

## **ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet that you are considering buying; or (2) a franchisor supplements the information provided in Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

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If you receive any other financial performance information or projections of your future income other than the information provided below, you should report it to the franchisor's management by contacting Ralph Kinder at BB Franchising, Inc., 5500 Greenville Avenue, Suite 1102, Dallas, Texas 75206, (214) 696-8780, the Federal Trade Commission, and the appropriate state regulatory agencies.

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Characteristics of the Restaurants included in the Financial Performance Representations below may differ substantially from your Restaurant depending on your previous experience, competition in the area, length of time that the included restaurants have operated as compared to your restaurant, and the services or products sold at your restaurant as compared to the included restaurants. Your individual financial results may differ substantially from the results stated in this financial performance representation. Written substantiation for this financial performance representation is available to you on reasonable request.

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The following contains earnings information based on the actual operating experience of the four Baker Bros Restaurants that we own and operate. The first restaurant opened in December 1999 and the other three restaurants opened during 2000. All of these restaurants operate on a fiscal year that ends on the Sunday closest to December 31. This fiscal year consists of 13 four-week periods. All restaurants are located in Dallas, Texas. Two of the restaurants operated from 11 a.m. to 9 p.m. and two of the restaurants operated from 11 a.m. to 10 p.m.. All four restaurants operated seven days a week, 363 days a year, for the periods reported. One restaurant offered beer and wine.

These figures do not include the sales results of the four restaurants that we operate for investors, which opened in 2002, 2003 and 2006 (two units), respectively (See Item 20).

These figures do not include the sales results of our franchised restaurants. These restaurants did not achieve the average sales results reflected in the charts and, because we do not collect

operating expense information from our franchisees, we do not report how our franchisees' expenses compared to the expenses incurred by our company-owned restaurants.

YOUR RESTAURANT'S WEEKLY GROSS SALES AND EXPENSES MAY DIFFER FROM THOSE OF RESTAURANTS CURRENTLY IN OUR SYSTEM. Your costs as a franchisee will exceed the costs of company-owned stores because company-owned stores do not pay a royalty and benefit from administrative savings, among other things. There is no assurance that your Restaurant will attain the average level of sales reflected in the charts below, or that your expenses will not exceed the expenses incurred by our company-owned restaurants. We urge you to discuss and analyze this information with your own business, financial and legal advisors.

Except for the information presented in this Item 19, we do not furnish statements of actual, average, projected or forecasted sales, costs, profits or earnings in marketing our franchises. We will not guarantee, nor do we represent, that you will or can expect to attain any specific amount or range of sales, profits or earnings from the operation of your Store(s). Actual results may vary from Store to Store, and we cannot estimate the results of any franchisee.

Except for the information presented in this Item 19, we instruct our representatives not to make any of these types of claims, statements or representations regarding the sales, costs, profits or earnings, or the prospects or chances of success, that you can expect to achieve or that any other franchisee has achieved.

Average Weekly Sales and Expenses  
Company-Owned Restaurants

	Fiscal Year 2006		Fiscal Year 2007		Four Periods Ended 04-20-08	
	%	Weekly Unit Avg.	%	Weekly Unit Avg.	%	Weekly Unit Avg.
Total Sales <sup>(1)</sup>	100.0	25,318	100.0	26,206	100.0	26,019
Cost of Sales	27.4	6,925	28.0	7,350	27.0	7,017
Labor <sup>(2)</sup>	29.5	7,480	31.1	8,138	30.7	7,978
Operating Expenses <sup>(3)</sup>	11.3	2,869	12.3	3,220	11.9	3,098
Profit Before Occupancy	31.8	8,044	28.6	7,498	30.5	7,926
Occupancy <sup>(4)</sup>	12.4	3,140	12.1	3,178	12.3	3,210
EBITDA <sup>(5)</sup>	19.4	4,904	16.5	4,320	18.1	4,716

