

Restaurant Research's Industry Data Report

Chain Remodeling Update

3/31/09

Executive Summary

Despite the weak economic outlook, falling customer counts (particularly in the casual segment) and tighter access to credit markets, restaurant companies and franchisees continue to progress with ongoing remodeling initiatives. We believe capital is wisely being diverted from new unit development to more prudent investments in existing facilities. RR's Industry Data Report on chain remodeling provides an update on current programs for 25 chains with system-wide sales in excess of \$1 billion.

Key Data Points

- Segment comparison charts highlighting (1) system condition, (2) average remodel costs and (3) remodel returns.
- Concept level data including a program description, start date, anticipated end date, % of system completed, average costs and associated sales lift.
- Refer to pages 2 and 3 for sample exhibits and a list of included chains.

RR Clients

Includes major lenders, investors, major US restaurant chains, operators and industry consultants. Please check www.ChainRestaurantData.com for a partial client list and customer testimonials.

More About Us

Restaurant Research LLC leverages an extensive network of industry players as part of its annual Concept Benchmark Analysis due diligence process for 22 large US restaurant chains. Also, RR tracks store level data for all major chains with system-wide sales in excess of \$1B across all major restaurant segments in order to produce 11 key Industry Data Topic reports. For more information please contact us at info@ChainRestaurantData.com or 203-405-1901.

Chain Remodeling Analysis Summary (ranked by % at current image)				
Chain	% System Built from 2002 - 2007	% of System at Current Image	Incremental Sales Boost/ Investment ⁽¹⁾	Remodel Costs Allocated over Useful Life as a % of AUV
Fast Casual				
Panera Bread				
Fast Casual				
Sandwich				
Quiznos				
Subway				
Sandwich				
Chicken				
KFC				
Popeyes				
Church's				
Chicken				
Pizza				
Papa John's				
Pizza Hut Delivery				
Domino's				
Delivery Pizza				
Pizza Hut Dine-in				
Casual				
Ruby Tuesday				
TGI Friday's				
Chili's				
Applebee's				
Casual				
Family				
IHOP				
Denny's				
Bob Evans				
Family				
Hamburger/Varied				
Wendy's				
Sonic				
Arby's				
Jack in the Box				
McDonald's				
Taco Bell				
Carl's Jr.				
Hardee's				
Burger King				
Hamburger/ Varied				
Average				

The average incremental sales boost to investment = (estimated % sales boost generated from the remodel in year one x concept's average annual sales)/remodel cost.

2009 Chain Restaurant Remodel Update

Chain	Program Description	Remodel Start Date	Anticipated End Date	Stipulated Frequency	Remodel Costs				Estimated Sales Increase				
					Refresher	Minor	Major	Scrape & Rebuild	Refresher	Minor	Major	Scrape & Rebuild	
Casual													
Applebee's													
Chili's													
Ruby Tuesday													
TGI Friday's													
Casual													
Family													
Popeyes													
Chicken													
Fast Casual													
Panera Bread													
Fast Casual													
Hamburger/Varied													
Arby's													
Burger King													
Carl's Jr.													
Hardee's													
Jack in the Box													
McDonald's													
Sonic													
Taco Bell													
Wendy's													
Hamburger/ Varied													
Pizza													
Domino's													
Papa John's													
Pizza Hut Delivery													
Delivery Pizza													
Pizza Hut Dine-in													
Sandwich													
Quiznos													
Subway													
Sandwich													
Average													

Source: March 2009 franchisor/franchisee survey, FDDs and public reports.