TRINITY CAPITAL
INVESTMENT BANKING

Restaurant Industry Commentary
&
1st Quarter 2015 SSS

What's Inside This Commentary

Published: August 2015

Same-Store Sales Discussion and Analysis

During the first quarter of 2015 ("Q1 2015"), the restaurant industry maintained positive momentum in same-store sales, with the concepts we cover up an average of 4.4% year-over-year ("YOY"). This is the 20th consecutive quarter of same-store sales gains for the restaurant industry. The Q1 2015 results were again helped by the mild weather compared to what much of the country experienced in Q1 2014. The restaurant industry also continues to be buoyed by low gasoline prices that are keeping more cars on the road and more money in the consumer's wallet.

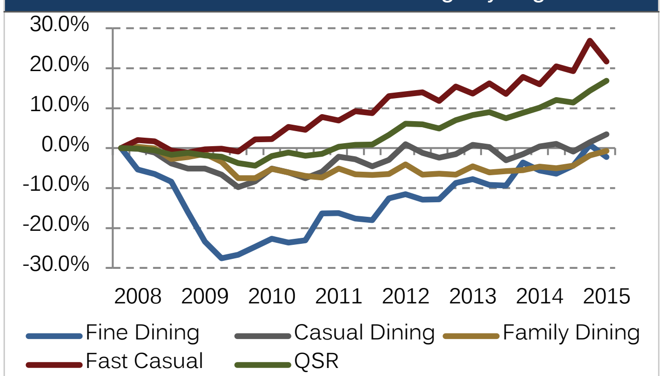
In fine dining, the companies we track were up an average of 3.6% YOY for Q1 2015. It is important to note that despite 21 consecutive positive quarters, fine dining sales are finally returning to pre-recession levels. Unfortunately, costs have increased significantly over the last seven years and put pressure cash flow for fine dining operators. Therefore, managers will have to continue to be very mindful of the bottom line because the recent increases in sales have not been enough to offset many of the rising costs.

In casual dining, same-store sales in the concepts we follow were up an average of 3.1% YOY for Q1 2015. This is the fourth consecutive quarter that the casual dining segment has posted positive same-store sales results. According to Knapp-Track, casual dining guest counts were up 1.2% in January, down 2.6% in February and down 1.8% in March. In fact, Knapp-Track reported negative guest counts in 64 of the last 75 months. We expect to start seeing more positive guest count numbers in the coming months as the segment comps over more than six years of negative numbers. The family dining concepts we track reported an average increase in same-store sales of 4.2% YOY during Q1 2015.

The fast casual segment continued its positive momentum with a 22nd consecutive quarter of positive same-store sales comps, up 4.9% YOY in Q1 2015. This ongoing trend is particularly impressive given that the segment is comping over more than five years of strong growth.

In the QSR segment, 16 of the 18 concepts we track showed positive same-store sales growth during Q1 2015 with the segment up an average of 6.2% YOY. Within QSR, the chicken segment had its third strong quarter in a row, up an average of 6.8% YOY in Q1 2015, with Popeye's and KFC leading the way at 7.0%, followed by Pollo Tropical at 6.4%. And the pizza segment also had a strong Q1 2015, up 6.7% YOY, largely driven by Domino's, which was up 14.5% in Q1 2015.

Cumulative Same-Store Sales Change by Segment



Source: Restaurant Research LLC, Capital IQ, Technomic and company filings

The better than expected same-store sales performance during Q1 2015 for the restaurant industry was largely driven by strong results in January. According to TDn2K's Black Box Intelligence, restaurant chains posted their highest same-store sales and traffic growth rates in more than six years when restaurant same-store sales and traffic grew 6.1% YOY and 2.4% YOY, respectively, in January 2015. These strong results were driven by the mild weather and cheap gas.

The encouraging news for the restaurant industry is that the economy continues to progress and the labor market keeps improving, creating income growth and improving consumer confidence. We expect the restaurant industry's performance to remain strong throughout 2015 as long as there are no unforeseen global events that impact the U.S. economy.

Contributing Editor Josh Brannan is a Director for Trinity Capital.

