: SEC filings, company press releases and websites. See the competitive landscape slide on the previous page for a list of companies included in each segment.

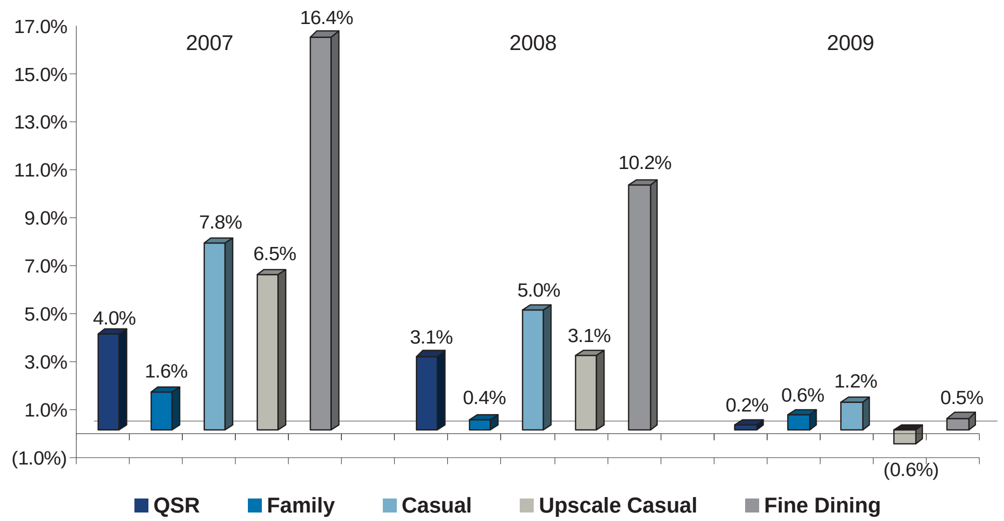
discounting and promotions, and as restaurants are forced by consumer expectations to continue to promote and discount, they will struggle with the associated margin tradeoff.

Unit Growth Opportunities by Segment

In order to maintain profitability over the last two years, many restaurant operators went into survival mode: suspending all new unit development, closing unprofitable stores and focusing on store level efficiencies. Having taken much of the excess cost out of their existing locations, restaurant operators have little room to maintain margins in a declining topline environment. Fortunately, economic and restaurant industry indicators predict a bottoming out over the next 6 months. With streamlined restaurant level operations and a favorable forecasted commodity environment ahead, operators should see enhanced store level profit with the return of incremental sales. Improved store level performance coupled with more readily available financing should stimulate new unit growth in 2010.

Surprisingly, there hasn't been much capacity reduction of units in 2009, particularly in the higher price point segments, despite consistent double-digit same-store-sales declines. A look at net unit growth for publicly reporting companies over the last two years reveals that restaurants across all price points halted all new restaurant development plans in 2009. Assuming financing returns to the industry, we expect to see new unit growth in segments where the returns on invested capital ("ROIC") on new units revert to historical averages.

