

General Manager Short and Long Term Incentive Plan

June 2009

We value you and acknowledge the importance of your role as a leader of Miracle Restaurant Group in bringing our Company's mission, vision and values to life for our employees and our customers. Your base compensation and benefits have been designed to pay you for your diligence in performing your assigned duties. We believe our base compensation plans are consistent with those of other restaurant companies that operate within the fast food category, and we review those plans in order to stay fair and competitive in this industry.

In addition to base compensation and benefits, we also believe it is important to establish variable compensation plans, or bonus plans, that reward individuals for achieving financial and operational goals that position the Company for sustained growth and profits. Such plans recognize that individuals who seek to achieve at the highest level should be rewarded.

Variable incentive compensation plans are extremely difficult to implement in a period of economic uncertainty. Our ability to judge where to set achievable but stretch goals is made more difficult because of sales declines and customer declines. Nonetheless, all good companies make plans in light of the best information they can obtain. Our General Manager Short and Long Term Incentive Plan represents our hope for our future, and our desire to reward those individuals who, in spite of the newspaper headlines, choose to achieve solid financial results.

The RGM Plan is designed to monetarily reward high-performing RGMs who achieve and sustain superior sales growth and profitability in their restaurants, while maintaining the mission, vision and values of the company.

The following describes the RGM Plan and how it can provide substantial opportunities for you to enjoy short term benefits plus increase your long term income. If you have any questions about the Plan after reading this document, please contact your respective Area Director or Andrew Face, Executive Director of Human Resources (603-674-1621)

This plan is designed to be a multiple year plan—one that stays in effect for a minimum of three years. Each plan year corresponds with MRG's fiscal year except for Plan year 2009 which will begin on Day 1 of period Eight and continue through the last day of Period Thirteen.

To participate for the full Plan year and be entitled to a plan payout, you must:

- Be assigned as an RGM to a restaurant;
- Achieve success on three levels for the Plan year;
- Remain continuously employed and in good standing with MRG at least two full calendar years after the Plan in which you earn a payout. For example, in order to receive a payout for the 2009 plan year, you must remain employed at least through the payout in 2011.

The Three Levels of Success.....

1. You must meet or exceed your **budgeted sales** for the remainder of 2009 Plan year. Patrick Gernon has submitted to each unit its budgeted sales for the 2009 plan year. (Note, each RGM and restaurant will receive a new sales budget prior to start date of plan. Any exceptions require the written approval of the Vice President of Operations.)
2. You must achieve at least the **Threshold Manager Controllable Profit % (MCP%)** set for your restaurant for the Plan year. MCP% will be provided before the end of period 7.
3. You must act with **integrity** and in accordance with MRG's values, operating policies, procedures, and guiding principles at all times. (Note, See MRG's Purpose, Mission, Values).

How the Plan Works

Long Term Incentives

The **long-term** incentive compensation plan provides General Managers with long-term cash bonuses if they meet their store's qualifying plan criteria.

For each Plan year, a new MCP% Profit Plan Table will be established for your restaurant that determines your payout **threshold zone**, **target zone** and **maximum zone** for the Plan year. (The MCP% Plan Table and payout calculations are explained in detail later in this summary.)

So, what does all this mean? Success in the RGM Plan really can mean more benefits and more money for you!

Sowing Seeds of Opportunity

Long-term incentive plans are designed to lay a foundation for the future. As such, they are not paid immediately in cash. Rather, an individual's performance is measured over a period of time, and payouts are also tied to continuing employment for multiple years.

In our plan, each year's payout of your Plan's cash bonus will be made two calendar years after the end of that Plan year, provided you both initially qualified by achieving the financial requirements, and you remain continuously employed and in good standing with MRG through the payout date. The year in which your bonus is paid is your "Payout Year." For example, long-term bonuses incentives for the 2009 Plan year will be established based on performance in 2009, but will not be paid until June of 2011. Since payout occurs in future years and is subject to continuing eligibility, you will not be liable for income taxes until you actually receive your cash. At that time, the payout will be subject to normal income tax withholdings.