Same-Store Sales ("SSS") Data

	FY 2012			FY 2013				FY 2014				FY 2015
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Fine Dining												
Fleming's	6.8%	10.1%	4.0%	5.4%	2.0%	4.2%	4.9%	1.7%	3.6%	4.8%	3.4%	3.0%
Ruth's Chris	6.0%	5.9%	5.4%	6.6%	4.6%	4.2%	5.5%	2.6%	2.8%	4.8%	5.0%	2.8%
Capital Grille	2.8%	4.0%	2.3%	3.0%	4.5%	3.2%	6.7%	0.1%	0.8%	3.9%	5.0%	6.1%
Del Frisco's	7.3%	5.3%	5.9%	1.9%	5.9%	4.4%	5.2%	5.1%	5.2%	8.4%	4.9%	2.3%
Mean	**5.7%**	**6.3%**	**4.4%**	**4.2%**	**4.3%**	**4.0%**	**5.6%**	**2.4%**	**3.1%**	**5.5%**	**4.6%**	**3.6%**
Casual Dining												
Applebee's	0.4%	2.0%	0.9%	(1.3%)	1.3%	(0.4%)	(0.3%)	(0.5%)	0.6%	1.7%	2.8%	2.9%
BJ's Restaurants	4.4%	2.3%	3.0%	(0.4%)	0.0%	(2.2%)	(2.7%)	(2.9%)	(1.7%)	0.3%	1.2%	3.2%
Bonefish	2.1%	3.5%	1.0%	0.5%	0.2%	(2.7%)	0.9%	(1.5%)	0.3%	2.6%	0.7%	0.9%
Buffalo Wild Wings	5.4%	6.0%	6.7%	1.9%	4.0%	4.3%	4.0%	5.7%	7.0%	5.8%	5.5%	6.5%
Carrabba's Italian Grill	1.5%	1.0%	(0.4%)	(1.7%)	0.3%	0.0%	0.9%	(1.8%)	(1.2%)	(1.2%)	0.3%	1.9%
Cheesecake Factory	2.1%	2.9%	1.3%	1.6%	0.9%	1.0%	1.1%	1.2%	1.5%	2.1%	1.4%	4.2%
Chili's Grill & Bar	2.2%	2.8%	1.0%	(1.1%)	(0.6%)	(1.9%)	0.2%	0.5%	2.5%	2.3%	4.2%	2.2%
Dave & Buster's	5.4%	5.4%	3.7%	1.8%	(0.9%)	(0.9%)	2.4%	0.7%	4.7%	8.7%	10.5%	9.9%
Famous Dave's	(0.6%)	0.2%	(6.0%)	(1.8%)	3.8%	(2.3%)	(1.1%)	(3.3%)	(2.8%)	(2.3%)	(4.0%)	(4.9%)
Granite City	1.5%	2.5%	4.5%	2.7%	2.5%	0.4%	0.6%	N/A	N/A	0.7%	0.6%	0.0%
LongHorn Steakhouse	3.0%	2.2%	(0.8%)	(1.6%)	3.5%	3.2%	2.9%	0.3%	2.4%	2.8%	2.6%	5.4%
Maggiano's	1.9%	0.9%	0.6%	0.4%	0.2%	0.6%	0.9%	0.2%	0.9%	0.6%	2.3%	0.1%
Olive Garden	(1.8%)	0.3%	(3.2%)	(4.1%)	1.1%	(4.0%)	(0.6%)	(5.4%)	(4.2%)	(1.3%)	2.2%	2.2%
Outback	2.3%	4.5%	5.3%	2.5%	2.8%	(0.3%)	1.1%	0.8%	0.9%	4.8%	6.4%	5.0%
Red Lobster	(3.9%)	(2.6%)	(2.7%)	(6.6%)	3.2%	(5.2%)	(4.5%)	(8.8%)	(5.6%)	N/A	N/A	N/A
Red Robin	1.2%	0.6%	1.4%	1.4%	3.6%	5.4%	3.7%	5.8%	1.6%	1.4%	4.3%	3.8%
Ruby Tuesday	(4.6%)	1.9%	0.3%	(2.8%)	(3.1%)	(11.4%)	(7.8%)	(1.9%)	0.4%	1.1%	(1.0%)	(0.3%)
Taco Cabana	4.5%	1.8%	6.8%	2.0%	1.1%	1.8%	(2.9%)	0.8%	2.8%	3.5%	6.1%	3.8%
Texas Roadhouse	4.6%	3.9%	4.5%	3.7%	4.7%	2.9%	2.5%	3.0%	3.0%	5.8%	6.8%	8.7%
Mean	**1.7%**	**2.2%**	**1.5%**	**(0.2%)**	**1.5%**	**(0.6%)**	**0.1%**	**(0.4%)**	**0.7%**	**2.2%**	**2.9%**	**3.1%**
Family Dining												
Bob Evans	1.0%	1.0%	1.6%	0.0%	(0.6%)	(1.9%)	(1.8%)	(4.1%)	(2.0%)	0.0%	3.8%	2.1%
Denny's	0.8%	0.4%	1.7%	(0.7%)	0.6%	1.2%	0.9%	1.8%	1.9%	2.4%	4.7%	7.2%
Frisch's Big Boy	(1.7%)	(0.2%)	(1.7%)	(0.9%)	1.0%	(0.1%)	0.0%	(3.6%)	0.7%	1.8%	4.8%	4.8%
IHOP	(1.4%)	(2.0%)	(2.6%)	(0.5%)	1.9%	3.6%	4.5%	3.9%	3.2%	2.4%	6.1%	4.8%
Luby's	1.1%	2.4%	0.2%	(0.1%)	(0.1%)	1.0%	2.4%	1.2%	2.0%	0.4%	0.2%	2.1%
Mean	**(0.0%)**	**0.3%**	**(0.2%)**	**(0.4%)**	**0.6%**	**0.8%**	**1.2%**	**(0.2%)**	**1.2%**	**1.4%**	**3.9%**	**4.2%**

