SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended April 17, 1994 Commission File No. 1-9390

FOODMAKER, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	95-2698708
(State of Incorporation)	(I.R.S. Employer Identification No.)

9330 BALBOA AVENUE, SAN DIEGO, CA	92123
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (619) 571-2121

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Number of shares of common stock, $.01 par value, outstanding as of the close of business May 31, 1994 - 38,573,400

FOODMAKER, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS
(In thousands)

	April 17, 1994	October 3, 1993
ASSETS		
Current assets:		
Cash	$ 79,626	$ 4,481
Receivables	25,533	30,277
Inventories	26,681	40,977
Prepaid expenses	8,946	17,799
Total current assets	140,786	93,534
Investment in FRI	57,455	-
Trading area rights	61,114	55,678
Lease acquisition costs	27,089	46,013
Other assets	78,153	54,133
Property at cost	526,407	711,284
Accumulated depreciation and amortization	(125,351)	(164,813)
	401,056	546,471
Cost of business in excess of net assets at acquisition	2,632	94,591
TOTAL	$768,285	$890,420
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 12,816	$ 33,163
Accounts payable	35,707	36,662
Accrued expenses	85,017	122,741
Income taxes payable	6,976	10,783
Total current liabilities	140,516	203,349
Deferred income taxes	-	17,189
Long-term debt, net of current maturities	463,689	500,460
Other long-term liabilities	40,939	30,290
Stockholders' equity:		
Common stock	400	396
Capital in excess of par value	280,677	280,353
Accumulated deficit	(143,473)	(127,154)
Treasury stock	(14,463)	(14,463)
Total stockholders' equity	123,141	139,132
TOTAL	$768,285	$890,420

See accompanying notes to financial statements.

FOODMAKER, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Twelve Weeks Ended		Twenty-eight Weeks Ended	
	April 17, 1994	April 11, 1993	April 17, 1994	April 11, 1993
Revenues:				
Restaurant sales.	$165,003	$217,319	$499,366	$569,004
Distribution sales.	45,117	20,273	79,993	55,087
Franchise rents and royalties	7,540	5,944	18,538	18,544
Other	1,046	1,373	2,383	5,605
	218,706	244,909	600,280	648,240
Costs and expenses:				
Costs of revenues:				
Restaurant cost of sales .	48,731	61,288	144,650	158,867
Restaurant operating costs	96,475	140,440	297,981	335,118
Cost of distribution sales	43,798	19,629	77,081	52,993
Franchised restaurant costs	5,128	10,132	12,392	17,082
Selling, general and administrative	23,048	33,773	56,097	70,112
Equity in loss of FRI	1,261	-	1,261	-
Interest expense.	12,375	12,915	30,783	30,085
	230,816	278,177	620,245	664,257
Loss before income taxes, extraordinary item and cumulative effect of changes in accounting principles. . .	(12,110)	(33,268)	(19,965)	(16,017)
Income taxes (benefit).	(2,928)	(11,093)	(6,384)	(5,341)
Loss before extraordinary item and cumulative effect of changes in accounting principles.	(9,182)	(22,175)	(13,581)	(10,676)
Extraordinary item - loss on early extinguishment of debt, net of taxes.	(2,738)	-	(2,738)	-
Cumulative effect on prior years (to September 27, 1992) ofadopting SFAS 106 and SFAS 109.	-	-	-	(53,980)
Net loss.	$(11,920)	$(22,175)	$(16,319)	$(64,656)
Loss per share - primary and fully diluted:				
Loss before extraordinary item and cumulative effect of changes in accounting principles	$ (.24)	$ (.58)	$ (.35)	$ (.28)
Extraordinary item.	(.07)	-	(.07)	-
Cumulative effect on prior years (to September 27, 1992) of adopting SFAS 106 and SFAS 109	-	-	-	(1.39)
Net loss per share.	$ (.31)	$ (.58)	$ (.42)	$ (1.67)
Weighted average shares outstanding	38,559	38,111	38,467	38,725

See accompanying notes to financial statements.

FOODMAKER, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Twenty-eight Weeks Ended	
	April 17, 1994	April 11, 1993
Cash flows from operations:		
Net loss, excluding extraordinary item.	$(13,581)	$(64,656)
Non-cash items included above:		
Depreciation and amortization.	25,959	30,356
Deferred income taxes.	(9,358)	(2,388)
Equity in loss of FRI.	1,261	-
Cumulative effect of accounting changes. . .	-	53,980
Decrease in receivables	1,771	4,532
Increase in inventories	(1,168)	(2,776)
Decrease in prepaid expenses.	5,893	150
Increase (decrease) in accounts payable	15,167	(6,200)
Decrease in accrued expenses.	(3,823)	(6,881)
Cash flows provided by operations.	22,121	6,117
Cash flows from investing activities:		
Additions to property and equipment	(37,979)	(21,215)
Dispositions of property and equipment.	411	3,794
Decrease (increase) in trading area rights. . .	(6,766)	245
Acquisition of Consul	-	(8,700)
Investment in FRI, net.	(58,716)	-
Disposition of Chi-Chi's.	225,606	-
Increase in other assets.	(33,852)	(1,318)
Cash flows provided (used) in investing activities	88,704	(27,194)
Cash flows from financing activities:		
Borrowings under revolving bank loans	5,000	17,000
Principal repayments under revolving bank loans	(35,000)	-
Proceeds from issuance of long-term debt. . . .	81,211	1,737
Principal payments on long-term debt, including current maturities	(84,388)	(5,222)
Extraordinary loss on retirement of debt, net of tax	(2,738)	-
Increase (decrease) in accrued interest	2,313	(1,066)
Repurchase of common stock.	-	(10,929)
Proceeds from issuance of common stock.	328	1,106
Other changes in equity	-	46
Net proceeds from sale and leaseback transactions	7,118	6,989
Decrease in accrued transaction costs	-	(259)
Cash flows provided (used) by financing activities	(26,156)	9,402
Net increase (decrease) in cash and cash equivalents	$ 84,669	$(11,675)

See accompanying notes to financial statements.

1. The accompanying unaudited financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation have been included. Operating results for any interim period are not necessarily indicative of the results for any other interim period or for the full year. The Company reports results quarterly with the first quarter having 16 weeks and each remaining quarter having 12 weeks. Certain financial statement reclassifications have been made in the prior year to conform to the current year presentation. Additionally, the prior year financial statements have been restated to reflect the Company's adoption as of September 28, 1992 of Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and SFAS No. 109, "Accounting for Income Taxes". These financial statements should be read in conjunction with the 1993 financial statements.

2. The income tax benefit for 1994 was 32% of the pretax loss. Income taxes in 1993 were 33% of pretax earnings before the cumulative effect of changes in accounting principles, and reflect the restatement for the annualized effect of adopting SFAS No. 109.

