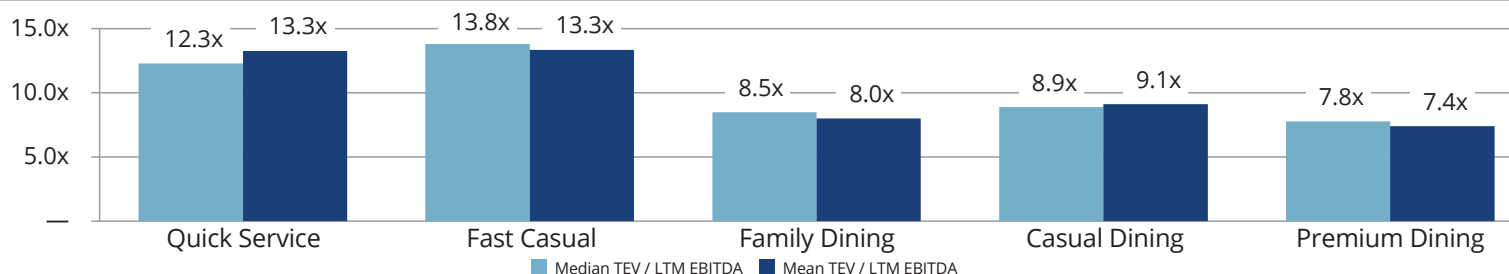


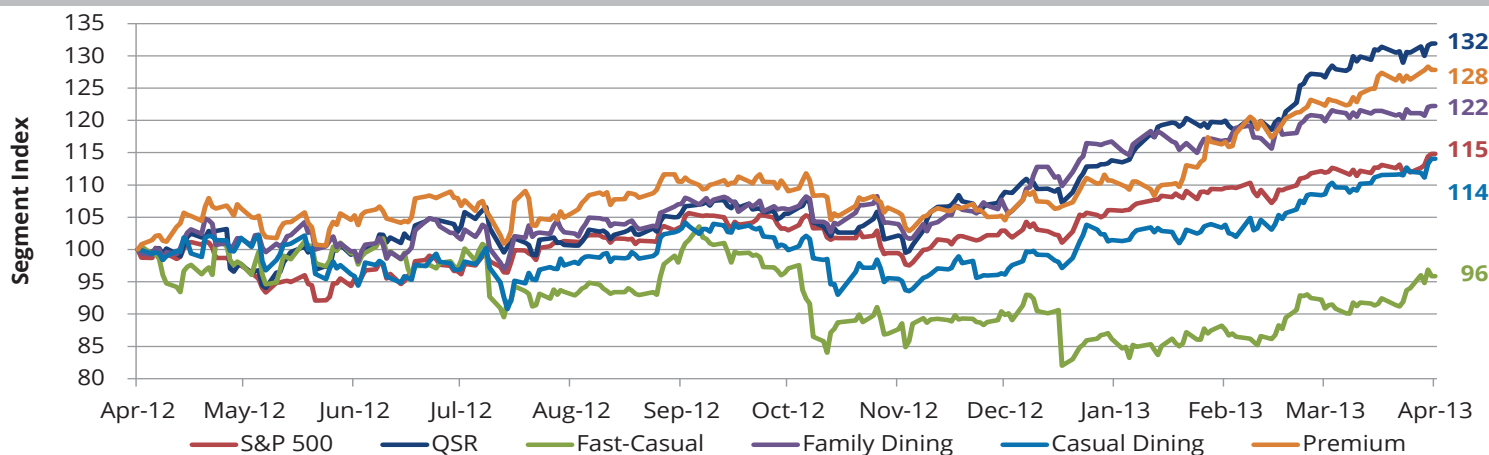
## Restaurant Industry Commentary

The US restaurant market rebounded slightly in March after difficult top-line performance across all price points in January and February of this year. The impact of payroll taxes and delayed tax refunds significantly impacted consumer spending in Q1. It appears that even value-conscious QSR consumers stayed at home – early reports suggest that the QSR segment could generate its first negative same store sales decline in over three years (or 13 quarters). Despite the industry's overall performance in Q1, operators across all price points are optimistic for an increase in sales over the next six months as consumer confidence continues to grow in-line with positive employment data and an improving housing market. The current valuations for public restaurants still follows an inverse correlation to price point with value-priced restaurants (Fast Casual and QSR) warranting a richer valuation due to higher growth expectations than premium brands. M&A activity slowed in early 2013, as expected, with the pulling forward of deals into Q4 of 2012 as sellers harvested gains before expected tax increases in 2013 and beyond. We expect an increase in M&A activity – particularly sponsor owned businesses – as the improving consumer spending environment translates to better operating performance and outlook.

