



April 2010

Industry Outlook Remained Positive as the Restaurant Performance Index Stood Above 100 in April

The outlook for the restaurant industry remained positive in April, as the National Restaurant Association’s comprehensive index of restaurant activity was essentially unchanged from its March level. The Association’s *Restaurant Performance Index (RPI)* – a monthly composite index that tracks the health of and outlook for the U.S. restaurant industry – stood at 100.4 in April, down slightly from its March level of 100.5. More importantly, the RPI stood above 100 for the second consecutive month, which signifies expansion in the index of key industry indicators.

Although the sales and traffic indicators softened somewhat from their March performance, restaurant operators remain optimistic that business conditions will improve in the months ahead. In addition, restaurant operators reported a positive outlook for staffing gains, as well as continued plans for capital expenditures in the coming months.

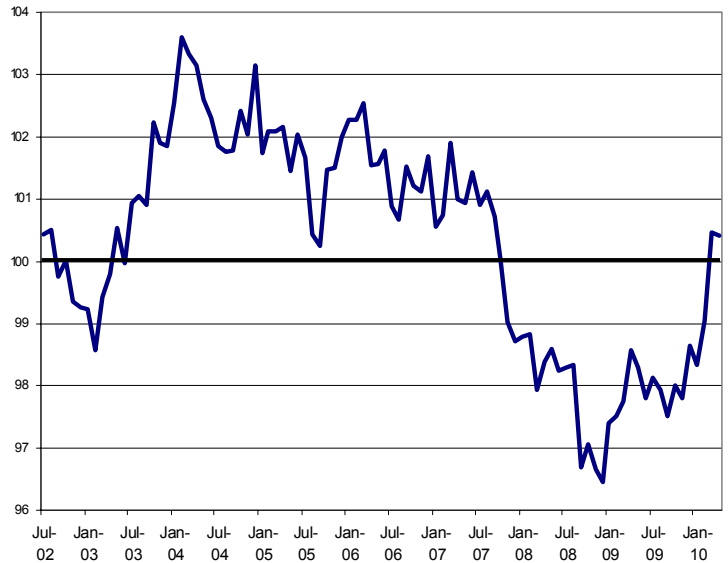
The *Restaurant Performance Index* is based on the responses to the Association’s Restaurant Industry Tracking Survey, which is fielded monthly among restaurant operators nationwide. The index consists of two components – the Current Situation Index and the Expectations Index.

The *Restaurant Performance Index* is constructed so that the health of the restaurant industry is measured in relation to a steady-state level of 100. Index values above 100 indicate that key industry indicators are in a period of expansion, while index values below 100 represent a period of contraction for key industry indicators. The distance from 100 signifies the magnitude of the expansion or contraction.

Current Situation Index Was Unchanged in April at a Level of 99.0

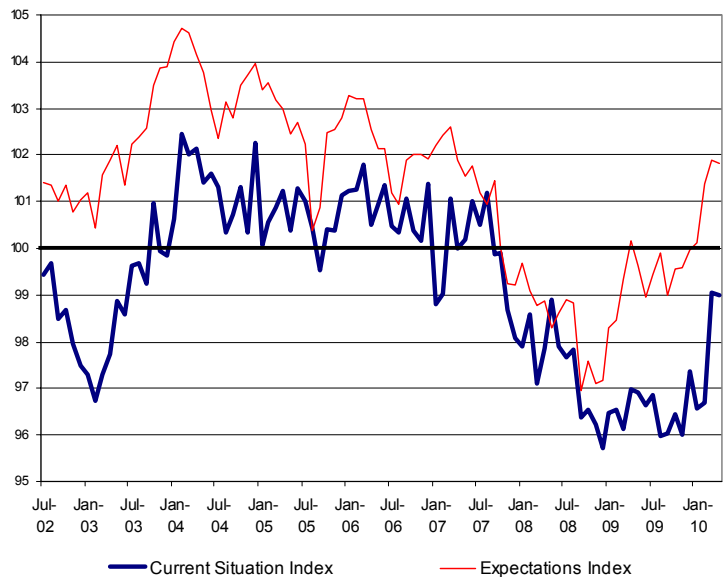
The Current Situation Index, which measures current trends in four industry indicators (same-store sales, traffic, labor and capital expenditures), stood at 99.0 in April – unchanged from its March level. The Current Situation Index remained below 100 for the 32nd consecutive month, which signifies contraction in the current situation indicators.