3. On January 27, 1994, Foodmaker, Apollo Advisors, L.P. ("Apollo") and Green Equity Investors, L.P. ("GEI"), whose general partner is Leonard Green & Partners, (collectively, the "Investors"), acquired Restaurant Enterprises Group, Inc. ("REGI"), a company that owns, operates and franchises various restaurant chains including El Torito, Carrows and Coco's. Contemporaneously, REGI changed its name to Family Restaurants, Inc. ("FRI"). Concurrently, Foodmaker contributed its entire Chi-Chi's Mexican restaurant chain to FRI in exchange for an approximate 40% equity interest in FRI, valued at $62 million, a five-year warrant to acquire 111,111 additional shares at $240 per share, which would increase its equity interest to 46%, and approximately $173 million in cash ($208 million less the face amount of Chi-Chi's debt assumed, aggregating approximately $35 million). Apollo and GEI, respectively, contributed $62 million and $29 million in cash and hold approximate 40% and 18.4% equity positions in FRI. Management of FRI invested $2.5 million in cash and notes and holds an approximate 1.6% equity position. A portion of the net cash received was used by Foodmaker to repay all of the debt outstanding under its then existing bank credit facility, which has been terminated. It is expected that the balance of proceeds will be used to reduce other existing debt, to the extent permitted by the Company's financing agreements, and to provide funds for capital expenditures and general corporate purposes. The Company does not anticipate receiving dividends on its FRI common stock in the foreseeable future. The payment of dividends is restricted by FRI's public debt instruments.

   Summarized FRI financial information for the two months from the date of the acquisition through March 27, 1994, the end of its first quarter, follows (in thousands):

Sales	$189,580
Costs of sales	52,986
Operating costs	120,314
General and administrative expense	9,045
Interest expense	9,878
Loss before income tax provision	(2,643)
Income taxes	594
Net loss	$ (3,237)

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

4. In early January 1994, the Company entered into financing lease arrangements with two limited partnerships, (the "Partnerships"), in which estates for years relating to 42 existing and approximately 34 to-be-constructed restaurants were sold. The acquisition of the properties, including costs and expenses, was funded through the issuance by a special purpose corporation acting as agent for the Partnerships of $70 million senior secured notes, having interest payable semi-annually and due in two equal annual installments of principal beginning November 1, 2002. The Company is required semi-annually through year nine to make payments to a trustee of approximately $3.4 million and special payments of approximately $.7 million, which effectively cover interest and sinking fund requirements, respectively, on the notes. At the end of years nine and ten, the Company must make rejectable offers to reacquire 50% of the properties at each date at a price which is sufficient, in conjunction with previous sinking fund deposits, to retire the notes. If the Partnerships reject the offers, the Company may purchase the properties at less than fair market value or cause the Partnerships to fund the remaining principal payments on the notes and, at the Company's option, cause the Partnerships to acquire the Company's residual interest in the properties. If the Partnerships are allowed to retain the estates for years, the Company has available options to extend the leases for total terms of up to 35 years, at which time the ownership of the property will revert to the Company. The transactions are reflected as financings with the properties remaining in the Company's financial statements. As a result of the foregoing transaction, at April 17, 1994, the Company had approximately $28 million in construction funds available for new restaurants, which was classified in the financial statements in other assets.

5. Long-term debt has changed as a result of the aforementioned transactions as indicated in the following table:

	April 17, 1994	October 3, 1993
Bank credit agreement.	$ --	$107,000
13 1/2% Senior notes	23,283	23,283
9 1/4% Senior notes, due March 1, 1999	175,000	175,000
9 3/4% Senior subordinated notes, due June 1, 2002	125,000	125,000
12 3/4% Senior notes, due July 1, 1996	7,043	7,043
14 1/4% Senior subordinated notes, due May 15, 1998	42,843	42,843
Subordinated debentures.	--	19,268
Other notes, principally secured	25,707	23,610
Financing lease obligations.	68,940	--
Capitalized lease obligations.	8,689	10,576
	476,505	533,623
Less current portion	(12,816)	(33,163)
	$463,689	$500,460

6. Contingent Liabilities

Various claims and legal proceedings are pending against the Company in various state and Federal courts; many of those proceedings are in the states of Washington, Nevada and Idaho and in Federal Court, Western District of Washington at Seattle seeking monetary damages and other relief relating to the outbreak of food-borne illness (the "Outbreak") attributed to hamburgers served at Jack In The Box restaurants. The Company, in consultation with its insurance carriers and attorneys, does not anticipate that the total liability on all such lawsuits and claims will exceed the coverage available under its applicable insurance policies.

Actions were filed on July 2, 1993, in the Superior Court of California, County of San Diego, by certain of the Company's franchisees against the Company, The Vons Companies, Inc., ("Vons") and other suppliers (Syed Ahmad, et al, versus Foodmaker, Inc., et al), claiming damages from reduced sales and profits due to the Outbreak. After extensive negotiations, settlements were reached with all but one of the franchisees. During 1993, the Company provided approximately $44.5 million to cover the settlements and associated costs, including a then anticipated settlement with the remaining franchisee.

On January 14, 1994, the non-settling Franchisee filed two substantially identical suits against the Company and The Vons Companies in Superior Court of California, County of San Diego and in Federal Court, Southern District of California (Ira Fischbein, et al versus Foodmaker, Inc., et al) claiming damages from reduced sales, lost profits and reduced value of the franchise due to the Outbreak. The Company has engaged legal counsel and is vigorously defending the actions.

The Company on July 19, 1993, filed a cross-complaint against Vons and other suppliers seeking reimbursement for all damages, costs and expenses incurred in connection with the Outbreak. On or about January 18, 1994, Vons filed a cross complaint against Foodmaker and others in this action alleging certain contractual and tort liabilities and seeking damages in unspecified amounts and a declaration of the rights and obligations of the parties.

In April 1993, a class action, In re Foodmaker, Inc./Jack In The Box Securities Litigation, was filed in Federal Court, Western District of Washington at Seattle against the Company, its Chairman, and the President of the Jack In The Box Division on behalf of all persons who acquired the Company's common stock between March 4, 1992 and January 22, 1993 seeking damages in an unspecified amount as well as punitive damages. In general terms, the complaint alleges that there were false and misleading statements in the Company's March 4, 1992 prospectus and in certain public statements and filings in 1992 and 1993, including claims that the defendants disseminated false information regarding the Company's food quality standards and internal quality control procedures. The Company has engaged legal counsel and is vigorously defending the action.

The amount of liability from the claims and actions described above cannot be determined with certainty, but in the opinion of management, based in part upon advice from legal counsel, the ultimate liability from all pending legal proceedings, asserted legal claims and known potential legal claims which are probable of assertion will not materially affect the consolidated financial position or operations of the Company.

