

What is this lawsuit about?

Tate, et al. v. Restaurant Technologies, Inc., et al, No. 09-cv-02076 MJD/JJG was filed by Michael Tate, Joseph Shuster, Lyle Evanson and John Ayers on behalf of themselves and all others similarly situated against Restaurant Technologies, Inc. (“RTI”), Parthenon Capital LLC, Jeffery R. Kiesel, John C. Rutherford, Jonathan O. Grad, Zachery F. Sadek, Philip A. Clough and Robert E. Weil for alleged violations of fiduciary duties in connection with the operation of RTI and a recapitalization of RTI which took place in June of 2009 (“2009 recapitalization”). The case was originally filed in Minnesota in July 2009 shortly after the 2009 recapitalization. A companion “appraisal” action was also filed in Delaware by certain individuals. For more details about the scope of the litigation, you may wish to look at the Amended Complaint which is available on this website. Please know that the allegations set forth in the Amended Complaint were denied by Defendants and that both the Defendants and the Plaintiffs felt that the evidence adduced during discovery supported their respective positions.

What are the terms of the settlement?

A brief summary of the terms of the Settlement Agreement (a copy of which is available at this website and is also on file with the Court) is as follows:

1. Defendants will pay the Class \$2.55 million cash; \$1.275 million of this amount will be put into trust upon preliminary approval of the Settlement and \$1.275 million will be paid into trust upon final approval of the Settlement;
2. Defendants have represented to the Court their intention to sell RTI through an arm’s-length auction process in the relatively near future. There is no guarantee a sale will be consummated nor is there a guaranteed timetable for such a sale. Nonetheless, based in part upon the representation of a possible sale:
 - a. RTI will issue a \$1.55 million note payable to the Class by June 1, 2013 or upon the sale of RTI, whichever is earlier, which note is to be subordinated to certain pre-existing RTI debts and will bear a 3% interest rate;
 - b. RTI will also issue a \$1.40 million note payable to the Class (also subordinated to certain pre-existing debt and paying 3% interest rate), which note will be payable the earlier of the closing of an RTI sale or June 1, 2014. This note will be deemed fully satisfied in the event of a sale closing for a gross sales price in excess of \$150 million, in which case the Class (as designated) will be paid 7% of all amounts over \$150 million in connection with a sale in full satisfaction of such note. However, in no event will the Class receive less than the \$1.40 million amount reflected by the note and may receive additional sums if the sale of RTI occurs before June 1, 2014 and the gross sales price for RTI exceeds \$170 million.

However, both Notes are subject to certain “subordination” rights of RTI’s primary lender. The nature and extent of those rights were the subject of an extensive mediation/arbitration process involving a former Hennepin County Judge. As a result of that process, and in light of the rights of RTI’s primary lender who fully participated in the process, under certain circumstances,

payments on the Notes could be delayed beyond any sales date and may only become payable on the calendar date. You are advised to review the Notes which are set forth on the website.

As summarized above, the minimum payment by the Defendants will be \$5.5 million (dependent upon RTI's credit for \$2.95 million of that amount over time pursuant to the notes). Because Plaintiffs may receive a percentage of the proceeds from any sale of RTI in lieu of the second note identified in 2b above, the settlement amount may ultimately be an amount in excess of \$5.5 million.

What benefits are available under the settlement?

Payment from the settlement will be allocated on a per-share basis after payment of fees and costs. Each class member that held either common shares or class-A preferred shares as of June 12, 2009 will be paid for their shares. The per-share amount of payment will depend on whether or not RTI is sold before June 1, 2013 for an amount greater than \$150 million. If it is not, then the per-share payment should be approximately \$2.92 per class-A preferred share and \$2.14 per common share. If RTI sells to a third party before June 1, 2013 for an amount in excess of \$150 million, then these amounts may be increased. Option holders will be paid only in the event that RTI sells for greater than \$200 million before June 1, 2013.

It is important to understand that Plaintiffs cannot project exact recoveries under the settlement and can only provide estimates/ranges of potential outcomes because it is uncertain whether a sale will occur and, if so, what the sale price of RTI will be. Presumably, the higher the price obtained by RTI in a sale, the greater the potential recovery. Further, these projections are best estimates which could vary based on a number of other factors including the accrual of interest on the notes, the number of persons who opt out of the Class, the number of people who return Claim Forms, the actual out-of-pocket expenses incurred and the amount of any fees which the Court may award in conjunction with the Final Settlement Hearing.

Why did Plaintiffs propose the allocation to the proceeds in the manner they did?

The allocation of settlement proceeds among the various classes of RTI securities holders is the product of fairness considerations and much discussion among the Class Representatives and Class Counsel. The allocation proposed attempted to account for many factors including what types of relief the Court could grant if the 2009 recapitalization was voided or if the Court had realigned the equity distributed at that time employing a "converted to common" or "investment" basis. Because some RTI securities holders would benefit from one approach or the other (but not both), the Class Representatives determined that it would be most fair to utilize a "blended" basis for pro-rata allocation of the settlement proceeds. Therefore, the allocation arrived at utilized both considerations of what that shareholder would have received on an investment basis and on a conversion to common basis. Under any scenario, options were without value by the time of the 2009 recapitalization of RTI and they will only be compensated in the event of an RTI sale over \$200 million.

