

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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**BOB EVANS FARMS INC**

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SIC: **5812** Eating places

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K**

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

For the fiscal year ended April 27, 2012

OR

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

For the transition period from to

Commission file number: 0-1667

**Bob Evans Farms, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**31-4421866**

*(I.R.S. Employer  
Identification No.)*

**3776 South High Street, Columbus, Ohio**

*(Address of principal executive offices)*

**43207**

*(Zip Code)*

**(614) 491-2225**

*(Registrant's telephone number, including area code)*

**Securities registered pursuant to Section 12(b) of the Exchange Act:**

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$.01 par value per share	The NASDAQ Stock Market LLC

**Securities registered pursuant to Section 12(g) of the Exchange Act:**

**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer                       Accelerated filer                       Non-accelerated filer                       Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

**As of October 28, 2011 (the last business day of the registrant’s most recently completed second fiscal quarter), the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was \$987,419,261 based on the closing sale price as reported on the NASDAQ Stock Market.**

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date:

<u>Class</u>	<u>Outstanding as of June 15, 2012</u>
Common Stock, \$.01 par value per share	28,082,301 shares

**DOCUMENTS INCORPORATED BY REFERENCE**

<u>Document</u>	<u>Parts Into Which Incorporated</u>
Portions of the registrant’s Proxy Statement for the Annual Meeting of Stockholders to be held on August 22, 2012	Part III

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## PART I

### Item 1. Business.

In this Annual Report on Form 10-K, we use the terms “Bob Evans,” “company,” “we,” “us” and “our” to collectively refer to Bob Evans Farms, Inc., a Delaware corporation, and its subsidiaries.

The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company’s future prospects and make informed investment decisions. This Annual Report on Form 10-K and other written or oral statements that we make from time-to-time may contain forward-looking statements that set forth anticipated results based on management’s plans and assumptions. Statements in this Annual Report on Form 10-K, including those contained in Management’s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this Annual Report on Form 10-K, that are not historical facts are forward-looking statements. These statements are often indicated by words such as “expects,” “anticipates,” “believes,” “estimates,” “intends” and “plans.” Forward-looking statements involve various important assumptions, risks and uncertainties. Actual results may differ materially from those predicted by the forward-looking statements because of various factors and possible events, including the assumptions, risks and uncertainties discussed in this Annual Report on Form 10-K under the heading “Item 1A. Risk Factors.” We note these factors for investors as contemplated by the Private Securities Litigation Reform Act of 1995. It is impossible to predict or identify all of the risk factors that we face. Consequently, you should not consider any such list to be a complete set of all potential assumptions, risks or uncertainties. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update any forward-looking statement for circumstances or events that occur after the date on which the statement is made to reflect unanticipated events. Any further disclosures we make in our filings with the Securities and Exchange Commission should also be consulted.

The following description of our business should be read in conjunction with the information contained in Management’s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this Annual Report on Form 10-K and our consolidated financial statements included in Item 8 of this Annual Report on Form 10-K.

The following terms used herein are registered trademarks or service marks of Bob Evans: BE Mail®, BEST®, Bob Evans®, Bob Evans Restaurants®, Bob Evans Special Touch®, BEST Brand Builders®, Mimi’s®, Mimi’s Café®, Owens®, Mimi’s Café Fresh and Fit®, Bob Evans Oven Bake®, and Taste of the Farm®, Farm Fresh Goodness®, Come Enjoy a Taste of France®, Just Enough®, and SWH Custom Foods®.

### **Background**

We are a full-service restaurant company that operates two distinct restaurant concepts – Bob Evans Restaurants and Mimi’s Cafés. We are also a leading producer and distributor of pork sausage and complementary home-style convenience food items. Our business began in 1948 when our founder, Bob Evans, began making sausage on his southeastern Ohio farm to serve at his 12-stool diner. Our business grew from there, and we became a publicly traded company in 1963. Our current company was incorporated in Delaware in 1985 as the successor to the original company, which was incorporated in Ohio in 1957. We expanded our business by acquiring Owens Foods, Inc. (then known as Owens Country Sausage, Inc.) in 1987 and SWH Corporation, which does business as Mimi’s Café, in July 2004.

We have a 52 or 53-week fiscal year that ends on the last Friday in April. When we refer to fiscal 2012, fiscal 2011 and fiscal 2010, we are referring to our fiscal years that ended on April 27, 2012, April 29, 2011, and April 30, 2010, respectively. All years presented were comprised of 52 weeks, except fiscal 2010, which had 53 weeks.