Source: Restaurant Research LLC, Capital IQ, Technomic and company filings

SSS Data (Cont'd)

	FY 2012			FY 2013				FY 2014				FY 2015
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Fast Casual												
Chipotle	10.2%	4.8%	3.8%	1.0%	5.5%	6.2%	9.3%	13.4%	17.3%	19.8%	16.1%	10.4%
Cosi	(0.5%)	(0.7%)	(3.9%)	(4.5%)	(2.7%)	(3.6%)	(4.6%)	(9.5%)	(4.7%)	(1.9%)	4.2%	4.4%
Einstein Noah Bagel	1.3%	0.2%	1.4%	(0.6%)	0.7%	(1.4%)	0.1%	1.6%	1.6%	1.6%	N/A	N/A
Noodles & Company	6.8%	3.4%	4.2%	2.2%	4.7%	2.1%	3.9%	(1.6%)	0.2%	1.7%	1.3%	0.9%
Panera Bread	5.9%	5.8%	4.9%	3.3%	3.7%	1.3%	1.1%	0.1%	0.1%	1.4%	3.0%	0.7%
Qdoba Mexican Grill	2.1%	3.3%	1.0%	(1.5%)	1.3%	2.0%	2.3%	7.0%	7.5%	7.7%	14.0%	8.3%
Steak n Shake	4.8%	2.9%	3.8%	1.3%	0.3%	4.2%	2.2%	3.0%	3.7%	N/A	N/A	N/A
Mean	**4.4%**	**2.8%**	**2.2%**	**0.2%**	**1.9%**	**1.5%**	**2.0%**	**2.0%**	**3.7%**	**5.1%**	**7.7%**	**4.9%**
QSR												
Chicken												
KFC	1.0%	4.0%	4.0%	4.5%	3.0%	(4.0%)	(5.0%)	(3.0%)	(2.0%)	2.0%	6.0%	7.0%
Pollo Tropical	7.8%	7.0%	8.3%	3.8%	6.4%	6.5%	7.0%	6.3%	6.7%	5.9%	7.7%	6.4%
Popeye's	8.4%	6.8%	6.4%	0.5%	4.3%	5.1%	0.3%	4.3%	3.8%	7.2%	10.7%	7.0%
Mean	**5.7%**	**5.9%**	**6.2%**	**2.9%**	**4.6%**	**2.5%**	**0.8%**	**2.5%**	**2.8%**	**5.0%**	**8.1%**	**6.8%**
Coffee/Snack												
Baskin Robbins	4.6%	1.1%	1.5%	(4.4%)	1.6%	4.2%	2.2%	0.5%	4.2%	5.8%	9.3%	8.0%
Dunkin Donuts	4.0%	4.0%	3.2%	1.7%	4.0%	4.2%	3.5%	1.2%	1.8%	2.0%	1.4%	2.7%
Jamba Juice	5.7%	2.5%	0.6%	1.3%	1.7%	(3.4%)	0.3%	0.6%	2.5%	3.7%	4.9%	5.0%