How long will it take to receive payment?

Payment to the class by the defendants will occur either at the time of a sale of RTI or in accordance with the terms of two promissory notes. It is possible that full payment may not be made until the maturity dates on the notes which are, respectively, June 1, 2013 and June 1, 2014. It is also possible that a sale of RTI may occur long before such dates and, if so, payments would be promptly forthcoming after a sale. The Class Representatives and Class Counsel may elect to do an early partial distribution if they determine such distributions would be cost-effective.

The maturity date on the Notes was the subject of an extensive mediation/arbitration process which concluded on October 14, 2010. Because of the subordination rights of RTI's primary lender, it is possible that the payment on the Notes could be delayed beyond the sales date of RTI under certain circumstances.

Because payment to class members may not be made until contingent events occur in the future, it is difficult to predict exactly when funds will be distributed to the class. Therefore, it is important that you update the claims administrator of any changes to your address or contact information so that payment can be forwarded to you at the time of distribution.

Am I a member of the class?

A specific list of class members is provided as Exhibit A to the Stipulation of Settlement posted on this website. If you believe you are a class member but your name is not included on the list of class members, forward copies of stock certificates or other documents evidencing your ownership of RTI securities as of June 12, 2009 (for shares) or May 13, 2009 (for options) to:

Restaurant Technologies, Inc., Litigation Settlement
c/o Analytics Inc., Claims Administrator
PO Box 2004
Chanhassen, MN 55317-2004

What happens if I do not submit a Proof of Claim and Release Form?

The Proof of Claim and Release Form must be hand delivered, postmarked or faxed on or before November 12, 2010 to the Claims Administrator at the address or facsimile number shown on the Proof of Claim and Release Form (both of which are available on this website). Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim and Release Form, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the Judgment – including the Release. Therefore it is extremely important that you timely submit your paperwork if you wish to share in the recovery.

If you need additional time beyond November 12, 2010 for good cause to file a Proof of Claim and Release Form or to exercise other rights under the Notice, please contact the Claims Administrator and explain the reasons you need an extension.

What claims am I settling?

If the settlement is approved, the Court will enter a Judgment. Each of the Class Members, on behalf of themselves, their affiliates, predecessors, successors, assigns, agents, employees, heirs,

executors, administrators and all other persons or entities controlled by, or under common control with, who have not validly and timely requested to be excluded from the Class shall be deemed to have fully, finally and forever released, relinquished and discharged all Released Claims against all the Released Persons; covenanted not to sue any of the Released Persons; and agreed to be forever barred and enjoined from doing so in any court of law or equity in any other forum. The resolution of this action also terminates all appraisal rights for those Class Members who have not excluded themselves, and the Delaware appraisal action initiated by some RTI shareholders will also be dismissed. For more information on what constitutes a “Released Claim” or a “Released Party” you should look at the Stipulation of Settlement on this website.

What happens if I opt out of the Class?

If you submit a valid, timely and complete request for exclusion from the class, you shall have no rights under the settlement, shall not share in the distribution of the Net Settlement Fund, and shall not be bound by the final judgment. You should read the Notice, which is also included on this website, for information on precisely how to opt out of the Class. You must submit a specific request to opt out by November 12, 2010 in order to be excluded.

Who pays for the lawyers?

In most class action lawsuits, as was the case here, class members are represented by attorneys who are paid on a contingency fee basis. This means that the attorneys representing the class do not receive any compensation unless the lawsuit results in some benefit to the class. In this regard, the compensation of lawyers who work on class actions must be approved and awarded by the Court based on the common good achieved for class members and the effort put in to obtain the result. If class counsel recovers nothing for the class, then they are not paid for their time. If a recovery or remedy is obtained, application for payment of the legal fees is made to the Court and the Court then approves and awards the amount to be paid.

Class action litigation is risky for lawyers because a lot of work and expense must go into investigating a case that they may never be compensated for. Even when a case is a strong one, there is considerable risk to the lawyers that a class may not get certified as a class action or that it may have other problems. Therefore, in many fee applications, lawyers seek a premium on the actual time they spent to compensate for the risk. Again, the Court ultimately determines what counsel will be paid.

The attorneys intend to file with the Court a Fee Petition and also request an incentive award to the Class Representatives on or before November 1, 2010. When those papers are filed, they will also be posted on this website for review.

What are the tax implications from the settlement?

Each class member’s tax situation varies and, if you participate in the recovery, you may wish to visit with your tax advisor as to how these proceeds should be accounted for. Class counsel cannot provide individual tax advice, however, the distribution of the net settlement proceeds will be reported to the Internal Revenue Service.

Where can I get more information about the settlement?

A copy of the settlement agreement is located on this website. If you have questions regarding this case, please contact the Settlement Administrator by phone toll free at: 1-866-535-1629.