### Current Restaurant Valuations by Price Point (TEV / Median LTM EBITDA)



### Public Market Performance (LTM Index)

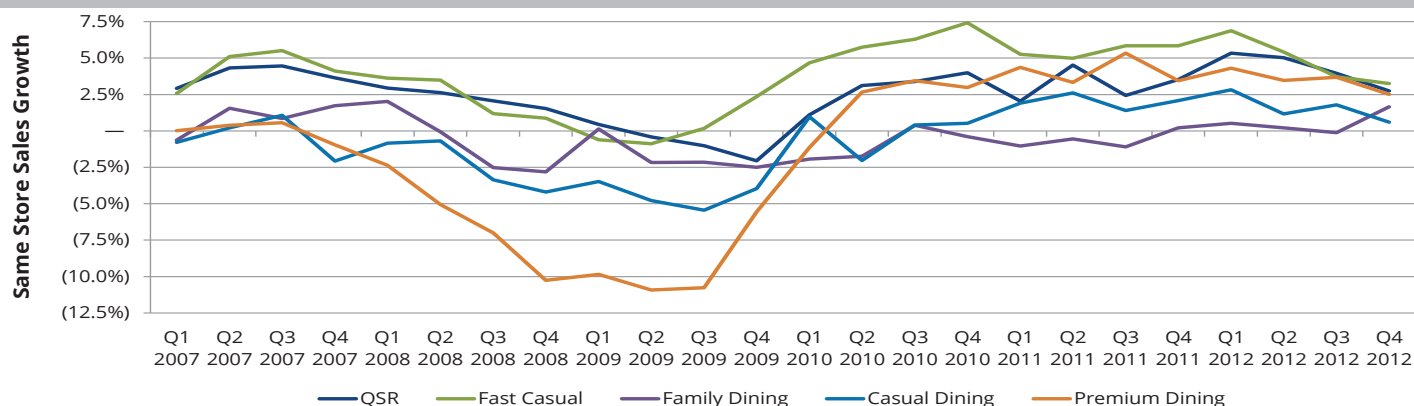


### Recent Restaurant M&A Activity

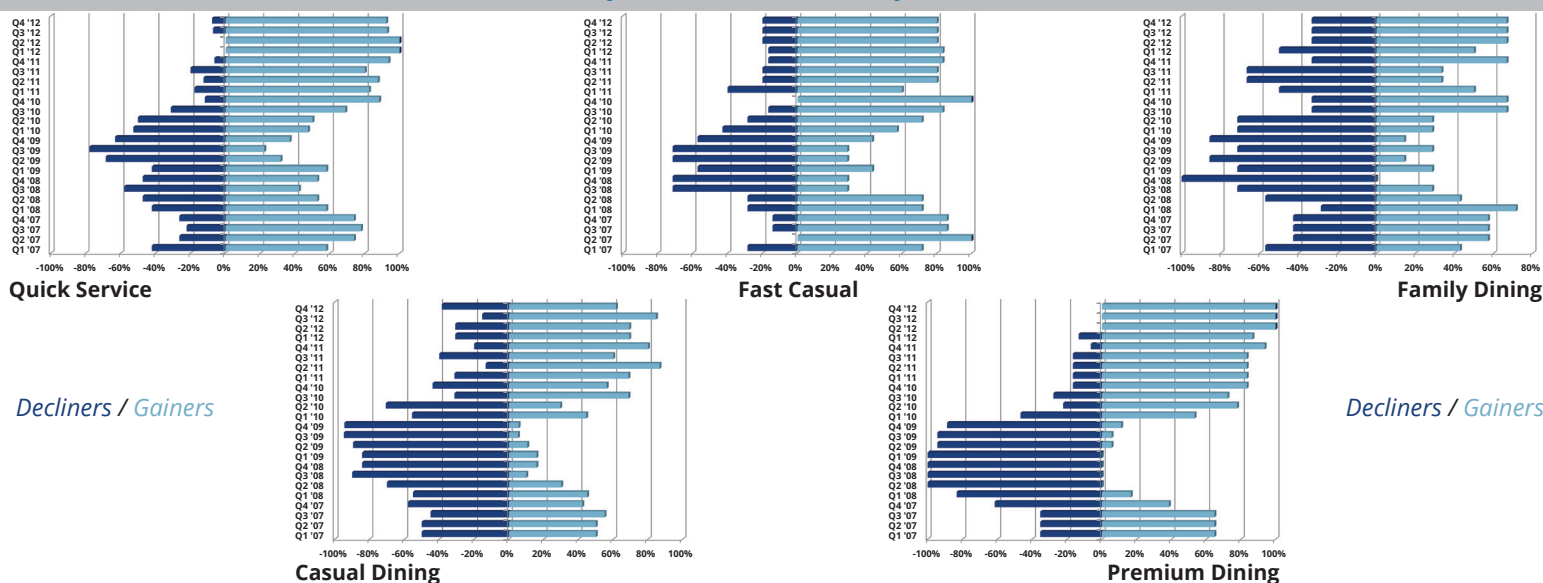
Closed / Announced	Target	Acquiror	Enterprise Value	EBITDA / Value Multiple	Industry Segment
02/15/2013	Mimi's Café, LLC	Le Duff America Inc.	\$50.0	NA / NA	Casual
02/6/2013A	Mac Parent LLC	Ignite Restaurants Group, Inc.	\$55.0	NA / NA	Casual
01/15/2013	20 McCalister's stores in OK, KS and MO	The Saxton Group Limited	NA	NA / NA	Fast Casual
01/09/2013	Fast Fresh Italian, LLC	DiNella Hospitality Ilc	NA	NA / NA	Fast Casual
01/02/2013	Pacific Island Restaurants, Inc.	Nimes Capital	NA	NA / NA	QSR
12/29/2012	Goldco, LLC and 33 BK stores in Broward County, FL	PNC RiverArch Capital	NA	NA / NA	QSR
12/26/2012	Tacala LLC and Boom Foods LLC	Altamont Capital Partners	NA	NA / NA	QSR
12/17/2012	Caribou Coffee Company, Inc	The Joh. A. Benckiser Group	\$310.0	\$27.4 / 11.3x	QSR
12/10/2012	Southern California Pizza Company, LLC	Sterling Investment Partners	NA	NA / NA	QSR
11/26/2012	49 Popeyes in San Antonio and Houston	Z&H Foods Inc.	NA	NA / NA	QSR
11/06/2012	120 KFCs in mid-Atlantic	Mitra QSR KNE, LLC / Chalak Growth Capit	NA	NA / NA	QSR
10/15/2012	28 Popeyes in MN and Northern CA	AFC Enterprises, Inc.	NA	NA / NA	QSR
10/10/2012	AmRest LLC, 98 Applebee Restaurants	Apple American Group, LLC	\$95.0	NA / NA	Casual

(\$ in millions)