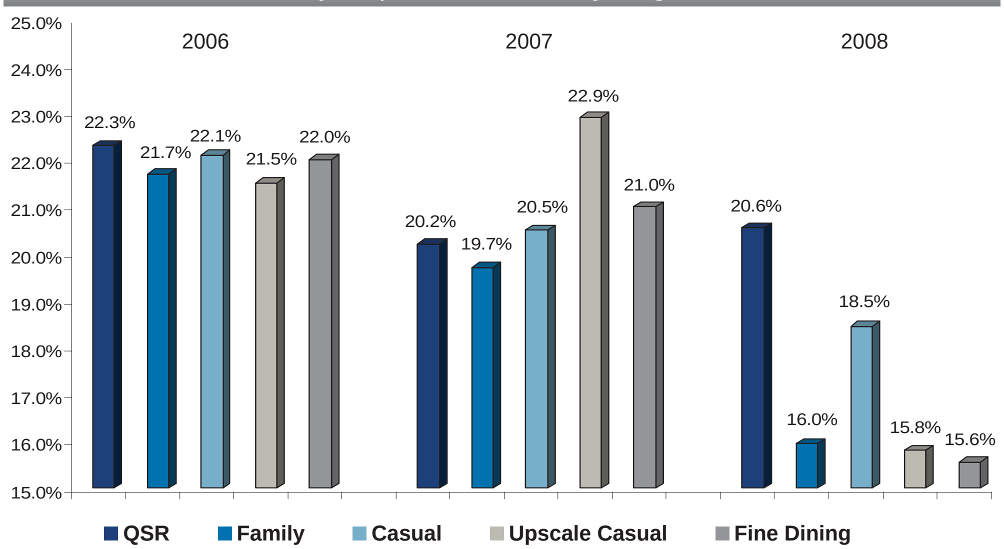
Historical Unit Growth by Segment



Source: SEC filings, company press releases and websites.

Taking a historical look at ROIC for new units in the graph below, we see that in a healthy market like 2006, the economics of a new unit build are similar across all price points with a tight band of median ROICs by segment from 21.5%-22.3%. As the US economy entered the current recession in late 2007, returns began to soften, particularly in the higher priced point segments while the QSR segment maintained 20%+ returns. While today's real estate environment presents many opportunities including locking in a favorable long term lease and significant landlord build-out allowances, the operating performance of higher-end concepts in 2008 resulted in returns significantly below the industry historical average. With the casual dining segment beginning to show signs of life, we believe investor appetite will return for higher price segments and help fund new unit growth.

Fully Capitalized ROIC by Segment



Source: SEC filings, company press releases, offering circulars and websites.

M&A Market Activity

As illustrated on the chart below US restaurant M&A activity in 2009 slowed considerably as the global financial crisis has tightened lending requirements, reduced appetite for risk and encouraged potential buyers to keep their money on the sidelines. Conversely, potential sellers looking to exit investments have been challenged by lower restaurant valuation multiples and declining EBITDA performance. The combination of higher leverage with lower valuation multiples takes away any incentive to sell and has forced investors with over-leveraged investments to stay the course or incur the expense and uncertainty of bankruptcy reorganization. Accordingly, we believe that turnaround and distressed activity will play an expanded role in the current market, as shareholders seek to preserve some equity value, avoid bankruptcy and secure sufficient working capital and operating cash flows for the near term, betting on a return to profitability and higher valuations. Similarly, we expect healthy restaurant companies needing growth capital to seek smaller minority investments to reduce the dilutive impact of raising capital in a lower valuation market.

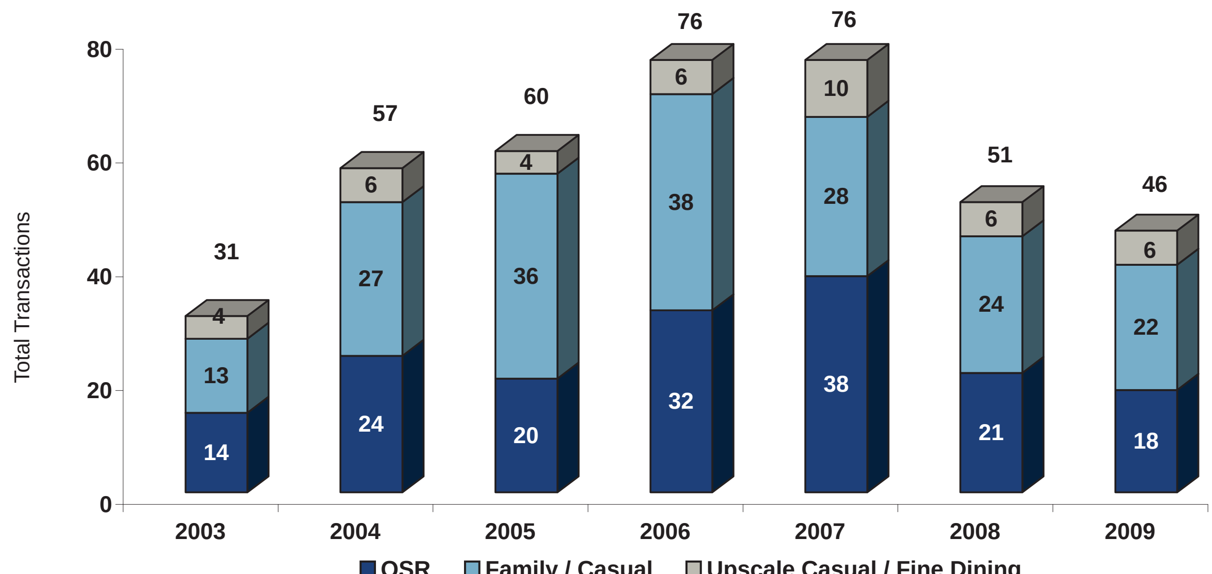
In the 1st half of 2009, there was a dearth of restaurant deal activity with only small refranchising M&A deals getting done. Operating challenges for franchisees led to an increase in refranchising M&A, where underperforming units were "rescued" by franchisors or new operators in a turnaround scenario. Several franchisors such as Burger King, Jack-in-the-Box and Pizza Hut were actively refranchising in 2009 to improve the overall health of their concepts.