Determining Your Payout

MCP% Plan Table

A MCP% Plan table will be established for each restaurant for each calendar year (2009 will start as of day 1 of Period 8). The table determines the restaurant's **threshold zone**, **target zone** and **maximum zone** for the 2009 Plan. Once you qualify for the RGM Plan by achieving the three levels of success

discussed earlier, it will be easy to track your restaurant’s actual MCP % shown on your restaurant’s P&L for the Plan year, and determine your individual performance based on your customized MCP% Plan Table for the Plan year. You’ll then be able to make some simple calculations and determine your payout for the Plan year.

Note: Each participant will have a separate MCP% Plan Table for each Plan year during which he or she is a participant in the Plan.

Here’s an example of a participant’s payout for the 2009 Plan year:

2009 Plan Year MCP% Plan Table for George Smith at Restaurant Location Number 4567

MCP (Manager’s Controllable Profit) is calculated as any store’s UCI plus advertising and royalty charges. This represents the amount that a store General Manager can reasonably control as advertising and royalty expenses are based on license agreements with Arby’s. Promo food cost is included as an expense in calculating MCP and MCP%.

Restaurant 4567’s MCP% Plan Table

<u>Threshold Zone</u>	<u>Target Zone</u>	<u>Maximum Zone</u>
34.1%	34.5%	35%+

Payout formula for all Participants

<u>Threshold Zone</u>	<u>Target Zone</u>	<u>Maximum Zone</u>
1% of MCP \$ for plan year	2% Of MCP \$ for plan year	3% of MCP \$ for plan year

<u>George Smith is RGM at Arby’s Restaurant Location Number 4567</u>	
Total Sales for the Plan Year	\$820,000
Budgeted Sales	\$800,000
Actual MCP%	34.5%
UCI Plan Zone Achieved	Target Zone
Target Zone Award	2%
George’s calculation looks like this.....\$820,000 x 34.5% =\$282,900 \$282,900*.02 = \$5,658.00.	

If George remains continuously employed with MRG through his 2011 payout date, he will receive **\$5,658.00** in Period Six of 2011.

Short Term Benefits

Our plan recognizes that effort and achievement can be enhanced if there is also a short-term benefit to participants. For this reason, the following amounts will be paid 30 days after the financial statements for each period are finalized.

Plan Year 2009: Short Term Payouts: Sales plus MCP%

Periods	<u>Threshold Zone Award</u>	<u>Target Zone Award</u>	<u>Maximum Zone Award</u>
Per Period	\$50 per Period	\$75 Per period	\$100 per period
4 of 6 Periods:	Additional \$200	Additional \$250 plus 1 days off	\$250 plus 2 days off
6 of 6 Periods	Additional \$500	\$550 PLUS 3 Days off	\$550 plus 5 days off

- Special Notes:
 1. All days off must be used in calendar year 2010 and can't be carried over to later years.
 2. All days off expire upon termination and will not be paid in cash in lieu of days off. It is very important to schedule time off earned under these awards in order to ensure the benefit to you is realized.

Getting Updates

Each RGM will be provided on a Period basis, updates on his/her current Plan year Performance. Within three months after the end of each Plan year, a RGM Plan Account Statement will be distributed to each participating RGM stating if a payout was earned. Your RGM Plan Account Statement will be updated each Plan year, tracking the current year and any prior Plan year payouts.

Promoted/Demotions: If you are promoted/demoted from an RGM position role during a Plan year, you will earn no Plan awards (cash or other benefits) for that Plan year. Awards earned in prior years will not be affected.

Termination: If you leave the company or are discharged for any reason during a Plan year or before your cash bonus and other benefits for any Plan year have been paid to or used by you, your bonus and other benefits will be forfeited upon your termination of employment and you will lose your right to those benefits.

Eligibility Requirements:

As noted earlier in the Plan, you must act with integrity and in accordance with MRG's values, operating policies and procedures. This translates into being "in good standing", based on the following criteria:

- Participant has not been placed on a 90 day action plan or Catalytic "Job Threatening" plan during the Plan year in which Manager payout is earned.
- Participant performance is rated Successful (-) or above for the plan year in which a Manager payout is earned.

Changes to the Plan/Plan Documents:

MRG fully intends to continue the RGM Plan on an ongoing basis. However, the company reserves the right to amend, modify and/or terminate (except for payouts already earned) the Plan at any time, with or without advance notice. MRG also reserves the right, at its sole discretion, to interpret and construe the Plan and to determine final answers to all questions that arise hereunder.

RGM Name Printed

RGM Signature

Date