Restaurant Performance Index



Source: NRA; Values Greater than 100 = Expansion; Values Less than 100 = Contraction

Current Situation & Expectations Indices



Source: NRA; Values Greater than 100 = Expansion; Values Less than 100 = Contraction

After reporting net positive same-store sales in March for the first time in 22 months, operators reported softer sales results in April. Thirty-nine percent of operators reported a same-store sales gain between April 2009 and April 2010, down from 43 percent of operators who reported higher sales in March. In comparison, 41 percent of operators reported a same-store sales decline in April, up from 36 percent of operators who reported negative sales in March.

Similarly, restaurant operators reported a net decline in customer traffic levels in April, after posting positive traffic results in March. Thirty-seven percent of restaurant operators reported an increase in customer traffic between April 2009 and April 2010, down from 41 percent who reported higher customer traffic in March. Thirty-nine percent of operators reported a traffic decline in April, up from 36 percent who reported lower traffic in March.

Forty percent of operators said they made a capital expenditure for equipment, expansion or remodeling during the last three months, up from 36 percent last month and the highest level in six months.

Expectations Index Edged Down 0.1 Percent in April to a Level of 101.8

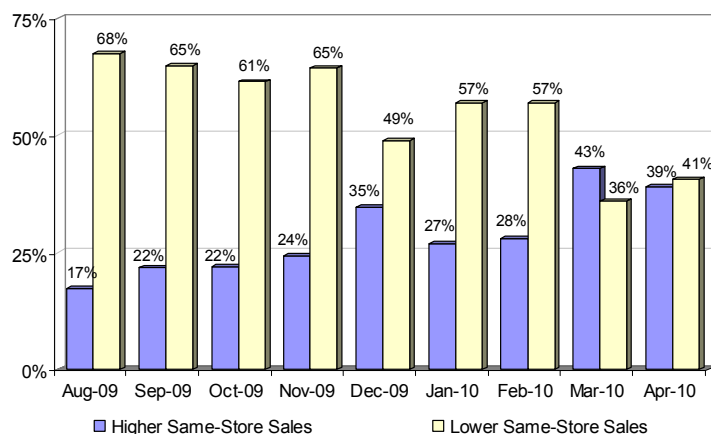
The Expectations Index, which measures restaurant operators' six-month outlook for four industry indicators (same-store sales, employees, capital expenditures and business conditions), stood at 101.8 in April – down slightly from a level of 101.9 in March. Despite the modest decline, the Expectations Index stood above the 100 level for the fourth consecutive month, which signifies expansion in the forward-looking indicators.

Restaurant operators remain solidly optimistic about sales improvements in the months ahead. Forty-seven percent of restaurant operators expect to have higher sales in six months (compared to the same period in the previous year), down slightly from 50 percent who reported similarly last month. In comparison, only 12 percent of restaurant operators expect their sales volume in six months to be lower than it was during the same period in the previous year, down from 15 percent who reported similarly last month and the lowest level in more than three years.

Restaurant operators also remain optimistic about the direction of the overall economy. Forty-one percent of restaurant operators said they expect economic conditions to improve in six months, compared to 46 percent who reported similarly last month. In comparison, only 10 percent of operators said they expect economic conditions to worsen in the next six months, down from 12 percent last month.

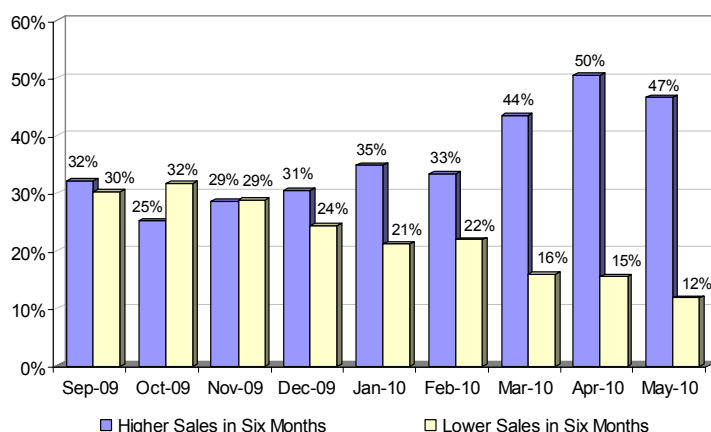
Forty-eight percent of restaurant operators plan to make a capital expenditure for equipment, expansion or remodeling in the next six months, roughly on par with the levels reported in the previous two months.