The U.S. Internal Revenue Service ("IRS") had proposed adjustments to tax liabilities of $17 million (exclusive of interest) for the Company's federal income tax returns for fiscal years 1986 through 1988. A final report has not been issued but agreement has been reached to satisfy these proposed adjustments at approximately $1.3 million (exclusive of $.8 million interest). The IRS examinations of the Company's federal income tax returns for fiscal years 1989 and 1990 resulted in the issuance of proposed adjustments to tax liabilities aggregating $2.2 million (exclusive of $.7 million interest). The Company has filed a protest with the Regional Office of Appeals of the IRS contesting the proposed assessments. Management believes that adequate provision for income taxes has been made.

7. Selected Pro Forma Financial Data

The following selected pro forma statement of operations for the 28 weeks ended April 17, 1994 give effect to the following transactions and events as if they had occured as of the beginning of the period presented: (i) the acquisition by the Company of a 40% equity interest in FRI, valued at $62 million; (ii) the concurrent contribution by the Company of its entire Chi-Chi's Mexican restaurant chain to FRI for the above equity interest and approximately $173 million in cash ($208 million less the face amount of Chi-Chi's debt assumed); and (iii) the utilization of cash to repay all of the debt outstanding under the Company's then existing bank credit facility, which has since been terminated, with the balance of cash available for capital expenditures and general corporate purposes.

The pro forma financial data presented herein do not purport to represent what the Company's results of operations would have been had such transactions in fact occured at the beginning of the period or to project the Company's results of operations in any future period.

	Actual	Pro Forma Adjustments	As Adjusted
	(In thousands, except per share data)		
Revenues:			
Restaurant sales	$499,366	$(123,247)	$376,119
Distribution sales	79,993	28,163	108,156
Franchise rents and royalties	18,538	(132)	18,406
Other	2,383	(554)	1,829
	600,280	(95,770)	504,510
Costs of revenues:			
Company restaurant costs	442,631	(113,299)	329,332
Costs of distribution sales	77,081	28,048	105,129
Franchised restaurant costs	12,392	(159)	12,233
Selling, general and administrative	56,097	(3,425)	52,672
Equity in loss of FRI	1,261	6,779	8,040
Interest expense	30,783	(4,373)	26,410
	620,245	(86,429)	533,816
Loss before income taxes and cumulative effect of changes in accounting principles	(19,965)	(9,341)	(29,306)
Income taxes (benefit)	(6,384)	(3,036)	(9,420)
Loss before cumulative effect of changes in accounting principles	$(13,581)	$(6,305)	$(19,886)
Loss per share before cumulative effect of changes in accounting principles	$ (.35)		$ (.52)
Weighted average shares outstanding	38,467		38,467

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(1) The pro forma adjustments (i) eliminate revenues, costs of revenues and general and administrative expenses of Chi-Chi's; (ii) record sales and cost of sales for the Company's distribution activity with Chi-Chi's, previously eliminated in consolidation; (iii) record the Company's approximate 40% equity in the pro forma net loss of FRI; (iv) reflect the reduction of net interest expense through elimination of approximately $35 million assumed by FRI and utilization of proceeds from the sale of Chi-Chi's investments and for retirement of the bank credit facility; and (v) increase the income tax benefit as a result of the increased pro forma pre-tax loss.

RESULTS OF OPERATIONS

All comparisons under this heading between 1994 and 1993, unless otherwise indicated, refer to the 12-week and 28-week periods ended April 17, 1994 and April 11, 1993, respectively. On January 27, 1994, the Company contributed its entire Chi-Chi's Mexican restaurant chain ("Chi-Chi's") to Family Restaurants, Inc. ("FRI") in exchange for an approximate 40% interest in FRI and other consideration including cash and debt assumption as described in Note 3 to the consolidated financial statements. The consolidated statements of operations, therefore, include Chi-Chi's results of operations only for the 16 weeks (first fiscal quarter) ended in January 1994, and for both the 12-week and 28-week periods ended in 1993.

Sales by Jack In The Box Company-operated restaurants increased $38.2 million and $16.0 million, respectively, to $165.0 million and $376.1 million in 1994 from $126.8 million and $360.1 million in 1993. The sales improvement is primarily due to an increase in the average number of Company-operated restaurants to 740 in 1994 from 715 in 1993 and due in part to increases in per store average sales for comparable restaurants ("PSA") of approximately 23% and 2%, respectively, in 1994 as compared to 1993. The PSA increase results primarily from a recovery of sales in 1994 in comparison to the depressed levels subsequent to January 1993 when Jack In The Box was linked to an outbreak of food-borne illness in the Pacific Northwest ("the Outbreak"). Chi-Chi's restaurant sales were $123.3 million in the first quarter of 1994 and $90.5 million and $208.9 million, respectively, in the 12-week and 28-week periods of 1993.

Distribution sales of food and supplies increased approximately $25 million in both periods to $45.1 million and $80.0 million, respectively, in 1994 from $20.3 million and $55.1 million in 1993. The increases are primarily due to sales of $21.3 million to Chi-Chi's (FRI) restaurants, which were previously eliminated as intercompany sales, and in part due to a $3.5 million increase in sales to Jack In The Box franchisees and others.

Jack In The Box franchise rents and royalties increased to $7.5 million and $18.4 million, respectively, in 1994 from $5.7 million and $17.8 million in 1993 principally due to PSA increases at franchisee-operated operated Jack In The Box restaurants, which were also affected negatively by the Outbreak in 1993. Franchise rents and royalties for Chi-Chi's were $.1 million in the first quarter of 1994 and $.2 million and $.7 million, respectively, in the 12-week and 28-week periods of 1993.

Other revenues for Jack In The Box increased $.4 million to $1.0 million from $.6 million for the 12-week period primarily due to interest income earned on cash proceeds from the sale of Chi-Chi's, and declined $1.6 million to $1.8 million from $3.4 million for the 28-week period due to the decline in the number of conversions of Company-operated restaurants to franchised restaurants to 4 in 1994 from 9 in 1993, resulting in reduced gains and fees. Chi-Chi's other revenues were $.6 million in the first quarter of 1994 and $.8 million and $2.2 million, respectively, in the 12-week and 28-week periods of 1993.

Jack In The Box costs of sales increased to $48.7 million and $112.0 million, respectively, in 1994 from $37.5 million and $104.3 million in 1993 principally due to the variable costs associated with higher sales. Costs of sales also increased as a percent of sales in 1994 as compared to 1993 due to the impact of higher ingredient costs not offset by price increases and the higher proportional food cost of certain discount promotions which have increased average customer checks to a level higher than any other quarter since the Outbreak. Chi-Chi's costs of sales were $32.7 million in 1994 and $23.8 million and $54.6 million, respectively, in the 12-week and 28-week periods of 1993.