In the 2nd half of 2009, we saw a gradual pickup in transaction momentum signaled by the acquisition of Church's Chicken by Friedman, Fleischer & Lowe. The Church's transaction included seller financing and a commitment from existing banks to roll over their loans, enabling Arcapita to achieve a healthy EBITDA multiple (~7.5x LTM EBITDA) in their exit. Following the Church's transaction, we saw an overall increase in investor appetite as evidenced by Levine Leichtman's unsolicited bid for Rubios Restaurants, Steak 'n Shake's acquisition of Western Sizzlin, and Landry's take private transaction. However, the gap in valuation expectations between investors and potential sellers is wide and is preventing many transactions from being completed.

Although valuations are off roughly 40% from 2007 levels, industry insiders appear to be looking for value at a market bottom. Following the lead of Bruckmann, Rosser, Sherrill & Co.'s recently proposed investment in Ruth's Hospitality Group, we expect higher price point segments to attract a disproportionate amount of investor attention in 2010 due to lower valuation multiples and opportunistic buyers looking for a significant upside. M&A transaction volume should return in stride as investor confidence boosts lending, equity sponsors seek to deploy capital and a backlog of potential deals provides ample investment opportunities.

Restaurant Industry M&A Activity

Yearly Transactions by Segment



Enterprise Value / EBITDA Multiples

Median	4.9x	7.0x	7.6x	9.9x	11.0x	6.8x	5.7x
Average	5.4x	7.0x	8.7x	9.9x	10.7x	7.0x	6.0x

Source: Capital IQ

Conclusion

The tumultuous environment during the past 18 months has tested the mettle of restaurant operators. Restaurants that have weathered the storm have done so with the help of a favorable commodity and real estate market as well as focused efforts at controlling costs and actively espousing the value proposition of their brand. With many industry insiders proclaiming a bottoming of the market in 2010, operators industry wide are optimistic regarding the prospect of improving traffic trends. In an improving topline environment, we believe operators should see continued margin expansion through operating leverage. However, with much of the excess cost already extracted from store level operations, restaurant operators have little room to maneuver if we experience a double dip in the US economic recovery.

While new unit growth has slowed to a standstill across higher price point segments, we expect an increasingly large supply of potential real estate opportunities and improved access to credit to fuel a gradual increase in organic growth, primarily through conversions of underperforming or defunct brands (which limits build out costs).

Regarding the restaurant M&A outlook, we believe that an improving consumer spending outlook will bolster long term growth projections for the restaurant industry and bring valuations back in line with 2004/2005 levels by the end of 2010, with transaction volume increasing moderately but by no means approaching the pace seen during the industry bubble in 2006 and 2007.

The current restaurant landscape affords significant opportunities for organic growth of quality concepts through improved access to financing and ample opportunities in the real estate market for well-capitalized restaurant operators. Proven concepts and franchisees that outperformed their peers during the recession may also seek to apply their operating efficiencies towards acquiring established brands that have struggled to adapt in a changing economic environment.

To learn more about TM Capital and the firm's Restaurant practice, please contact Mike Locker at 404.995.6252 or mlocker@tmcapital.com.