The following table contains information regarding revenues, operating profit and identifiable assets of our two restaurant segments and our Foods segment for each of our last three fiscal years.

	Fiscal Year		
	2012	2011	2010
	(Dollars in thousands)		
<b>Net sales</b>			
Bob Evans' Restaurants	\$973,678	\$976,666	\$1,005,094
Mimi' s Café	366,015	380,267	405,998
Foods	329,165	333,606	327,674
	<u>1,668,858</u>	<u>1,690,539</u>	<u>1,738,766</u>
Intersegment net sales of food products	(14,445 )	(13,633 )	(11,962 )
<i>Total</i>	<u>\$1,654,413</u>	<u>\$1,676,906</u>	<u>\$1,726,804</u>
<b>Operating Income</b>			
Bob Evans' Restaurants	\$88,810	\$73,426	\$77,456
Mimi' s Café	(1,436 )	(7,657 )	7,688
Foods	20,500	22,771	21,270
<i>Total</i>	<u>\$107,874</u>	<u>\$88,540</u>	<u>\$106,414</u>
<b>Depreciation and Amortization Expense</b>			
Bob Evans' Restaurants	\$49,082	\$48,628	\$49,460
Mimi' s Café	23,576	24,435	24,976
Foods	9,454	10,085	9,552
<i>Total</i>	<u>\$82,112</u>	<u>\$83,148</u>	<u>\$83,988</u>
<b>Capital Expenditures</b>			
Bob Evans' Restaurants	\$74,282	\$31,057	\$23,870
Mimi' s Café	6,493	5,248	9,485
Foods	7,582	7,682	17,911
<i>Total</i>	<u>\$88,357</u>	<u>\$43,987</u>	<u>\$51,266</u>
<b>Identifiable Assets</b>			
Bob Evans' Restaurants	\$719,245	\$734,944	\$696,141
Mimi' s Café	215,925	228,966	261,902
Foods	90,670	91,931	116,639
	<u>1,025,840</u>	<u>1,055,841</u>	<u>1,074,682</u>
General corporate assets	39,937	38,480	34,207
<i>Total</i>	<u>\$1,065,777</u>	<u>\$1,094,321</u>	<u>\$1,108,889</u>

## Our Strategy

We believe our restaurant and foods businesses are regional brands with national potential. Our vision and mission statements embody our expectations for our company' s future. Our vision is to be the "Best in Class" in all of our food businesses. We strive to accomplish this vision by pursuing our mission – building brand loyalty by delighting customers with high-quality, delicious products "at your place or ours," while balancing the needs of our employees, guests and investors.

We believe we can achieve our vision and mission by following a set of principles we refer to as our Bob Evans Special Touch (BEST) Brand Builders:

1. *Win Together as a Team* – Our entire team must work together in a spirit of collaboration. We must communicate openly and share ideas and BEST practices with one another. We are committed to recognizing outstanding performance with pay incentives.

2. *Consistently Drive Sales Growth* – We will bring our brand positioning to life in everything we do. Our goal is to drive sales by consistently offering innovative, high-quality food that our customers will

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crave. We will strive to get more guests in our restaurants and buying our grocery products through effective marketing. We will offer exceptional customer service and suggest our great menu items at every table.

3. *Improve Margins With an Eye on Customer Satisfaction* – We must keep our customers satisfied with high-quality products and service while improving our long-term profitability. This involves using effective systems and processes to deliver margin improvements, such as our restaurant labor management systems and lean manufacturing initiatives in our Foods segment. We must control our “controllables,” such as food costs, yields and waste.

4. *Be the BEST at Operations Execution* – We are committed to producing the highest-quality products and following the highest food safety standards. We must deliver outstanding customer service every day and fix the problems that make our customers unhappy. We must also ensure employee satisfaction while driving operational efficiency and productivity.

5. *Increase Returns on Invested Capital* – We must generate a good return on the money we spend. Each business in the Bob Evans Farms family must earn the right to receive funding by generating a favorable return on the money our company invests in it. All of our employees must think and act like owners of our business.

## **Our Restaurant Concepts**

As of April 27, 2012, we owned and operated 565 Bob Evans Restaurants and 145 Mimi’s Cafés, with no franchising. Through our two restaurant concepts, we offer our customers a unique dining experience by serving a variety of high-quality, reasonably priced breakfast, lunch and dinner items in family-friendly settings.