Restaurant operating costs for Jack In The Box increased $13.7 million and $12.4 million, respectively, to $96.5 million and $217.3 million in 1994 from $82.8 million and $204.9 million in 1993 primarily due to the variable costs associated with increased sales, and in part due to higher occupancy and other operating costs. The higher occupancy costs are the result of increases in the number of new leased properties and the sale and leaseback of existing properties. As a result of the increase in average sales in 1994, restaurant operating costs represent a lower percent of sales for the 12-week period in 1994 in comparison to the similar period of 1993. Chi-Chi's restaurant operating costs were $80.7 million in the first quarter of 1994 and $57.6 million and $130.2 million, respectively, in the 12-week and 28-week periods of 1993.

Costs of distribution sales increased approximately $24 million in both periods to $43.8 million and $77.1 million in 1994 from $19.6 million and $53.0 million in 1993, consistent with the increase in distribution sales.

Jack In The Box franchise restaurant costs, which consist primarily of rents and depreciation on properties leased to franchisees, decreased to $5.1 million and $12.2 million, respectively, in 1994 from $10.0 million and $16.8 million in 1993 primarily due to the elimination of assistance provided to franchisees in 1993. Chi-Chi's franchise restaurant costs were $.2 million in the first quarter of 1994 and $.1 million and $.3 million, respectively, in the 12-week and 28-week periods of 1993.

Selling, general and administrative expenses for Jack In The Box decreased to $23.0 million and $47.0 million, respectively, in 1994 from $25.4 million and $51.9 million in 1993, principally due to (1) a $5.7 million gain recognized from the sale of Chi-Chi's, (2) a decrease in write-offs associated with normal asset disposals, offset by (3) $2.0 million in severance expenses and associated costs resulting from the elimination of approximately 80 administrative positions, and (4) a charge of $3.5 million principally for the write-down of assets to net realizable values and providing for costs of closing seven older, under-performing restaurants with short remaining lease terms. Chi-Chi's incurred selling, general and administrative expenses of $9.1 million in the first quarter of 1994 and $8.4 million and $18.2 million, respectively, in the 12-week and 28-week periods of 1993.

Interest expense for the 12-week period decreased $.5 million to $12.4 million from $12.9 million due to the repayment of $79 million of bank debt offset partially by the addition of an approximate $70 million finance lease obligation, and increased $.7 million for the 28-week period to $30.8 million in 1994 from $30.1 million in 1993 due to interest related to prior year tax audits.

Income tax benefit was 24% and 32%, respectively, of pretax loss in 1994, and 33% of pretax loss for both periods in 1993. The U.S. Internal Revenue Service ("IRS") had proposed adjustments to tax liabilities of $17 million (exclusive of interest) for the Company's federal income tax returns for fiscal years 1986 through 1988. A final report has not been issued but agreement has been reached to satisfy these proposed adjustments at approximately $1.3 million (exclusive of $.8 million interest). The IRS examinations of the Company's federal income tax returns for fiscal years 1989 and 1990 resulted in the issuance of proposed adjustments to tax liabilities aggregating $2.2 million (exclusive of $.7 million interest). The Company has filed a protest with the Regional Office of Appeals of the IRS contesting the proposed assessments. Management believes that adequate provision for income taxes has been made.

Effective September 28, 1992, the Company adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pension Benefits", and No. 109, "Accounting for Income Taxes". As a result, the Company reported in 1993 a $54.0 million cumulative effect to September 27, 1992 of these changes in accounting principles, $10.2 million relating to SFAS 106 and $43.8 million relating to SFAS 109.

FINANCIAL CONDITION

The Company's primary sources of liquidity are cash flows from operations, funds available from the finance lease transaction described below and the sale and leaseback of restaurant properties. An additional potential source of liquidity is the conversion of Company-operated Jack In The Box restaurants to franchised restaurants. The Company requires capital principally to construct new restaurants, to maintain, improve and refurbish existing restaurants, and for general corporate purposes.

At April 17, 1994, the Company's working capital had increased $110.1 million to $.3 million from a working capital deficit of $109.8 million at October 3, 1993, due primarily to net cash proceeds received from the sale of Chi-Chi's, after the repayment of bank debt. The Company's working capital position was also improved by the recognition of tax benefits and partial payment of franchisee settlements and associated costs. The restaurant business does not require the maintenance of significant receivables or inventories, and it is common to receive trade credit from vendors for purchases such as supplies. In addition, the Company, and generally the industry, continually invests it its business through the addition of new units and refurbishment of existing units, which are reflected as long-term assets and not as part of working capital.

At April 17, 1994, the Company's total debt outstanding was $476.5 million. In early January 1994, the Company completed financing arrangements (see Note 3 to the consolidated financial statements), which added an approximate $70 million finance lease obligation to the Company's debt, enabling the Company to repay approximately $28 million in bank borrowings, fund existing capital expenditures and establish a construction fund of approximately $28 million for new restaurants. With the sale of Chi-Chi's on January 27, 1994, the Company reduced its outstanding debt, including full repayment of all bank borrowings and termination of the bank credit facility, and had approximately $80 million in cash on hand at April 17, 1994. Substantially all of the Company's real estate and machinery and equipment is, and is expected to continue to be, pledged to its lenders.

Based upon current levels of operations and anticipated growth, the Company expects that sufficient cash flow will be generated from operations so that, combined with other financing alternatives available to it, including the utilization of cash on hand, cash in the construction fund referred to above and the sale and leaseback of restaurants, the Company will be able to meet all of its debt service requirements, as well as its capital expenditures and working capital requirements, for the foreseeable future. In addition, the Company is seeking a new bank credit facility to provide an additional source of funds for the future.

PART II - OTHER INFORMATION

There is no information required to be reported for any items under Part II, except as follows:

Item 1. Legal Proceedings.

Various claims and legal proceedings are pending against the Company in various state and Federal courts; many of those proceedings are in the states of Washington, Nevada and Idaho and in Federal Court, Western District of Washington at Seattle seeking monetary damages and other relief relating to the Outbreak attributed to hamburgers served at Jack In The Box restaurants. The Company, in consultation with its insurance carriers and attorneys, does not anticipate that the total liability on all such lawsuits and claims will exceed the coverage available under its applicable insurance policies.

Actions were filed on July 2, 1993, in the Superior Court of California, County of San Diego, by certain of the Company's franchisees against the Company, The Vons Companies, Inc., ("Vons") and other suppliers (Syed Ahmad, et al, versus Foodmaker, Inc., et al), claiming damages from reduced sales and profits due to the Outbreak. After extensive negotiations, settlements were reached with all but one of the franchisees. During 1993, the Company provided approximately $44.5 million to cover the settlements and associated costs, including a then anticipated settlement with the remaining franchisee. On January 14, 1994, the non-settling Franchisee filed two substantially identical suits against the Company and The Vons Companies in Superior Court of California, County of San Diego and in Federal Court, Southern District of California (Ira Fischbein, et al versus Foodmaker, Inc., et al) claiming damages from reduced sales, lost profits and reduced value of the franchise due to the Outbreak. The Company has engaged legal counsel and is vigorously defending the actions.