Analysis of Selected Publicly Traded Quick Service Restaurants

($ in millions, except per share data)

Company	Ticker	Closing Share Price 01/22/2010	% of 52 Week High	Market Cap	Enterprise Value	Enterprise Value Multiples: Sales LTM	Sales 2009	EBITDA LTM	EBITDA 2009	P/E 2009	5-Year Sales CAGR	Long-Term EPS Growth	Debt / LTM EBITDA	LTM Margins: EBITDA	EBIT
AFC Enterprises Inc.	AFCE	$8.22	90.0%	$209.3	$293.0	1.9x	2.0x	7.6x	7.6x	11.8x	(1.6%)	10.0%	2.3x	25.6%	22.4%
Burger King Holdings Inc.	BKC	18.00	74.7%	2,444.8	3,236.0	1.3	1.3	7.5	7.2	13.1	6.1%	14.7%	2.2	17.2%	13.3%
Caribou Coffee Company, Inc.	CBOU	7.32	78.0%	151.3	132.4	0.5	0.5	4.4	6.1	24.4	10.2%	15.0%	—	11.7%	2.0%
Carrols Restaurant Group, Inc.	TAST	6.50	79.5%	140.4	428.2	0.5	0.5	4.8	4.8	6.2	3.1%	15.0%	3.3	11.0%	7.0%
Chipotle Mexican Grill, Inc.	CMG	97.77	95.0%	3,153.7	2,919.1	2.0	1.9	11.3	11.4	26.1	27.2%	20.5%	0.0	17.5%	12.9%
CKE Restaurants Inc.	CKR	8.76	76.0%	483.4	808.5	0.6	0.6	5.2	5.1	12.2	(1.2%)	14.0%	2.2	10.9%	6.0%
Domino's Pizza, Inc.	DPZ	11.07	94.6%	654.7	2,226.9	1.6	1.6	11.4	10.5	13.5	(1.2%)	10.5%	8.3	14.2%	12.8%
Einstein Noah Group, Inc.	BAGL	11.52	79.8%	194.1	301.7	0.7	0.7	7.1	7.1	14.2	1.9%	16.5%	2.8	10.4%	6.4%
Jack in the Box Inc.	JACK	20.18	71.2%	1,114.9	1,491.8	0.6	0.6	5.5	5.0	10.0	(0.1%)	12.6%	1.6	11.0%	7.0%
Krispy Kreme Doughnuts Inc.	KKD	2.83	59.6%	191.7	223.5	0.6	NA	9.4	NA	NA	(13.7%)	NA	2.1	6.8%	4.4%
McDonald's Corp.	MCD	63.39	97.9%	69,932.1	78,791.1	3.5	3.5	10.5	10.0	15.9	3.9%	9.5%	1.5	33.6%	28.3%
Nathan's Famous Inc.	NATH	14.93	92.3%	93.1	58.7	1.2	NA	7.3	NA	NA	8.7%	NA	—	16.5%	14.9%
Papa John's International Inc.	PZZA	23.71	81.1%	669.6	735.2	0.7	0.7	5.1	7.1	16.2	3.8%	10.0%	0.7	13.1%	10.2%
Sonic Corp.	SONC	8.67	68.6%	529.6	1,111.7	1.7	1.7	6.1	6.1	11.0	1.8%	14.0%	4.0	27.1%	20.3%
Starbucks Corp.	SBUX	22.91	93.7%	17,477.0	17,379.4	1.8	1.8	13.0	12.2	28.6	11.3%	16.5%	0.4	13.7%	7.9%
Tim Hortons Inc.	THI	26.47	92.9%	4,791.4	4,975.3	2.7	2.2	10.6	8.3	14.9	11.0%	13.0%	0.8	25.2%	20.7%
Wendy's/Arby's Group, Inc.	WEN	4.80	82.8%	2,222.4	3,103.1	0.9	0.9	8.0	7.4	30.8	65.5%	15.7%	3.9	10.9%	5.8%
Yum! Brands, Inc.	YUM	34.29	92.8%	16,038.1	18,994.1	1.8	1.8	9.1	9.0	15.9	4.0%	11.5%	1.6	19.4%	14.3%
Median			**81.9%**	**$662.1**	**$1,301.8**	**1.2x**	**1.4x**	**7.5x**	**7.3x**	**14.2x**	**3.9%**	**14.0%**	**1.8x**	**13.9%**	**11.5%**
Mean			83.4%	6,694.0	7,622.8	1.4	1.4	8.0	7.8	16.6	7.8%	13.7%	2.1	16.4%	12.0%
High			97.9%	69,932.1	78,791.1	3.5	3.5	13.0	12.2	30.8	65.5%	20.5%	8.3	33.6%	28.3%
Low			59.6%	93.1	58.7	0.5	0.5	4.4	4.8	6.2	(13.7%)	9.5%	—	6.8%	2.0%

