It was a dark and stormy night...

Chapter 1: Courtship
Chapter 2: Crisis
Chapter 3: Recovery
Chapter 4: Drama
Epilogue…Lessons Learned
Cast of Characters

Old Famiglia
- CEO: Joe Micatrotto
- CFO: Greg Gadel
- CIO: John Motschenbacher
- Controller: Dan Skrypek

New Famiglia
- CEO: Wally Doolin, Dec. 04
- CFO: Kaye O’Leary, March 05
- General Counsel: Rich Erstad, April 05
- CHRO: Cindy Rodahl, March 05
- CAO: Dennis Goetz, Aug 05 (NEW CFO!)
- Sr Director, FP&A: Susan Pew, July 05
- Sr Director, IT: Dan Cullen, July 05

Chapter 1: The Courtship

Q2 2004
- Audit Committee investigation
- Improper use of funds...personal, unauthorized or insufficiently documented
- Former CEO resigns...repays about $900,000

December 2004
- Wally Doolin joins BUCA as CEO

February 2005
- SEC announces formal investigation into violations of federal securities laws
Chapter 2: The Crisis
Thursday March 10th, 2005

• Company scheduled to file 10K on Friday 3/11
• D&O insurance renewal meeting
• Deloitte & Touche audit team uncovers an altered invoice in last minute capital expense reconciliation work
• If there’s one…how many more are there?

“We are going to need a bigger boat”….Roy Scheider, Jaws

Chapter 3. Recovery
begins...immediately

• Friday March 12th
  – Terminate former CIO, Controller/Acting CFO
  – Deloitte suspends all audit activities
  – Company files 12b-25…notifying NASDAQ that we will file late
  – Default on bank covenants
• Audit Committee investigation begins
  – Independent Counsel
  – Forensic Audit
• NASDAQ notification of untimely filing and potential delisting
Chapter 3. Recovery
“The Work”

• April 21st
  – NASDAQ hearing in Washington DC
  – NASDAQ grants 90 day filing extension

• May 26th
  – Investigation team report to Audit Committee
  – Report calls for restatement of five years of financial statements Improper accounting for leases, equity transactions, capitalization, employee meals, insurance reserves and goodwill…$19.8M of adjustments!

• July 25th
  – Filed restated 2000-04 10K and Q1 2005 Q

Chapter 3. Recovery
The Key: A bright line

• NASDAQ/DOJ/SEC #1 Question…what are you doing to ensure that it won’t happen again?
  – People…a whole new management team
  – Systems…installed Lawson financial suite
  – Policies/Processes…established, documented, followed
  – Education…finance staff, board, leadership
  – Whistleblower hotline
Chapter 4. The Drama:
Human Element

• Culture…establish beliefs, communicate them, live them, reinforce them…positive Tone at the Top

• BUCA Mission/Vision/Values
  – Every all-employee meeting
  – Every board meeting
  – New manager training

One great restaurant company…one great restaurant at a time.
Justice… hospitality… excellence

Chapter 4. The Drama
Human Element

• Enduring commitment to ethical behavior
  – Engaged Center for Ethical Business Cultures
  – Ethics workshops with field management
  – Involuntary turnover

• Allow for safe communication
  – Improved Whistleblower Hotline
  – Ethicspoint
  – Bilingual
  – Email/Voicemail
Epilogue

• What else did we do?
• Cast of characters
• Lessons learned…

Epilogue:
What else did we do?

• Policies, Processes
• Financial Systems
• Continuing education of Finance Team
• Continued strengthening of Finance and I.T team
• Expanded our Board
• Recapitalized the company
### Epilogue: Cast of Characters

<table>
<thead>
<tr>
<th>Old Famiglia</th>
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### Epilogue: Leadership Lessons

- Believe
- Triage quickly
- Be Bold
- Be Decisive and clear
- Be Focused
- Be the leader you want to follow
- Get the right people on the bus
- Surround yourself with positive people