### ***Bob Evans Restaurants Segment***

Our vision for Bob Evans Restaurants is to be nationally recognized as a premier restaurant company in all markets in which we compete. Our mission is to be our customers’ favorite restaurant by giving them our BEST . . . one customer at a time. Bob Evans Restaurants are founded on quality, home-style food and friendly service. Bob Evans Restaurants feature “farm fresh goodness that brings families together,” including a wide variety of comfort foods inspired by our homestead heritage, such as Bob Evans sausage gravy and chicken pot pie. We want our customers to always feel right at home with us, so we “treat strangers like friends and friends like family.”

Breakfast entrées are served all day and feature traditional favorites such as sausage, bacon, eggs and hotcakes, as well as specialty offerings like crepes and Biscuit Bowls. We also offer a wide variety of lunch and dinner entrées, including a full line-up of Big Farm Salads and signature dinner items, such as country fried steak and slow-roasted turkey. During fiscal 2012, we added a number of new items to our menu from our innovation pipeline, including our \$9.99 three course steak dinner, as well as our \$6 Farmhouse deals, endless Farmhouse Lunch, and 99-cent add-ons. We also offer a “Fit from the Farm” menu to provide guests who are following a 2,000 calorie daily diet with the option of eating three balanced meals a day at Bob Evans Restaurants.

Bob Evans Restaurants feature an inviting atmosphere inspired by our Ohio farm heritage. The atmosphere evokes images of a classic, timeless country home. Most traditional Bob Evans Restaurants range in size from approximately 3,600 to 6,500 square feet while our larger Bob Evans Restaurants & General Stores are approximately 9,800 square feet, with an approximate average of 150 seats. We are in the process of implementing a remodeling program for all of our existing restaurants that is based upon our latest prototype, as discussed in more detail in “Restaurant Locations and Expansion” below.

We believe our Bob Evans Restaurants draw people who want a wholesome meal at a fair price in an alcohol-free, family-friendly atmosphere. Our average annual store sales were \$1.7 million per Bob Evans Restaurant in fiscal 2012. Average per-guest checks for fiscal 2012 for breakfast, lunch and dinner were \$8.20, 8.79 and 8.98, respectively, for an average of \$8.64 for all day parts. Depending on each location’s business patterns, Bob Evans Restaurants are generally open from 6 a.m. or 7 a.m. until 9 p.m. or 10 p.m. Sunday through Thursday, with extended closing hours on Friday and Saturday at some locations. During fiscal 2012, breakfast,

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lunch and dinner accounted for 33.0 percent, 37.0 percent and 30.0 percent, respectively, of total Bob Evans Restaurant revenue. Weekend sales accounted for approximately 40 percent of a typical week's revenue during fiscal 2012.

We aim to "Consistently Drive Sales Growth" by continuing to implement strategies to build Bob Evans Restaurants and to grow Bob Evans Restaurants' carryout sales. We have increased marketing of our carryout offerings, including our family meals, catering menu and take-home holiday family feasts. We also introduced on-line ordering for Bob Evans Restaurants during fiscal 2011, which we believe fostered growth in our carryout business in 2011 and 2012. During fiscal 2012, Bob Evans Restaurants' off-premise business (i.e., carryout and catering) accounted for approximately 10.9 percent of the concept's total revenues. We will continue to focus efforts on increasing our carryout and catering business in fiscal 2013.

During April 2012, we implemented a "\$9.99 three-course dinner platform," headlined by three steak entrees, to address sales weakness at dinner. Early results of the \$9.99 dinner program are encouraging. We have also introduced "\$6 Farmhouse Deals," "\$6.99 Endless Farmhouse Lunch," as well as new bakery offerings, which have been driving increased sale results, particularly at breakfast and lunch, and the \$9.99 dinner drove positive dinner traffic in May 2012. We believe dinner is a critical component of our plan to return to consistent positive same-store sales growth.

We offer retail gifts, food items and other novelties for sale on a limited basis in the retail areas located inside most of our traditional Bob Evans Restaurants and on a much larger scale in our seven Bob Evans Restaurants & General Stores.