The Company on July 19, 1993, filed a cross-complaint against Vons and other suppliers seeking reimbursement for all damages, costs and expenses incurred in connection with the Outbreak. On or about January 18, 1994, Vons filed a cross complaint against Foodmaker and others in this action alleging certain contractual and tort liabilities and seeking damages in unspecified amounts and a declaration of the rights and obligations of the parties.

In April 1993, a class action, In re Foodmaker, Inc./Jack In The Box Securities Litigation, was filed in Federal Court, Western District of Washington at Seattle against the Company, its Chairman, and the President of the Jack In The Box Division on behalf of all persons who acquired the Company's common stock between March 4, 1992 and January 22, 1993 seeking damages in an unspecified amount as well as punitive damages. In general terms, the complaint alleges that there were false and misleading statements in the Company's March 4, 1992 prospectus and in certain public statements and filings in 1992 and 1993, including claims that the defendants disseminated false information regarding the Company's food quality standards and internal quality control procedures. The Company has engaged legal counsel and is vigorously defending the action.

The amount of liability from the claims and actions described above cannot be determined with certainty, but in the opinion of management, based in part upon advice from legal counsel, the ultimate liability from all pending legal proceedings, asserted legal claims and known potential legal claims which are probable of assertion will not materially affect the consolidated financial position or operations of the Company.

The U.S. Internal Revenue Service ("IRS") had proposed adjustments to tax liabilities of $17 million (exclusive of interest) for the Company's federal income tax returns for fiscal years 1986 through 1988. A final report has not been issued but agreement has been reached to satisfy these proposed adjustments at approximately $1.3 million (exclusive of $.8 million interest). The IRS examinations of the Company's federal income tax returns for fiscal years 1989 and 1990 resulted in the issuance of proposed adjustments to tax liabilities aggregating $2.2 million (exclusive of $.7 million interest). The Company has filed a protest with the Regional Office of Appeals of the IRS contesting the proposed assessments. Management believes that adequate provision for income taxes has been made.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Number	Description
10.1	Ninth Amendment dated as of January 27, 1994 to Amended and Restated Securities Purchase Agreement dated as of February 28, 1991 by and between Foodmaker, Inc. and The Prudential Insurance Company of America.

(b) Reports on Form 8-K

A Form 8-K was filed on February 11, 1994, reporting under Item 2 thereof, the disposition of Chi-Chi's and acquisition of an approximate 40% interest in FRI on January 27, 1994. (See Note 3 to the financial statements).

A Form 8-K/A was filed on April 12, 1994, with respect to the same matter.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized and in the capacities indicated.

FOODMAKER, INC.

By: /S/ ROBERT L. SUTTIE

Robert L. Suttie
Vice President, Controller
and Chief Accounting Officer
(Duly Authorized Signatory)

Date: June 1, 1994

Exhibit 10.1

NINTH AMENDMENT TO
AMENDED AND RESTATED
SECURITIES PURCHASE AGREEMENT

THIS AMENDMENT TO AMENDED AND RESTATED SECURITIES PURCHASE AGREEMENT is dated as of January 27, 1994 (this "Amendment"), by and between Foodmaker, Inc., a Delaware corporation (the "Company"), The Prudential Insurance Company of America (the "Purchaser"), and for purposes of paragraph 5 hereof, the Guarantors listed on the signature pages hereof ("Guarantors") and the Grantors listed on the signature pages hereof ("Grantors"). This Amendment amends certain provisions of the Amended and Restated Securities Purchase Agreement dated as of February 28, 1991 by and between the Company and the Purchaser, as heretofore amended (the "Agreement") and consents to the release of certain liens in connection therewith.

W I T N E S S E T H:

WHEREAS, the Company and the Purchaser have entered into the Agreement; capitalized terms used in this Amendment without definition have the meanings ascribed to such terms in the Agreement;

WHEREAS, the Company, together with certain other investors, is acquiring all of the issued and outstanding capital stock of Family Restaurants, Inc., a Delaware corporation ("FRI"), and in connection with such acquisition, the Company is transferring all of the issued and outstanding stock of Chi-Chi's to FRI;

WHEREAS, the Company and the Banks propose to enter into an Amended and Restated Credit Agreement dated as of January __, 1994 (the "Amended and Restated Credit Agreement"), to, among other things, (i) consent to the transfer of Chi-Chi's, (ii) continue the revolving credit facility of $45 million to the Company with a $25 million subfacility for letters of credit, (iii) eliminate Chi-Chi's as a borrower under and a party to the Credit Agreement, (iv) release Chi-Chi's and its Subsidiaries from their obligations in respect of the Credit Agreement and the collateral documents and guaranties related thereto in exchange for the repayment in full of the Existing Chi-Chi's Loans and the Existing Company Loans consisting of term loans and (v) make certain other changes;

WHEREAS, the Company requested and the Purchaser has agreed to amend certain provisions of the Agreement to conform it with the proposed Amended and Restated Credit Agreement and to consent to the transfer of Chi-Chi's;

WHEREAS, certain Collateral Parties are parties to the Non-Recourse Guaranties, and such Collateral Parties desire expressly to consent to the amendments to the Agreement set forth herein and to reaffirm the effectiveness of the Non-Recourse Guaranties to which they are a party; and

WHEREAS, the collateral Parties are parties to the Collateral Documents, and such Collateral Parties desire

expressly to consent to the amendments of the Agreement set forth herein and to reaffirm the effectiveness of the Collateral Documents to which they are a party;

WHEREAS, the collateral Parties are parties to the Collateral Documents, and such Collateral Parties desire expressly to consent to the amendments of the Agreement set forth herein and to reaffirm the effectiveness of the Collateral Documents to which they are a party;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, the Company and the Purchaser agree as follows:

1. Amendment to the Agreement. The Agreement is hereby amended as follows:

1A. Paragraph 4D of the Agreement is hereby amended by deleting paragraph 4D(ii) and substituting in its place the following:

"(ii) The Company may invest in FRI in connection with the Acquisition; provided that the consideration given by the Company for such Investment shall not exceed $65,000,000 in value allocated pursuant to the Acquisition Agreement."

1B. Paragraph 4N of the Agreement is hereby amended by deleting the chart in such paragraph and substituting in its place the following chart:

Fiscal Year	Expansion Capital Expenditures	Capital Expenditures
1994	$20,000,000	$38,000,000
1995	$52,000,000	$80,000,000
1996	$54,000,000	$85,000,000
1997	$55,000,000	$90,000,000

1C. Paragraph 4Q of the Agreement is hereby amended by deleting such paragraph in its entirety and inserting the following:

4Q. Incorporation by Reference. Each of the covenants of the Company and its Subsidiaries contained in Exhibit D hereto, and the each of the corresponding definitions relating to such covenants contained in such Exhibit D, are hereby adopted as

amendments to the Agreement and are hereby incorporated in paragraph 4Q of the Agreement by this reference with the same effect as though set forth in their entirety herein."