Krispy Kreme	5.4%	6.8%	7.5%	11.4%	10.0%	3.7%	1.6%	3.3%	2.3%	3.7%	3.6%	5.2%
Starbucks	7.0%	7.0%	7.0%	7.0%	9.0%	8.0%	5.0%	6.0%	6.0%	5.0%	5.0%	7.0%
Tim Horton's	4.9%	2.3%	3.2%	(0.5%)	1.4%	3.0%	3.1%	1.9%	5.9%	6.8%	4.1%	8.9%
Mean	**5.3%**	**4.0%**	**3.8%**	**2.8%**	**4.6%**	**3.3%**	**2.6%**	**2.3%**	**3.8%**	**4.5%**	**4.7%**	**6.1%**
Mexican												
Taco Bell	13.0%	7.0%	5.0%	6.0%	2.0%	2.0%	1.0%	(1.0%)	2.0%	3.0%	7.0%	6.0%
Mean	**13.0%**	**7.0%**	**5.0%**	**6.0%**	**2.0%**	**2.0%**	**1.0%**	**(1.0%)**	**2.0%**	**3.0%**	**7.0%**	**6.0%**
Pizza												
Domino's	1.7%	3.3%	4.7%	6.2%	6.7%	5.4%	3.7%	4.9%	5.4%	7.7%	11.1%	14.5%
Papa John's	5.7%	2.5%	5.2%	1.6%	3.4%	1.8%	6.6%	9.6%	6.0%	7.4%	4.1%	6.5%
Pizza Hut	4.0%	6.0%	(1.0%)	(1.0%)	(2.0%)	(1.0%)	(4.0%)	(5.0%)	(4.0%)	(2.0%)	0.0%	(1.0%)
Mean	**3.8%**	**3.9%**	**3.0%**	**2.3%**	**2.7%**	**2.1%**	**2.1%**	**3.2%**	**2.5%**	**4.4%**	**5.1%**	**6.7%**
Sandwich												
Burger King	4.4%	1.6%	3.7%	(3.0%)	(0.5%)	(0.3%)	0.2%	0.1%	0.4%	3.6%	4.2%	6.9%
Jack in the Box	3.4%	3.1%	1.9%	0.1%	0.1%	(1.4%)	1.9%	0.7%	2.4%	3.1%	4.4%	8.9%
McDonald's	3.6%	1.2%	0.3%	(1.2%)	1.0%	0.7%	(1.4%)	(1.7%)	(1.5%)	(3.3%)	(1.7%)	(2.6%)
Sonic Drive-In	2.8%	2.3%	3.0%	1.3%	0.1%	5.9%	2.2%	1.4%	5.3%	3.5%	8.5%	11.5%
Wendy's	3.2%	2.8%	(0.5%)	0.7%	0.3%	3.1%	2.9%	0.7%	3.2%	0.8%	1.7%	3.2%
Mean	**3.5%**	**2.2%**	**1.7%**	**(0.4%)**	**0.2%**	**1.6%**	**1.2%**	**0.2%**	**2.0%**	**1.5%**	**3.4%**	**5.6%**
Mean Total QSR	**5.0%**	**4.0%**	**3.6%**	**2.0%**	**2.9%**	**2.4%**	**1.7%**	**1.7%**	**2.8%**	**3.7%**	**5.1%**	**6.2%**