Source: Capital IQ

Analysis of Selected Publicly Traded Family Dining Restaurants

($ in millions, except per share data)

Company	Ticker	Closing Share Price 01/22/2010	% of 52 Week High	Market Cap	Enterprise Value	Enterprise Value Multiples: Sales LTM	Sales 2009	EBITDA LTM	EBITDA 2009	P/E 2009	5-Year Sales CAGR	Long-Term EPS Growth	Debt / LTM EBITDA	LTM Margins: EBITDA	EBIT
Bob Evans Farms Inc.	BOBE	$29.11	88.6%	$904.9	$1,133.6	0.7x	0.7x	5.8x	NA	14.8x	3.8%	8.0%	1.2x	11.2%	6.4%
Cracker Barrel Stores, Inc.	CBRL	40.28	96.9%	945.7	1,639.3	0.7	0.7	7.8	8.0	13.9	1.9%	10.3%	3.4	8.8%	6.3%
CEC Entertainment Inc.	CEC	35.35	99.8%	819.1	1,160.7	1.4	1.4	6.2	6.1	13.2	2.2%	12.0%	1.9	23.2%	13.5%
Denny's Corp.	DENN	2.44	78.7%	239.3	521.8	0.8	0.9	5.7	6.6	12.4	(7.8%)	24.0%	3.4	14.0%	8.7%
DineEquity, Inc.	DIN	24.33	70.1%	428.5	2,759.8	2.0	2.0	7.0	7.1	11.1	33.5%	8.5%	6.2	27.8%	20.2%
Luby's Inc.	LUB	3.45	58.7%	96.7	96.3	0.3	NA	NM	NA	NA	(2.6%)	—	0.1	1.6%	(5.2%)
Steak n Shake Co.	SNS	304.35	87.0%	638.0	736.8	1.2	1.2	14.4	14.4	NM	0.8%	—	3.0	8.1%	3.5%
Median			**87.0%**	**$638.0**	**$1,133.6**	**0.8x**	**1.0x**	**6.6x**	**7.1x**	**13.2x**	**1.9%**	**8.5%**	**3.0x**	**11.2%**	**6.4%**
Mean			82.8%	581.7	1,149.8	1.0	1.1	7.8	8.5	13.1	4.5%	9.0%	2.8	13.5%	7.6%
High			99.8%	945.7	2,759.8	2.0	2.0	14.4	14.4	14.8	33.5%	24.0%	6.2	27.8%	20.2%
Low			58.7%	96.7	96.3	0.3	0.7	5.7	6.1	11.1	(7.8%)	0.0%	0.1	1.6%	(5.2%)

Source: Capital IQ

Analysis of Selected Publicly Traded Casual Dining Restaurants

($ in millions, except per share data)