1D. Paragraph 7 of the Agreement is hereby amended by:

(i) deleting the following definitions therefrom: "Acknowledgement and Consent," "Intercreditor Agreement," "Recapitalization Senior Indebtedness," Recapitalization Senior Note Indenture," "Recapitalization Subordinated Debt Indenture," "Recapitalization Subordinated Indebtedness," "Revolving Commitments," and "Subordinated Indebtedness;" and

(ii) inserting the following definitions thereto:

"Acknowledgment and Consent" means those certain Acknowledgment and Consents dated as of the Ninth Amendment Effective Date pursuant to which the Company and its Subsidiaries acknowledge and affirm the continued validity and effect of the Collateral Documents and Guaranties.

"Acquisition" means the acquisition of approximately 40% of the FRI capital stock by the Company pursuant to the Acquisition Agreement.

"Acquisition Agreement" means that certain Acquisition Agreement dated as of October 15, 1993 among Apollo Advisors, L.P. on behalf of one or more managed entities, Green Equity Investors, L.P., FRI, Chi-Chi's and the Company, as amended, in accordance with which the Acquisition and the Chi-Chi's Sale will occur.

"Chi-Chi's Sale" means the merger of Chi-Chi's with an indirect subsidiary of FRI pursuant to the Acquisition Agreement.

"Credit Agreement" means the Third Amended and Restated Credit Agreement dated as of February 28, 1991, among the Company, Chi-Chi's, the Banks and Wells Fargo, as Agent, including all Schedules and Exhibits thereto, as such Credit Agrement was amended, supplemented or otherwise modified from time to time and as in effect prior to January 26, 1994.

"FRI" means Family Restaurants, Inc., a Delaware corporation.

"Recapitalization Senior Indebtedness" means Indebtedness of the Company incurred through the issuance by the Company of 9-1/4% Senior Notes due 1999 in an initial aggregate principal amount of $175,000,000 pursuant to the Recapitalization Senior Note Indenture.

"Recapitalization Senior Note Indenture" means the indenture between the Company, as issuer, and IBJ Schroder Bank & Trust Company, as trustee, dated as of March 1, 1992 pursuant to which the Recapitalization Senior Indebtedness was issued and is outstanding.

"Recapitalization Subordinated Debt Indenture" means the indenture between the Company, as issuer, and First Fidelity Bank, N.A., as trustee, dated as of March 1, 1992 pursuant to which the Recapitalization Subordinated Indebtedness was issued and is outstanding.

"Recapitalization Subordinated Indebtedness" means Subordinated Indebtedness of the Company incurred through the issuance by the Company of 9-3/4% Senior Subordinated Notes due 2002 in an initial aggregate principal amount of $125,000,000 pursuant to the Recapitalization Subordinated Debt Indenture.

"Revolving Commitments" means the commitments of the Banks to make the Revolving Loans and Converted Loans as set forth in subsection 2.1A of the Credit Agreement.

"Senior Drexel Indebtedness Defeasance" means the purchase, redemption or defeasance by the Company of the Senior Drexel Indebtedness pursuant to the terms of the Senior Drexel Indenture.

"Subordinated Indebtedness" means the Senior Drexel Indebtedness, the Old Subordinated Debt and the Recapitalization Subordinated Indebtedness and any other Indebtedness of the Company or its Subsidiaries which is subordinated in right of payment to the payment of the Senior Note Obligations (the Incurrence of which and the terms of payment, covenants, events of default and the form of subordination of which shall have been approved in writing by the Purchaser).

2. Consents.

2A. In accordance with paragraph 4L of the Agreement, the Purchaser hereby consents to the proposed amendments to the Credit Agreement pursuant to the Amended and Restated Credit Agreement, in substantially the form attached hereto as Exhibit A.

2B. In accordance with paragraph 4H of the Agreement, the Purchaser hereby consents to the Chi-Chi's Sale and the Acquisition pursuant to the Acquisition Agreement, in substantially the form attached hereto as Exhibit B.

2C. In accordance with paragraph 4L, the Purchaser hereby terminates (a) the guaranty by Chi-Chi's and its

Subsidiaries under the Chi-Chi's Non-Recourse Guaranty, the Lumex/USA/Holding Non-Recourse Guaranties and the Subsidiary Non-Recourse Guaranty, solely as they relate to Chi-Chi's and its Subsidiaries and (b) the security interests in the Collateral created by the Chi-Chi's Pledge and Security Agreement, the Chi-Chi's Trademark Security Agreement, the Lumex/USA Pledge and Security Agreements and the Foodmaker Pledge Agreement, solely as they relate to Chi-Chi's and its Subsidiaries. The Purchaser further gives its consent to Citicorp North America, Inc., as Collateral Agent under the Intercreditor Agreement, to enter into that certain Termination and Release Agreement, dated January 27, 1994, on behalf of the Purchaser.

3. Conditions to Effectiveness. This Amendment shall become effective only upon satisfaction of the following conditions precedent (the first date such conditions are satisfied being the "Ninth Amendment Effective Date"):

3A. On or before the Ninth Amendment Effective Date, the Company and each Collateral Party to the Non-Recourse Guaranties and the Collateral Documents shall deliver to the Purchaser an executed copy of this Amendment; and

3B. On or before the Ninth Amendment Effective Date, the Purchaser shall have received an executed copy of the Acquisition Agreement.

4. Representations and Warranties. In order to induce the Purchaser to enter into this Amendment, the Company represents and warrants to the Purchaser as follows:

4A. Continued Effectiveness. After giving effect to the provisions of this Amendment, all of the representations and warranties contained in the Agreement are true, correct and complete on and as of the Ninth Amendment Effective Date to the same extent as though made on and as of such date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they are true and correct on and as of such earlier date.

4B. No Defaults. As of the date hereof and the Ninth Amendment Effective Date, there will exist no Default or Event of Default.

5. Acknowledgment and Consent. Each Guarantor and Grantor acknowledges as follows:

Each Guarantor, as a guarantor under one or more Non-Recourse Guaranties, and each Grantor, as a grantor under one or more Collateral Documents, hereby acknowledges that it has reviewed the terms of the Agreement and this Amendment and

consents to the amendment of the Agreement effected by this Amendment. Each Guarantor hereby confirms and agrees that each of the Non-Recourse Guaranties to which it is a party guaranties, and shall continue to guaranty, the Senior Note Obligations under the Agreement in accordance with its terms to the fullest extent possible. Each Grantor hereby confirms and agrees that each of the Collateral Documents to which it is a party secures, and will continue to secure, the Senior Note Obligations under the Agreement in accordance with its terms to the fullest extent possible. Each Guarantor and each Grantor hereby acknowledges and confirms its understanding and intent that, upon the effectiveness of this Amendment, as a result of this Amendment, the Senior Note Obligations arising under the Agreement and guaranteed by any Non-Recourse Guaranty or secured by any Collateral Document to which it is a party shall be modified to include the Senior Note Obligations arising under the Agreement as modified by this Amendment.