## Same Store Sales by Price Point



## Quarterly Gainers & Losers by Price Point



## Recent TM Capital Restaurant Experience

 has acquired  a portfolio company of 	 has sold    to 	 has sold  to 	 a subsidiary of  has acquired 	 has been acquired by  and 	 Series D Preferred Stock provided by existing investors led by 
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## About TM Capital

TM Capital Corp. is a partner-owned investment banking firm based in New York, Boston and Atlanta, which has completed over 250 transactions with a combined value in excess of \$13.5 billion. Since 1989, we have advised clients navigating a full range of critical transactions, including complex mergers, acquisitions, debt and equity financings, minority and majority recapitalizations, restructurings, and advisory services including takeover defense, fairness and solvency opinions, valuations, as well as litigation support. We have built deep industry expertise in key sectors and our team regularly publishes research highlighting current and emerging trends in targeted industries and markets. TM Capital is a member firm of M&A International Inc., the world's leading alliance of mid-market investment banks with over 600 M&A professionals in 40 countries. Members have closed over 1,300 transactions totaling more than \$75 billion in value over the past five years. For more information, visit [www.tmcapital.com](http://www.tmcapital.com).

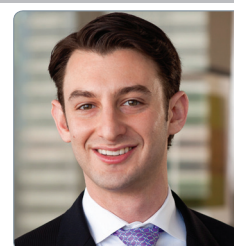
## TM Capital's Restaurant Practice



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