

Food Inflation Outlook for 2011

	Previous Outlook	Current Outlook	Change	Commentary
Cheesecake Factory	1.5-2%	3%	1.3%	Expect inflation up 4% in 1H11, up 2% in 2H11.
Chipotle	3-4%	5%	1.5%	"Contracted for most of our corn for our salsa for the year, reports of continuing or even worsening supply shortages of corn will only add to inflationary pressure on the meats that we serve."
Panera	1-1.5%	3%	1.8%	
Darden	1-1.5%	2.25-2.75%	1.3%	DRI announced in February that it expects overall PPI inflation of 7-8% for the next 18 month (believes it will experience 5-5.5% of food cost inflation and 2.25-2.75% net inflation). The company plans to pass through 2-3% menu pricing to offset the higher costs. The numbers to the left are total cost inflation.
Starbucks	2%	5%	3.0%	SBUX raised its coffee cost outlook for 2011 for a second time in January. Now expects a \$0.20 earnings hit compared to previous guidance of \$0.08-\$0.10 (initial expectations of a \$0.04 impact). Translates to 35% coffee inflation (vs. previous 15% expectation).
PF Changs	1-2%	3-4%	2.0%	
Texas Roadhouse	2-3%	3%	0.8%	Expected 2-3% of inflation for 2011 following 3Q. Testing 1-2% of menu pricing for 4Q, which would not be enough to offset the company's modest inflationary outlook. Revised inflation outlook to +3% following 1Q earnings, only passing through 1% menu pricing.
Jack in the Box	1-2%	3-4%	2.0%	Commodity costs now expected up 3-4% for the year (up 5% next quarter) from previous 1-2% assumption.
Red Robin	1-2%	3-4%	2.0%	Planning to take 1.5% price increase in April (haven't raised menu prices in 3 years). Seen 60 bps increase in food and beverage costs relating to increased raw material costs of ground beef and cheese. Commodity basket expected to increase 3-4% in 2011.
Mortons				Took 2.5% price increase in July followed by another 2.5% increase in early December (looking at more pricing in 2011) to help offset ~10% of beef cost inflation.
Average	1.8%	3.6%	1.7%	

Source: company filings