### ***Mimi's Café Segment***

Mimi's is a "French-inspired, neighborhood bistro" where our guests can "Come Enjoy a Taste of France." Mimi's colorful French-cottage themed buildings offer guests a place to enjoy the charm, flavors and simple joys of a cozy neighborhood bistro where the conversation and wine flow easily, at their pace. Mimi's combines elements of an upscale casual experience with broad everyday appeal. The cuisine has a touch of "gourmet Francais," featuring breakfast, lunch and dinner menu items inspired by the fresh, seasonal dishes and effortless style of the French countryside. The menu includes a variety of cuisine categories, including:

"Café Classics" featuring signature items such as our chicken pot pie and oven fresh pot roast;

"Gourmet Francais" featuring French-inspired dishes such as quiches, roasted chicken crepes and chicken cordon bleu; and

"Fresh and Fit" featuring flavorful menu items with 550 or fewer calories.

We believe that Mimi's high-quality food, broad menu, exceptional service, unique atmosphere and affordable average check make the concept attractive to a broad demographic range. We believe the concept is particularly appealing to women, and we are focusing Mimi's menu, atmosphere and marketing to attract more female guests.

All Mimi's restaurants offer a selection of high-quality beer and wine. We continue to expand the selection of alcoholic beverages to satisfy guest demand, and in turn, increase alcohol sales and boost profit margins. During fiscal 2012, we added a broader selection of alcoholic beverages to our beer and wine service at forty-one existing Mimi's Cafés giving us 125 Full or Limited Bar capabilities. Going forward, we intend to include beer, wine and a broad selection of alcoholic beverages in any new Mimi's Café locations, subject to our ability to obtain the required liquor licenses and permits. We plan to continue our efforts to increase alcohol sales at Mimi's during fiscal 2013 through enhanced beverage offerings and promotional initiatives such as "Wine Flights" (consists of three 2 oz. pours of selected White, Red or Sparkling wines for \$8, or any combination of wines for \$9) "Skinny Cocktails" (lower calorie versions of popular drinks like Cosmopolitan and Margarita), and our "Happiest Hour" program (featuring \$5 Wine Flights and Bistro Bites every night of the week between 4 – 7 p.m. Sunday through Thursday and 4 – 6 p.m. Friday and Saturday).

Mimi's restaurants are visually appealing and resemble a French country home with dormer windows, gabled roofs, stone walls and bright awnings. The interior of each restaurant, inspired by Southern European



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bistros, incorporates a warm base of stone floors, brick walls and rough-hewn beamed ceilings. Each restaurant contains distinct dining environments that provide our guests with a variety of dining atmospheres, including a French bistro-themed room, an outdoor patio and a winery-themed room, which can be used for private parties.

Most Mimi' s restaurants range in size from 6,000 to 7,000 square feet. The current prototype is an approximately 6,500 to 6,800 square-foot building with an approximate average of 240 seats. We did not build any new Mimi' s in fiscal 2011 or 2012.

Mimi' s average annual unit sales in fiscal 2012 were approximately \$2.5 million. Average per-guest checks for fiscal 2012 for breakfast, lunch and dinner were \$10.70, \$11.19 and \$13.30, respectively, for an average of \$11.75 for all day parts. Sales of alcoholic beverages accounted for approximately 4.6 percent of Mimi' s sales in fiscal 2012. Mimi' s is open from 7 a.m. to 11 p.m., with breakfast being served all day. During fiscal 2012, breakfast, lunch and dinner accounted for approximately 23.0 percent, 40.5 percent and 36.5 percent, respectively, of Mimi' s total revenue. Weekend sales accounted for approximately 39 percent of a typical week' s revenue during fiscal 2012.

We aim to "Consistently Drive Sales Growth" by continuing to implement Value-focused strategies to build Mimi' s sales across all day parts and sales layers, including lunch and dinner dine-in meals as well off-premise occasions. To address speed of service at lunch, in fiscal 2012 we instituted our "Café Express Lunch" menu which features over 40 combinations of Soup, Salad and Sandwiches starting at \$6.99 – served in less than 15 minutes or it' s free. We also offer a Seasonal 2-Course Lunch for \$10.99, which consists of flavorful, French-inspired dishes such as Chicken Madeira Crepes, Parisian Shrimp Salad and Turkey, Brie & Cranberry Croissant along with a choice of soup or salad.

At dinner, we have focused on Value by offering guests a Seasonal 3-Course Meal for only \$13.99 – featuring French-inspired dishes such as Chicken Madeira, Country French Beef Gratin and Provencal Glazed Shrimp & Asparagus Ravioli along with a choice of soup or salad and a Petite Treat dessert. For those guests who prefer their traditional Mimi' s favorites, we are providing an opportunity for them to 'Make it a Meal' for only \$3 More, which consists of the addition of a soup or salad and a Petite Treat dessert with the purchase of any dinner entree.

