

## Back Yard Burgers Agrees to Be Acquired by Private Equity Group

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### Back Yard Burgers' Stockholders to Receive \$6.50 Cash Per Share

Back Yard Burgers, Inc. (NASDAQ:BYBI) announced today that it has entered into a definitive merger agreement with BBAC, LLC and its wholly-owned subsidiary, BBAC Merger Sub, Inc. BBAC, LLC is an investment partnership managed by Cherokee Advisors LLC, an Atlanta-based firm, and its principal investors include Reid M. Zeising of Cherokee Advisors, Pharos Capital Group, LLC, based in Nashville, Tennessee, and C. Stephen Lynn, former Chairman and CEO of Shoney's, Inc. and Sonic Corp. Under the terms of the merger agreement, the holders of Back Yard Burgers common stock and preferred stock will be entitled to receive \$6.50 per share in cash, which represents a 29% premium above the closing price of \$5.05 per share on June 8, 2007, the last trading day before this announcement. The total value of the transaction, including debt to be repaid by BBAC, is approximately \$38 million.

Back Yard Burgers' Board of Directors, based upon the recommendation of a special committee of independent, non-management directors who negotiated the merger agreement, has unanimously approved the merger agreement and has recommended that Back Yard Burgers' stockholders vote in favor of the merger. Officers and directors owning approximately 26.74% of the outstanding capital stock have entered into voting agreements with BBAC to vote their Back Yard Burgers stock in favor of the transaction.

The closing of the transaction is subject to, among other things, the approval by the holders of a majority of the outstanding common stock and preferred stock of Back Yard Burgers, voting together as a single class, and to a financing contingency by BBAC. BBAC has received equity and debt financing commitments for the full amount of the merger consideration, subject to entering into definitive financing agreements and satisfaction of other customary closing conditions. The transaction is expected to be completed in the third quarter of 2007, dependent on the completion of SEC filings and the timing of the Back Yard Burgers stockholders meeting at which the merger will be voted upon, as well as other factors. Upon completion of the transaction, Back Yard Burgers will become a privately held company, and its common stock will no longer be publicly traded.

Lattie Michael, Chairman and CEO of Back Yard Burgers, said, 'We are very excited to be able to announce this agreement after many months of discussions with BBAC. We believe this transaction brings real value to our stockholders, franchisees, customers and employees. For our stockholders, the \$6.50 share price is significantly higher than the market price of our shares over the past two years. For our franchisees, the management team of BBAC, headed by Steve Lynn, has a proven track record in the quick service restaurant industry for growing proprietary brands. The Back Yard Burgers brand is unique in our industry, and I am confident that under Steve's leadership, the brand will be taken to a much higher level. The focus on our quality offerings will bring the Back Yard Burgers brand to many new customers who will come to appreciate our great-tasting food, as our existing customers already do.'

Steve Lynn, CEO of BBAC, said, 'We are excited at the prospect of adding our team's expertise to the wonderful chain that the Back Yard Burgers family has created since 1987.' Chairman of BBAC, Reid M. Zeising, added, 'Our acquisition of Back Yard Burgers will enable us to focus on extending a great legacy brand. Back Yard Burgers represents a rare combination of niche status in QSR along with a strong regional growth opportunity.'

Morgan Keegan and Company, Inc. acted as financial advisor to the Back Yard Burgers Board of Directors in connection with the transaction and provided a fairness opinion to the Board of Directors of Back Yard Burgers.

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