Source: Restaurant Research LLC, Capital IQ, Technomic and company filings

Restaurants Must Embrace Technology

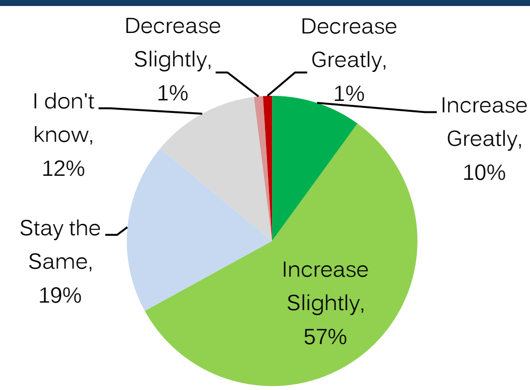
Ten years from now, will restaurants utilize more or less technology than they use today? That is a rhetorical question because the obvious answer is more technology. According to Moore's Law, technological advancements continue to grow at an exponential rate. The smartphone in your pocket provides a better communication tool than the President of the United States had access to just 25 years ago, and provides access to more data than he had access to just 10 years ago. Modern restaurant operators need to embrace technology in order to make it an asset in a growing company instead of a liability in an aging company.

Technology Statistics Illustrate Rapid Change	
• YouTube was created in 2005	• YouTube reaches more U.S. adults ages 18 - 34 than any cable network
• The iPhone was introduced in 2007	• 83% of smartphone owners now use their devices to make dining decisions while traveling
• The first phone to use Android was released in 2008	• 90% of mobile searches lead to action, 50% lead to a purchase
• Facebook was created in 2004	• 85% of users say social networks help them decide what to purchase
• Microsoft's cloud product became available in 2008	• 82% of companies saved money when they went to the cloud

Technology is a wonderful thing; well, technology that one knows how to use and improves one's life is certainly a wonderful thing. The purpose of new technology, whether it is in software or hardware, is to disrupt the status quo and facilitate better results, capabilities and/or experiences. The challenge for many people and established companies, as it relates to technology, is committing the necessary energy and attention to new developments in a timely manner. Said another way, there are people and established companies that are resistant to change, and subsequently put themselves at a disadvantage and have to play catch-up because their peers and competitors have evolved more quickly. Technology, or lack thereof, can serve to attract restaurant customers or drive them to the competition.

Recent developments in guest-facing technology, which allows businesses to interact directly with customers through various electronic devices and programs, are helping restaurant operators to increase customer spending, lower service costs and/or improve customer experience. For example, Taco Bell not only recently rolled out a mobile app that allows customers to order before they enter the store or drive-thru, but Taco Bell is also now testing a delivery service by partnering with DoorDash, an on-demand delivery service that connects customers with local businesses.

Extent Technology Helped Restaurant Operators Increase Revenue



Source: NCR Silver 2015 Restaurant Technology Pulse

In a similar vein, Panera Bread recently announced "Panera 2.0" as an investment in the company's online, tablet,

Restaurant Table Tablets

smartphone and kiosk ordering platform with the intent to cut down lines, improve sales and reduce labor expenses over time. Panera 2.0 will allow customers to 1) order from a kiosk and skip the ordering line, 2) go to a table, order from their smartphone and have their food brought to the table or 3) order online to pick up in the store. Ron Shaich, CEO of Panera Bread, specifically addressed this focus on new technology by saying, "Panera has far greater potential to both increase sales and reduce labor [costs] for many years to come."

In addition to mobile apps, online ordering and social media, a number of restaurant companies such as Chili's, Applebee's and Buffalo Wild Wings are now providing each table with a tablet (similar to an iPad). The features available on tablets can vary between concepts and by service provider, but many tablets allow patrons to view digital images of menu items, send orders directly to the kitchen instead of through a server, play games while they wait, provide immediate feedback about their dining experience and pay the bill within seconds.