Company	Ticker	Closing Share Price 01/22/2010	% of 52 Week High	Market Cap	Enterprise Value	Enterprise Value Multiples: Sales LTM	Sales 2009	EBITDA LTM	EBITDA 2009	P/E 2009	5-Year Sales CAGR	Long-Term EPS Growth	Debt / LTM EBITDA	LTM Margins: EBITDA	EBIT
BJ's Restaurants Inc.	BJRI	$21.95	95.8%	$600.5	$594.8	1.4x	1.4x	12.6x	13.3x	41.7x	27.8%	24.7%	0.1x	11.4%	4.8%
Brinker International Inc.	EAT	16.91	84.2%	1,732.9	2,327.9	0.7	0.7	6.0	6.3	12.2	(2.2%)	10.1%	1.9	11.4%	6.7%
Buffalo Wild Wings Inc.	BWLD	46.73	96.2%	847.1	794.8	1.5	1.5	9.5	9.9	26.8	26.1%	22.4%	—	16.2%	8.8%
California Pizza Kitchen Inc.	CPKI	14.33	82.2%	346.6	369.2	0.6	0.6	5.7	5.6	18.6	9.8%	13.9%	0.6	9.9%	4.0%
Darden Restaurants, Inc.	DRI	36.16	87.7%	5,236.1	6,978.4	1.0	1.0	7.6	7.6	13.1	8.4%	12.3%	2.0	12.9%	8.9%
DineEquity, Inc.	DIN	24.33	70.1%	428.5	2,759.8	2.0	2.0	7.0	7.1	11.1	33.5%	8.5%	6.2	27.8%	20.2%
Famous Dave's of America	DAVE	6.22	85.8%	57.8	75.1	0.6	0.6	4.9	4.8	10.0	6.9%	15.0%	1.2	11.3%	7.1%
O'Charley's Inc.	CHUX	7.41	64.9%	159.7	274.4	0.3	0.3	3.8	3.9	23.2	0.6%	12.5%	1.9	8.0%	2.4%
Panera Bread Co.	PNRA	72.81	98.4%	2,341.4	2,168.1	1.6	1.6	10.5	10.3	26.1	24.2%	16.4%	—	15.4%	10.2%
Red Robin Gourmet Burgers	RRGB	18.53	70.1%	288.7	479.6	0.6	0.6	4.9	5.2	13.2	17.1%	14.0%	2.1	11.3%	4.2%
Rubio's Restaurants Inc.	RUBO	7.30	92.5%	74.8	67.4	0.4	0.4	5.2	5.5	48.7	6.9%	25.0%	—	6.9%	1.2%
Ruby Tuesday, Inc.	RT	7.35	78.4%	474.0	833.4	0.7	0.7	5.7	5.7	15.9	1.9%	10.5%	2.5	12.0%	6.3%
Texas Roadhouse Inc.	TXRH	11.81	92.6%	840.8	934.8	1.0	1.0	7.6	7.9	18.3	22.4%	16.8%	1.0	13.0%	7.8%
Median			**85.8%**	**$474.0**	**$794.8**	**0.7x**	**0.7x**	**6.0x**	**6.3x**	**18.3x**	**9.8%**	**14.0%**	**1.2x**	**11.4%**	**6.7%**
Mean			84.5%	1,033.0	1,435.2	0.9	0.9	7.0	7.2	21.5	14.1%	15.5%	1.5	12.9%	7.1%
High			98.4%	5,236.1	6,978.4	2.0	2.0	12.6	13.3	48.7	33.5%	25.0%	6.2	27.8%	20.2%
Low			64.9%	57.8	67.4	0.3	0.3	3.8	3.9	10.0	(2.2%)	8.5%	—	6.9%	1.2%

Source: Capital IQ

TM capital

Investment & Merchant Bankers

Analysis of Selected Publicly Traded Upscale-Casual Dining Restaurants

($ in millions, except per share data)

Company	Ticker	Closing Share Price 01/22/2010	% of 52 Week High	Market Cap	Enterprise Value	Enterprise Value Multiples: Sales LTM	Sales 2009	EBITDA LTM	EBITDA 2009	P/E 2009	5-Year Sales CAGR	Long-Term EPS Growth	Debt / LTM EBITDA	LTM Margins EBITDA	LTM Margins EBIT
Benihana Inc.	BNHN.A	$4.56	54.4%	$70.2	$116.2	0.4x	0.4x	3.9x	4.1x	25.3x	7.7%	20.0%	1.6x	9.7%	2.6%
Brinker International Inc.	NYSE:EAT	16.91	84.2%	1,732.9	2,327.9	0.7	0.7	6.0	6.3	12.2	(2.2%)	10.1%	1.9	11.4%	6.7%
The Cheesecake Factory	CAKE	21.28	92.2%	1,281.8	1,414.0	0.9	0.9	8.3	8.2	21.1	11.1%	14.3%	1.3	10.6%	5.6%
J. Alexander's Corp.	JAX	3.40	56.8%	20.3	42.4	0.3	NA	10.7	NA	NA	2.8%	—	6.0	2.8%	(2.2%)
Kona Grill Inc.	KONA	3.37	77.7%	30.9	29.4	0.4	0.4	5.5	8.0	NM	27.6%	22.5%	1.4	6.8%	(5.0%)
O'Charley's Inc.	CHUX	7.41	64.9%	159.7	274.4	0.3	0.3	3.8	3.9	23.2	0.6%	12.5%	1.9	8.0%	2.4%
PF Chang's China Bistro Inc.	PFCB	39.70	96.3%	938.7	964.0	0.8	0.8	7.1	7.1	22.8	11.7%	14.5%	0.3	11.4%	4.8%

