



Schlotzsky's Finds Brand Reinvention Drives Franchise Growth, Store Sales

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(PRESS RELEASE) Austin, Texas: Fast approaching its 40th birthday, Schlotzsky's, the home of The Original™ round toasted sandwich, has decided to shake things up in a big way. The 350+ unit fast-casual restaurant has introduced an entirely new brand image that is attracting new kinds of guests and refueling franchise growth around the country.

The brand reinvention, which is literally and figuratively “All ‘Round ‘Lotz Better,” includes a new prototype restaurant featuring vibrant colors, playful slogans, contemporary furniture and artwork, and a partnership with sister company Cinnabon that offers franchisees two brands under one roof. Schlotzsky's also introduced a new service model where crew members hand-deliver food to the tables. Everything, from tables and chairs to circular-themed local photography featuring tongue-in-cheek phrases is contemporary and ... round.

“The circle theme in our new stores centers around our signature item — our toasted sandwich on a round bun,” said Schlotzsky's President Kelly Roddy. “In fact, about the only thing that hasn't changed about the brand is our food. We're still making our sourdough bread fresh daily and dressing our famous round sandwiches with the highest quality ingredients. That's never going to change.”

The first new prototype model recently opened in Waco, TX, with eight additional new prototypes opening since and 15 more under construction. Plans are to have 60 of the new restaurants open by the end of the year and all existing restaurants to be reimaged by 2011.

By all accounts, the strategic rebranding effort has been a success. It has led to a number of multi-unit franchise deals for 20 new franchise locations. And while Schlotzsky's core customer base has remained loyal during the reinvention, the new image has also started attracting more female guests and a younger crowd.

"Many of our longtime franchise owners see their bottom lines improving, and they see great things in Schlotzsky's future," Roddy said. "They are purchasing more locations and increasing their territories now while they see the opportunity is hot." Roddy added that, ideally, Schlotzsky's plans to have between 600 and 700 locations by 2015.

The Cinnabon partnership is also contributing to Schlotzsky's growth. The co-branding deal, which allows for freshly made Cinnabon Classic Rolls and other treats to be sold on the Schlotzsky's menu, has been a huge hit, with more than 50 co-branded locations up and running well, and at least 50 more expected by the end of 2010. In fact, every new franchise deal that has been signed in the past six months has been for the combined Schlotzsky's/Cinnabon model.

To continue the growth momentum, Schlotzsky's is aggressively targeting markets in Texas and in untapped markets around the country such as Kansas City, St. Louis, Raleigh, Charlotte, Atlanta and Florida for multi-unit developers.

"Our entire team has worked extremely hard to bring the new look and feel to fruition and already the efforts are paying off, huge," Roddy added.

About Schlotzsky's

Since 1971, Schlotzsky's has been the home of The Original™ toasted sandwich. The menu has evolved with customers' tastes to include the highest quality sandwiches, pizzas, salads, and soups available today. With more than 350 locations worldwide, Schlotzsky's is the fast-casual choice for a quick, healthful, and fresh dining experience. Schlotzsky's is enjoyed around the world, with restaurants in Turkey, China, Saudi Arabia, South Africa, Costa Rica, Jordan and Kuwait. Schlotzsky's is owned by FOCUS Brands Inc.®, the franchisor and operator of over 2,200 Carvel®, Cinnabon®, Schlotzsky's®, Moe's Southwest Grill® locations and Seattle's Best Coffee® on certain

military bases and in international markets. For more information, visit www.Schlotzkys.com.

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