Key Table Tablet Features	Impact on Restaurant Performance
• View digital images of menu items	• Additional impulse orders; higher sales
• Send orders directly to kitchen	• Reduce employee errors and delays; reduce waste
• Play games	• Improve dining experience; potential revenue stream
• Provide immediate customer feedback	• Implement timely suggestions
• Pay the bill with credit card	• Reduce customer downtime and increase turn

Studies indicate that table tablets are effective in driving additional sales for a number of reasons. The images of menu items on the tablets are a constant temptation to customers, which is why sales for appetizers and desserts have been shown to increase by as much as 20%. By saving time ordering and paying, tablets facilitate quicker table turnover and gives the restaurant the opportunity to increase customer traffic. Tablets also provide potential for other revenue streams, such as selling games or merchandise to entertain kids and adults alike.

As tablets reduce the amount of time a server needs to devote to each table, they enable a restaurant to assign more tables to each server and thus reduce the number of servers required on each shift. Restaurant analysts estimate that a mid-scale casual dining restaurant with $2.5 million in sales could save 1% - 2% in labor costs. While tablets may lead to a need for fewer servers, the servers that are working will cover more tables per server. Not surprisingly, the tablets have shown to increase customer satisfaction, which results in tips that are about 15% more on average. With more tables per server and higher tips per table, the total income potential per server is meaningfully higher.

These are just a few examples of recent guest-facing innovations in restaurant technology, as there are a number of other new products and services that are providing restaurant operators with improved back-of-the-house solutions as well. In summary, advancements in restaurant technology are continuing at a furious pace. Modern restaurant operators need to be proactive in identifying new technology and committed to implementing those that are best suited for their customers and their operations. The restaurant industry is highly competitive, so embracing technology could be the asset that differentiates one restaurant from the others.

Contributing Editor Michael Collins is an Associate for Trinity Capital.

Geopolitical Concerns for U.S. Economy

Many internationally prominent economists and money managers are quietly expressing tremendous concern over the risks posed to the U.S. economy from potential threats of military conflict, terrorism and Greece's exit from the eurozone. Geopolitical risk has not been this high since prior to World War II, and many believe that while some of these flashpoints can be avoided, it's highly unlikely that all will be settled amicably. Having said that, the Western Hemisphere has been the beneficiary of terrific intelligence and security agencies, which have very effectively protected us from a repeat of the 9/11 attacks. The question is: how would these potential conflicts affect the U.S. economy and the restaurant industry?

Russia: President of Russia, Vladimir Putin, has ruled Russia with the political strength of a dictator since he came to power as Prime Minister in 1999. He has treated his nation's natural resources like a piggy bank, amassing an alleged net worth of approximately $70 billion, much of it managed in a family office in Switzerland. He and his former Politburo cronies, also known as "oligarchs", have denuded Russia of much of its natural resource wealth in oil, gas, minerals and forest products. Recently, Putin's military adventurism has led Russia to seize part of Georgia and Ukraine, and he now threatens the Baltics (Estonia, Latvia and Lithuania). The Russian military has been making flights over the Baltics with impunity, close to the Netherlands and close to Alaska, Canada and the US West Coast. These are flights designed to intimidate and remind us that although no longer a global superpower, Russia is a nuclear power and has a substantial military presence. Many Eastern European political analysts believe that it is just a matter of time before Russia seizes additional territory in Eastern Ukraine. This would likely lead to an embargo on Russian oil and gas exports and could precipitate a significant increase in the price of oil. In the near term, a majority of U.S. industries, including the restaurant industry, would be faced with significantly higher transportation and other input costs, which diminishes profit margins, leads to higher prices for goods and services and generally has a negative impact on consumer demand. While a military conflict with the Ukraine would rattle the European Community to no end, we are hopeful that Putin will realize Russia will fare better as a peaceful Western democracy rather than a warmongering Eastern European provocateur.