	% of 52 Week High	Market Cap	Enterprise Value	Sales LTM	Sales 2009	EBITDA LTM	EBITDA 2009	P/E 2009	5-Year Sales CAGR	Long-Term EPS Growth	Debt / LTM EBITDA	EBITDA	EBIT
Median	**77.7%**	**$159.7**	**$274.4**	**0.4x**	**0.5x**	**6.0x**	**6.7x**	**22.8x**	**7.7%**	**14.3%**	**1.6x**	**9.7%**	**2.6%**
Mean	75.2%	604.9	738.3	0.5	0.6	6.5	6.3	20.9	8.5%	13.4%	2.0	8.7%	2.1%
High	96.3%	1,732.9	2,327.9	0.9	0.9	10.7	8.2	25.3	27.6%	22.5%	6.0	11.4%	6.7%
Low	54.4%	20.3	29.4	0.3	0.3	3.8	3.9	12.2	(2.2%)	—	0.3	2.8%	(5.0%)

Source: Capital IQ

Analysis of Selected Publicly Traded Fine Dining Restaurants

($ in millions, except per share data)

Company	Ticker	Closing Share Price 01/22/2010	% of 52 Week High	Market Cap	Enterprise Value	Enterprise Value Multiples: Sales LTM	Sales 2009	EBITDA LTM	EBITDA 2009	P/E 2009	5-Year Sales CAGR	Long-Term EPS Growth	Debt / LTM EBITDA	LTM Margins EBITDA	LTM Margins EBIT
Ark Restaurants Corp.	ARKR	$13.65	71.8%	$47.6	$40.4	0.4x	0.4x	5.9x	4.6x	14.0x	1.8%	NA	0.1x	6.0%	2.8%
Benihana Inc.	BNHN.A	4.56	54.4%	70.2	116.2	0.4	0.4	3.9	4.1	25.3	7.7%	20.0%	1.6	9.7%	2.6%
McCormick & Schmick's Restaurants	MSSR	7.99	84.6%	118.4	134.8	0.4	0.4	5.5	5.7	27.0	9.6%	14.5%	0.9	6.7%	1.7%
Morton's Restaurant Group Inc.	MRT	3.74	75.3%	66.5	145.3	0.5	0.5	9.1	9.6	NM	2.7%	14.0%	5.0	5.1%	0.1%
Ruth's Hospitality Group Inc.	RUTH	3.03	63.9%	73.3	219.1	0.6	0.6	6.2	6.3	11.6	14.9%	13.5%	4.2	9.7%	4.9%

	% of 52 Week High	Market Cap	Enterprise Value	Sales LTM	Sales 2009	EBITDA LTM	EBITDA 2009	P/E 2009	5-Year Sales CAGR	Long-Term EPS Growth	Debt / LTM EBITDA	EBITDA	EBIT
Median	**71.8%**	**$70.2**	**$134.8**	**0.4x**	**0.4x**	**5.9x**	**5.7x**	**19.6x**	**7.7%**	**14.3%**	**1.6x**	**6.7%**	**2.6%**
Mean	70.0%	75.2	131.2	0.4	0.4	6.1	6.1	19.5	7.4%	15.5%	2.4	7.4%	2.4%
High	84.6%	118.4	219.1	0.6	0.6	9.1	9.6	27.0	14.9%	20.0%	5.0	9.7%	4.9%
Low	54.4%	47.6	40.4	0.4	0.4	3.9	4.1	11.6	1.8%	13.5%	0.1	5.1%	0.1%

Source: Capital IQ

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