Weekly Average Sales and Expenses  
Company-Owned Restaurants  
By Restaurant

	<b>Fiscal Year 2006</b> <b>(Weekly Unit Average)</b>			
	Unit 1	Unit 2	Unit 3	Unit 4
Total Sales <sup>(1)</sup>	31,660	29,661	22,136	17,814
Cost of Sales	8,782	7,984	6,053	4,882
Labor <sup>(2)</sup>	9,073	8,263	6,839	5,743
Operating Expenses <sup>(3)</sup>	3,472	3,263	2,650	2,091
Profit Before Occupancy	10,333	10,151	6,594	5,098
Occupancy <sup>(4)</sup>	3,173	3,589	3,077	2,724
EBITDA <sup>(5)</sup>	7,160	6,562	3,517	2,374

	<b>Fiscal Year 2007</b> <b>(Weekly Unit Average)</b>			
	Unit 1	Unit 2	Unit 3	Unit 4
Total Sales <sup>(1)</sup>	35,019	30,052	21,995	17,757
Cost of Sales	9,853	8,323	6,221	5,001
Labor <sup>(2)</sup>	10,366	8,768	7,161	6,259
Operating Expenses <sup>(3)</sup>	4,100	3,519	2,964	2,296
Profit Before Occupancy	10,700	9,442	5,649	4,201
Occupancy <sup>(4)</sup>	3,287	3,790	2,969	2,680
EBITDA <sup>(5)</sup>	7,413	5,652	2,680	1,521

	<b>Four Periods Ended 04-20-08</b> <b>(Weekly Unit Average)</b>			
	Unit 1	Unit 2	Unit 3	Unit 4
Total Sales <sup>(1)</sup>	35,356	30,122	21,219	17,380
Cost of Sales	9,488	8,153	5,686	4,743
Labor <sup>(2)</sup>	9,810	8,854	7,132	6,119
Operating Expenses <sup>(3)</sup>	3,951	3,370	2,910	2,162
Profit Before Occupancy	12,107	9,745	5,491	4,356
Occupancy <sup>(4)</sup>	3,697	3,827	2,936	2,380
EBITDA <sup>(5)</sup>	8,410	5,918	2,555	1,976

Note 1. Total sales include all amounts derived from the sale of food, beverages and the redemption of gift certificates. It includes beer and wine sales for the restaurant that offered beer and wine during the periods reported (beer and wine sales represent less than 1% of this restaurant's total sales). It does not include amounts collected as sales tax. All four restaurants are located in Dallas, Texas, which enjoys moderate winter weather. No restaurant closed for any reason during the periods for which sales are reported.

Note 2. Hourly and Management labor costs as a percent of total sales were as follows:

	<b>2006</b>	<b>2007</b>	<b>2008 (1<sup>st</sup> four periods)</b>
Hourly Wages	14.7%	16.3%	15.5%
Management Wages	9.6%	10.0%	10.1%
Payroll Taxes	2.1%	2.2%	2.2%
Worker's Comp	.7%	.6%	.6%
Employee Benefits	1.7 %	1.9%	2.3%
<b>Totals</b>	<b>28.8%</b>	<b>31.0%</b>	<b>30.7%</b>

Note 3. Operating expenses include, among other things, permits and licenses, utilities, supply costs and small equipment purchases, cash shortages, and other miscellaneous costs. During the periods reported, the restaurants spent less than 2% of total sales on local advertising expenses (which is the amount that you may be required to spend on local advertising), and the restaurants did not contribute to an advertising fund. These figures do not include any debt service. If you finance any part of the construction or build-out of the Restaurant, or lease any equipment, your expenses will be higher.

Note 4. The company-owned restaurants range in size from 3,000 to 3,500 square feet, and each restaurant seats approximately 145 patrons. (Note: one restaurant added 1000 SF in 2007 and now seats approximately 175 guests in 4500 SF.) All of our company-owned restaurants operate at leased commercial locations in strip centers.

Note 5. The figures in the chart represent profit before interest, taxes, depreciation and amortization (EBITDA). Our company-owned restaurants also do not pay the royalty fees that you must pay (*i.e.*, 5% of Gross Revenues each year). See Note 3 regarding expenses and advertising expenditures.