Each Guarantor and each Grantor agrees and acknowledges that each Non-Recourse Guaranty and each Collateral Document to which it is a party shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired by the execution or effectiveness of this Amendment. Each Guarantor and each Grantor represents and warrants that all representations and warranties contained in the Non-Recourse Guaranty and/or Collateral Document to which it is a party or otherwise bound are true, correct and complete in all material respects on and as of the Ninth Amendment Effective Date to the same extent as though made on and as of such date, except to the extent that such representations and warranties specifically relate to an earlier date, in which case they are true, correct and complete in all material respects on and as of such earlier date.

Each Guarantor and each Grantor hereby agrees that upon the effectiveness of this Amendment, all references to the Agreement, "thereunder", "thereof", or words of like import referring to the Agreement in any Non-Recourse Guaranty and any Collateral Document to which it is a party shall mean the Agreement as modified by this Amendment.

Each Guarantor and each Grantor acknowledges and agrees that (i) the foregoing consent of the Guarantors and the Grantors (other than the Company) is not required by the terms of the Agreement or any other Loan Document and (ii) nothing in the Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of any Guarantor or any Grantor (other than the Company) to any future waiver under the Agreement.

6. Miscellaneous.

6A. Covenants. (i) On or before the January 31, 1994, the Company shall deliver, and the Purchaser shall have received an amendment fee from the Company in the amount of $174,623.

(ii) In the event that this Amendment does not accurately reflect the agreements of the parties hereto, the parties agree to make any changes necessary to conform this Amendment with such agreements.

6B. Ratification of Agreement. It is hereby agreed that, except as specifically provided herein, this Amendment does not in any way effect or impair the terms and conditions of the Agreement or the other Loan Documents, and all terms and conditions of the Agreement and the other Loan Documents are to remain in full force and effect unless otherwise specifically amended, waived or changed pursuant to the terms and conditions thereof or of this Amendment. On and after the Ninth Amendment Effective Date, any reference to the Agreement shall be deemed to be a reference to the Agreement as modified by this Amendment.

6C. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

6D. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

FOODMAKER, INC.

By: /S/ CHARLES W. DUDDLES

Title:

THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA

By: /S/ RICHARD A. HUBBARD

Vice President

GUARANTORS AND GRANTORS:

FOODMAKER, INC.

By: /S/ CHARLES W. DUDDLES

Title:

CHI-CHI'S, INC.

By: /S/ CHARLES W. DUDDLES

Title:

CHI-CHI'S USA, INC.

By: /S/ MICHAEL GUERRA

Title:

LUMEX, INC.

By: /S/ MICHAEL GUERRA

Title:

CCMR OF CATONSVILLE, INC.

By: /S/ MICHAEL GUERRA

Title:

CCMR OF CUMBERLAND, INC.

By: /S/ MICHAEL GUERRA

Title:

CCMR OF FREDERICK, INC.

By: /S/ MICHAEL GUERRA

Title:

CCMR OF GOLDEN RING, INC.

By: /S/ MICHAEL GUERRA

Title:

CCMR OF GREENBELT, INC.

By: /S/ MICHAEL GUERRA

Title:

CCMR OF MARYLAND, INC.

By: /S/ MICHAEL GUERRA

Title:

CCMR OF RITCHIE HIGHWAY, INC.

By: /S/ MICHAEL GUERRA

Title:

CHI-CHI'S OF KANSAS, INC.

By: /S/ MICHAEL GUERRA

Title:

CHI-CHI'S OF SOUTH CAROLINA, INC.

By: /S/ MICHAEL GUERRA

Title:

CCMR OF TIMONIUM, INC.

By: /S/ MICHAEL GUERRA

Title:

CHI-CHI'S OF WEST VIRGINIA, INC.

By: /S/ MICHAEL GUERRA

Title:

CHI-CHI'S OF NEW YORK, INC.

By: /S/ MICHAEL GUERRA

Title:

FOODMAKER INTERNATIONAL
FRANCHISING, INC.

By: /S/ CHARLES W. DUDDLES

Title:

Exhibit D

A. Ratio of Consolidated Liabilities to Consolidated Net Worth. Commencing with the second fiscal quarter of the fiscal year ending in 1994, the Borrower will not permit at any time during each Fiscal Period the ratio of (i) Consolidated Liabilities minus deferred taxes, to (ii) Consolidated Net Worth to be greater than the correlative amounts indicated below for such period:

Period	Maximum Ratio
Fiscal year ending 1994	
Second fiscal quarter	4.25:1.00
Third fiscal quarter	4.20:1.00
Fourth fiscal quarter	4.00:1.00
Fiscal year ending 1995	
First fiscal quarter	3.85:1.00
Second fiscal quarter	3.70:1.00
Third fiscal quarter	3.50:1.00
Fourth fiscal quarter	3.40:1.00
Fiscal year ending 1996	
First fiscal quarter	3.20:1.00
Second fiscal quarter	3.10:1.00
Third fiscal quarter	2.90:1.00
Fourth fiscal quarter	2.80:1.00
Fiscal year ending 1997	
First fiscal quarter	2.60:1.00
Second fiscal quarter	2.50:1.00

B. Consolidated Net Worth. Commencing with the second fiscal quarter of the fiscal year ending in 1994, the Borrower will not permit Consolidated Net Worth at any time during any Fiscal Period to be less than the greater of (i) the sum of (A) Consolidated Net Worth (x) during any Fiscal Period in the fiscal year ending in 1994, as of the last day of the first fiscal quarter of the fiscal year ending in 1994 and (y) during any Fiscal Period thereafter, as of the last day of the immediately preceding fiscal year plus (B) Consolidated Net Income (if positive) for the period from but excluding the last day of the immediately preceding fiscal year through the current Fiscal Period plus (C) the net cash proceeds of any sales of capital stock during such period; provided that the foregoing calculation of Consolidated Net Worth shall not give effect to cumulative foreign currency translation adjustments pursuant to Financial Accounting Standards Board Statement Number 52, or (ii) the correlative amounts indicated below:

Period	Minimum Consolidated Net Worth
Fiscal year ending 1994	
Second fiscal quarter	$125,000,000
Third fiscal quarter	$130,000,000
Fourth fiscal quarter	$135,000,000
Fiscal year ending 1995	
First fiscal quarter	$140,000,000
Second fiscal quarter	$145,000,000
Third fiscal quarter	$150,000,000
Fourth fiscal quarter	$160,000,000
Fiscal year ending 1996	
First fiscal quarter	$165,000,000
Second fiscal quarter	$175,000,000
Third fiscal quarter	$185,000,000
Fourth fiscal quarter	$195,000,000
Fiscal year ending 1997	
First fiscal quarter	$200,000,000
Second fiscal quarter	$200,000,000

