

## **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.

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 3 Baker Bros Restaurants that we owned and operated during the entire 2008 and 2009 fiscal years. We will provide you with substantiation of the data we used in calculating the averages on receipt of a written request from you. The first restaurant opened in December 1999 and the other 2 restaurants opened during 2000. All of these restaurants operate on a fiscal year that ends on the Sunday closest to December 31. The 2008 fiscal year consisted of 13 4-week periods. The 2009 fiscal year consisted of 12 4-week periods and 1 5-week period. All restaurants are located in Dallas, Texas. The restaurants operated from 11 a.m. to 9 p.m. All 3 restaurants operated 7 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 4 restaurants that we operate for investors, which opened in 2002, 2003 and 2006 (2 units), respectively. These restaurants were not included because they do not meet our current site selection criteria and/or the restaurant owners have not permitted us to release their sales results.

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 3 Restaurants

	Fiscal Year 2008		Fiscal Year 2009	
	%	Weekly Unit Avg.	%	Weekly Unit Avg.
Total Sales <sup>(1)</sup>	100.0	26,650	100.0	22,963
Cost of Sales	27.4	7,290	26.5	6,0890
Labor <sup>(2)</sup>	30.5	8,139	32.7	7,519
Operating Expenses <sup>(3)</sup>	12.5	3,328	12.9	2,967
Profit Before Occupancy	29.6	7,893	27.8	6,388
Occupancy <sup>(4)</sup>	13.4	3,568	14.8	3,405
EBITDA <sup>(5)</sup>	16.2	4,325	13.0	2,984

Weekly Average Sales and Expenses  
Company-Owned Restaurants  
By Restaurant

	Fiscal Year 2008 (Weekly Unit Average)		
	Unit 1	Unit 2	Unit 3
Total Sales <sup>(1)</sup>	32,015	28,506	19,429
Cost of Sales	8,719	7,816	5,335
Labor <sup>(2)</sup>	9,293	8,423	6,702
Operating Expenses <sup>(3)</sup>	3,795	3,432	2,795
Profit Before Occupancy	10,245	8,836	4,597
Occupancy <sup>(4)</sup>	3,812	3,906	2,986
EBITDA <sup>(5)</sup>	6,433	4,930	1,612

	Fiscal Year 2009 (Weekly Unit Average)		
	Unit 1	Unit 2	Unit 3
Total Sales <sup>(1)</sup>	27,242	25,679	15,971
Cost of Sales	7,159	6,816	4,290
Labor <sup>(2)</sup>	8,795	7,880	5,884
Operating Expenses <sup>(3)</sup>	3,334	3,238	2,330
Profit Before Occupancy	7,954	7,745	3,466
Occupancy <sup>(4)</sup>	3,746	3,655	2,815
EBITDA <sup>(5)</sup>	4,208	4,090	652

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 3 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>2008</b>	<b>2009</b>
Hourly Wages	15.5%	15.3%
Management Wages	10.2%	12.2%
Payroll Taxes	2.1%	2.3%
Worker's Comp	.5%	.4%
Employee Benefits	2.2%	2.5 %
<b>Totals</b>	<b>30.5%</b>	<b>32.7%</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 3,500 to 4,500 square feet. The Unit #1 restaurant was 3,500 square feet until December 2007 when it added 1,000 square feet. Units #2 and #3 are approximately 3,500 square feet and seat approximately 145 patrons. The larger restaurant now seats approximately 175 patrons. 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.