Restaurant Operators' Reporting of Same-Store Sales versus Same Month in Previous Year



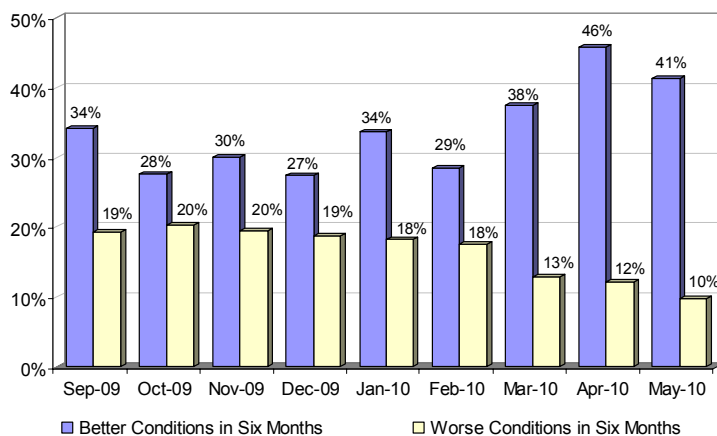
Source: National Restaurant Association, Restaurant Industry Tracking Survey

Restaurant Operators' Outlook for Sales Volume in Six Months versus Same Period in Previous Year



Source: National Restaurant Association, Restaurant Industry Tracking Survey

Restaurant Operators' Outlook for General Economic Conditions in Six Months



Source: National Restaurant Association, Restaurant Industry Tracking Survey

National Restaurant Association Restaurant Industry Performance Index and Its Components

	December 2009	January 2010	February 2010	March 2010	April 2010	Apr-10 over Mar-10
Restaurant Performance Index	98.7	98.3	99.0	100.5	100.4	-0.1%
Current Situation Index	97.3	96.6	96.7	99.0	99.0	0.0%
<i>Current Situation Indicators:</i>						
Same-Store Sales	98.6	97.0	97.1	100.7	99.8	-0.9%
Customer Traffic	98.3	97.2	97.0	100.4	99.8	-0.7%
Labor	96.4	95.6	96.7	97.9	98.4	0.5%
Capital Expenditures	96.1	96.4	96.0	97.2	98.0	0.8%
Expectations Index	100.0	100.1	101.4	101.9	101.8	-0.1%
<i>Expectations Indicators:</i>						
Same-Store Sales	101.4	101.2	102.8	103.5	103.5	0.0%
Staffing	99.0	99.7	100.6	101.2	101.1	-0.2%
Capital Expenditures	97.9	98.5	99.7	99.5	99.6	0.2%
Business Conditions	101.5	101.1	102.5	103.4	103.2	-0.2%

Note: For each of the Indices and Indicators, a value above 100 signals a period of expansion while a value below 100 signals a period of contraction.

Definitions

The National Restaurant Association's *Restaurant Performance Index* is a statistical barometer that measures the overall health of the U.S. Restaurant Industry. This monthly composite index is based on the responses to the National Restaurant Association's monthly Restaurant Industry Tracking Survey, which is fielded among restaurant operators nationwide on a variety of indicators including sales, traffic, labor and capital expenditures. The *Restaurant Performance Index* is composed of two equally-weighted components: the Current Situation Index and the Expectations Index. For each of the Indices and Indicators, a value above 100 signals a period of expansion while a value below 100 signals a period of contraction.

The Current Situation Index is a composite index based on four 'recent-period' restaurant industry indicators:

Same-Store Sales: Compares same-store sales volume in the reference month versus the same month in the previous year

Customer Traffic: Compares customer traffic in the reference month versus the same month in the previous year

Labor: Compares the number of employees and the average employee hours in the reference month versus the same month in the previous year

Capital Expenditures: Measures capital expenditure activity during the three most recent months

The Expectations Index is a composite index based on four 'forward-looking' restaurant industry indicators:

Same-Store Sales: Restaurant operators' outlook for same-store sales in six months, compared to the same period in the previous year

Staffing: Restaurant operators' expectations for their number of employees in six months, compared to the same period in the previous year

Capital Expenditures: Restaurant operators' capital expenditure plans during the next six months

Business Conditions: Restaurant operators' outlook for general business conditions during the next six months

For a complete analysis of the National Restaurant Association's Restaurant Industry Tracking Survey including data broken out by industry segment, as well as a host of other economic indicators that impact the restaurant industry, log on to *Restaurant TrendMapper* at www.restaurant.org/trendmapper (subscription required).