Iran: Iran has continuously threatened to use weapons of mass destruction against the State of Israel and has been the world's leading sponsor of terrorism over the past 25 years. Iran has provided funding, logistics and weapons to many key terrorist groups including Hamas, Hezbollah, Islamic Jihad, Al Qaeda, the Syrian government and various factions in Lebanon. Accordingly, the P5+1 has signed a treaty which has provisions that extend out as long as 20 years to slowdown Iranian development of ballistic missiles and nuclear weapons. Unfortunately, it is difficult to ensure a rogue nation will adhere to the terms of a treaty, and many feel that the nuclear weapons treaty with Iran will be meaningless. It is possible that Israel will take military steps to stunt or eliminate the progress of Iran's nuclear weapons program if Mossad determines the Iranians are cheating or are close to creating a nuclear weapon. This will undoubtedly lead to a serious regional conflict that could close the Persian Gulf for commercial oil tanker traffic. Insurance companies would then likely invalidate insurance certificates on vessels traveling in the Persian Gulf under act of war clauses thereby effectively restricting the oil supply. That would deny approximately three quarters of Middle Eastern oil production (some could be rerouted on overland pipelines to the Red Sea) and send oil prices well above $200 per barrel. This would drive up U.S. gasoline prices to approximately $8 per gallon and subsequently result in an even more challenging economic environment for U.S. companies and consumers. The best outcome is for Iran to adhere to the treaty, understanding that conflict with Israel will not inure to the benefit of the Iranian people. However, the theocratic government of Iran has been highly unpredictable.

ISIS (the Islamic State): ISIS is a well-funded organized terrorist organization which came to power in the political vacuum that existed in the aftermath of the U.S. withdrawal from Iraq. This terrorist group now occupies a substantial percentage of the territory in Iraq and Syria. In addition, they have been responsible for terrorist attacks in North Africa and Europe. FBI Director, James Comey, recently declared that the agency did not have the resources necessary to investigate all of the leads and evidence associated with potential ISIS activity in the U.S. So far, the U.S. Department of Homeland Security has been effective in interacting with the 16 U.S. intelligence agencies to keep the U.S. safe. However, if James Comey's premonition proves true, we may experience some terrorist activity that will have a negative impact on the U.S. economy as consumers worry about being victimized in public. Much to their credit, the FBI and Department of Homeland Security have consistently thwarted terrorist activity in the U.S., most recently that which was planned over the recent July 4th holiday weekend. The saving grace for the U.S. is that there are other parts of the world that make more sense than the U.S. as terrorist targets, given our resources, capable intelligence agencies and willingness to combat domestic terrorism. Insufficient border security remains a substantial ongoing risk to U.S. terrorist activity.

Greece: The Greek government owes a consortium of European banks approximately $325 billion, which is 142% of their annual GNP. For a country of ten million people this is a burdensome debt that will take decades to repay. Greece, not unlike Portugal, Spain or Ireland, is a less industrialized nation that was lured into the eurozone with promises of development money and trade status that would bolster the Greek economy. To this day, however, a large portion of the products consumed in Greece continue to come from the same three countries: Germany, France and England. This is not lost on Greek citizens. Much of the Greek financial mess is attributable to liberal pension plans that are more generous than those in other EC nations.

So the problem is that if Greece leaves the eurozone, it would set a precedent for other countries that might also want to welch on their debt and exit the eurozone. Such actions would destabilize the euro and undermine the remaining eurozone economies.

The solution is a complicated financial restructuring that would involve significant budget and pension fund concessions on behalf of the Greek government. Thus far, Greek politicians have not had much luck in selling austerity to their voters. However, most Greek citizens understand that being part of the European community provides more benefits than costs to the Greek economy. Accordingly, we believe the restructuring will work and the Greek economy will limp along toward recovery. Crisis averted, for now.

Conclusion: There are a number of geopolitical risks around the world that could have a meaningfully negative impact on the U.S. economy and restaurant industry. While these are not the most cheerful topics, the international challenges discussed herein underscore the relative stability of the current U.S. government, economy and credit markets vis-à-vis our European and Asian counterparts. Let us not take for granted that on the domestic front gasoline and most commodity prices remain low, consumer spending continues to be strong and credit is both accessible and affordable. This is paving the way for a steady yet annoyingly slow recovery from the travails of the Global Financial Crisis. However, it is prudent to remain aware of these potential issues in planning and budgeting deliberations.

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