C. Fixed Charge Coverage Ratio. The Borrower will not permit, at any time during any fiscal quarter, the ratio of (i) aggregate Consolidated Operating Earnings (w) for the period of the second fiscal quarter of the fiscal year ending in 1994, (x) for the period of two consecutive fiscal quarters ending on the last day of the third fiscal quarter of the fiscal year ending in 1994, (y) for the period of three consecutive fiscal quarters ending on the last day of the fourth fiscal quarter of the fiscal year ending in 1994 and (z) thereafter for the period of four consecutive fiscal quarters ending on the last day of each fiscal quarter set forth below, in each case determined without deduction of any lease expense (with all such amounts being determined for such period in accordance with GAAP) to (ii) the Company's Fixed Charges for such period (the "Fixed Charge Coverage Ratio") to be less than the correlative amounts indicated below:

Period	Minimum Fixed Charge Coverage Ratio
Fiscal year ending 1994	
Second fiscal quarter	1.10:1.00
Third fiscal quarter	1.15:1.00
Fourth fiscal quarter	1.20:1.00

Fiscal year ending 1995	
First fiscal quarter	1.25:1.00
Second fiscal quarter	1.30:1.00
Third fiscal quarter	1.40:1.00
Fourth fiscal quarter	1.45:1.00
Fiscal year ending 1996	
First fiscal quarter	1.50:1.00
Second fiscal quarter	1.55:1.00
Third fiscal quarter	1.60:1.00
Fourth fiscal quarter	1.65:1.00
Fiscal year ending 1997	
First fiscal quarter	1.70:1.00
Second fiscal quarter	1.70:1.00

D. Cash Flow Coverage Ratio. The Borrower will not permit, at any time during any fiscal quarter, the ratio of (i) Cash Flow (w) for the period of the second fiscal quarter of the fiscal year ending in 1994, (x) for the period of two consecutive fiscal quarters ending on the last day of the third fiscal quarter of the fiscal year ending in 1994, (y) for the period of three consecutive fiscal quarters ending on the last day of the fourth fiscal quarter of the fiscal year ending in 1994 and (z) thereafter for the period of four consecutive fiscal quarters ending on the last day of each fiscal quarter set forth below to (ii) the sum of Corporate Capital Expenditures for such period plus all scheduled principal payments due and payable during such period on all Indebtedness of the Company and its Subsidiaries (including, without limitation, all scheduled principal payments on the Senior Notes) to be less than the minimum ratio indicated below:

Period	Minimum Cash Flow Coverage Ratio
Fiscal year ending 1994	
Second fiscal quarter	1.00:1.00
Third fiscal quarter	1.00:1.00
Fourth fiscal quarter	1.00:1.00
Fiscal year ending 1995	
First fiscal quarter	1.20:1.00
Second fiscal quarter	1.30:1.00
Third fiscal quarter	1.30:1.00
Fourth fiscal quarter	1.40:1.00

Fiscal year ending 1996	
First fiscal quarter	1.60:1.00
Second fiscal quarter	1.70:1.00
Third fiscal quarter	1.90:1.00
Fourth fiscal quarter	2.00:1.00
Fiscal year ending 1997	
First fiscal quarter	2.40:1.00
Second fiscal quarter	2.70.1.00

E. Capital Coverage Ratio. The Borrower will not permit at any time during any fiscal quarter, the ratio of (i) the sum of (a) Cash Flow (w) for the period of the second fiscal quarter of the fiscal year ending in 1994, (x) for the period of two consecutive fiscal quarters ending on the last day of the third fiscal quarter of the fiscal year ending in 1994, (y) for the period of three consecutive fiscal quarters ending on the last day of the fourth fiscal quarter of the fiscal year ending in 1994 and (z) thereafter for the period of four consecutive fiscal quarters ending on the last day of each fiscal quarter set forth below plus (b) Net Cash Proceeds of Sale from Sale and Leasebacks (to the extent not included in Consolidated Net Income) received by the Borrower during such period plus (c) Net Cash Proceeds of Sale from sales of land, buildings, machinery, equipment, and intangibles in connection with sales of franchise rights during such period to (ii) the sum of (a) the aggregate amount of Capital Expenditures incurred during such period plus (b) the aggregate amount of all scheduled principal payments due and payable on all Indebtedness of the Company and its Subsidiaries (including, without limitation, all scheduled principal payments on the Senior Notes during such period (such ratio hereinafter referred to as the "Capital Coverage Ratio") to be less than the minimum ratio indicated below:

Period	Minimum Capital Coverage Ratio
Fiscal year ending 1994	
Second fiscal quarter	1.00:1.00
Third fiscal quarter	1.00:1.00
Fourth fiscal quarter	1.00:1.00
Fiscal year ending 1995	
First fiscal quarter	1.00:1.00
Second fiscal quarter	1.05:1.00
Third fiscal quarter	1.05:1.00
Fourth fiscal quarter	1.10:1.00

Fiscal year ending 1996	
First fiscal quarter	1.10:1.00
Second fiscal quarter	1.15:1.00
Third fiscal quarter	1.15:1.00
Fourth fiscal quarter	1.20:1.00
Fiscal year ending 1997	
First fiscal quarter	1.25:1.00
Second fiscal quarter	1.30:1.00

F. Long-Term Senior Indebtedness to Consolidated Operating Earnings Ratio. The Borrower will not permit at any time during any fiscal quarter the ratio of (i) Long-Term Senior Indebtedness as at any date of determination to (ii) Consolidated Operating Earnings calculated (w) for the period of the second fiscal quarter of the fiscal year ending in 1994 and multiplied by 13/3, (x) for the period of two consecutive fiscal quarters ending on the last day of the third fiscal quarter of the fiscal year ending in 1994 and multiplied by 13/6, (y) for the period of three consecutive fiscal quarters ending on the last day of the fourth fiscal quarter of the fiscal year ending in 1994 and multiplied by 13/9 and (z) thereafter for the period of four consecutive fiscal quarters ending on the last day of each fiscal quarter set forth below to be greater than the correlative ratio indicated below for the period containing such date:

Period	Ratio
Fiscal year ending 1994	
Second fiscal quarter	3.50:1.00
Third fiscal quarter	3.10:1.00
Fourth fiscal quarter	2.65:1.00
Fiscal year ending 1995	
First fiscal quarter	2.45:1.00
Second fiscal quarter	2.40:1.00
Third fiscal quarter	2.20:1.00
Fourth fiscal quarter	2.00:1.00
Fiscal year ending 1996	
First fiscal quarter	1.90:1.00
Second fiscal quarter	1.80:1.00
Third fiscal quarter	1.60:1.00
Fourth fiscal quarter	1.50:1.00
Fiscal year ending 1997	
First fiscal quarter	1.40:1.00
Second fiscal quarter	1.30:1.00