Additionally, we have increased marketing of our carryout offerings, including our 'Family Meals To-Go' program which offers guests a choice of 10 different family-sized entrees (feeds 4-5) with a choice of Soup or Salad for only \$25. We have also built upon our successful take-home holiday feasts sold traditionally throughout the Thanksgiving/Christmas time period to add an Easter Feast in the spring. Finally, we have built upon our successful 'Muffins To-Go' carryout offering to add a successful new sales layer featuring our 'Soups To-Go' – offering guests an opportunity to take home a quart of a 'featured' soup for only \$5 with their choice of 'any' soup for \$6 (in all cases, Mimi' s is donating \$.25 for every quart of soup sold to a local hunger relief agency as a way to give back to our communities). During fiscal 2012, Mimi' s implemented an improved on-line ordering system to drive carryout sales. Mimi' s carryout and catering business accounted for approximately 4.9 percent of the concept' s total fiscal 2012 revenues.

### ***Restaurant Management***

We believe that high-quality restaurant management is critical to the success of our restaurant concepts. We must "Be the BEST at Operations Execution" to keep our customers satisfied. Our restaurant management structure varies by concept and restaurant size.

Our restaurant management structure for both Bob Evans Restaurants and Mimi' s Café is organized to drive top-line growth and bottom-line profitability. Each restaurant concept has a president and chief concept officer, who focus their efforts on the overall growth and development of the concepts, with particular focus on increasing sales, new restaurant development and concept evolution.

We also have a president and chief restaurant operations officer, who is responsible for building a sales, service and people-first culture that delivers "BEST in class" results for both Bob Evans Restaurants and Mimi' s Café. The president and chief restaurant operations officer leads the Bob Evans Restaurant and Mimi' s operations teams, and oversees restaurant development and construction in close cooperation with the chief

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concept officers. The president and chief restaurant operations officer also leads our Operations Services group, which develops “One BEST Way” solutions by standardizing operations processes across both restaurant segments and ensuring that all new procedures and tools are “restaurant ready.”

At Bob Evans Restaurants, “we treat strangers like friends and friends like family.” Each Bob Evans Restaurant employs approximately 50 to 90 hourly employees, and is led by a general manager, and two to three assistant managers, depending on the size, location and sales volume of the restaurant. Bob Evans Restaurant general managers report to an area coach who oversees approximately eight restaurants. The area coaches report to a vice president – head coach or a region coach. Each vice president – head coach is responsible for approximately 13 area coaches, whereas each region coach is responsible for approximately eight area coaches. Bob Evans Restaurants are visited regularly by all levels of management to ensure they are functioning well and adhering to the concept’s standards.

Mimi’s complements fine food with service that emphasizes our high standards, core values and attention to detail. Each Mimi’s employs an average of 70 hourly employees, and is led by a general manager and typically one to two assistant managers, depending on the size, location and sales volume of the restaurant. One assistant manager at each restaurant has been designated as a “sales manager” who is dedicated to “Consistently Driving Sales Growth” by driving sales of beverages, appetizers and desserts, as well as promoting sales programs such as carryout, catering, take-home holiday feasts and gift cards. Each Mimi’s also has a kitchen manager who is responsible for leading kitchen operations, including managing food preparation and ensuring menu items meet Mimi’s operational and quality standards. Mimi’s general managers report to an area coach who oversees approximately five to nine restaurants or an area coach designate who oversees approximately four restaurants. The area coaches and area coach designates report to a region coach who is responsible for an average of 48 restaurants. The region coaches in turn report to Mimi’s vice president of operations.

During fiscal 2012, we “Improved Margins with an Eye on Customer Satisfaction” by continuing to aggressively manage labor and food costs. Bob Evans Restaurants and Mimi’s eliminated approximately 2.1 million and 0.7 million labor hours, respectively, by improving labor forecasting and scheduling. We improved our guest loyalty index scores at Bob Evans Restaurants and maintained our guest loyalty index scores at Mimi’s Café. Additionally, we completed the deployment of an actual versus theoretical food cost program at both concepts to help manage food costs.

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## Restaurant Locations and Expansion

As of April 27, 2012, Bob Evans Restaurants (including Bob Evans Restaurants and General Stores) were located in 19 states, primarily in the Midwest, mid-Atlantic and Southeast, and Mimi's Cafés were located in 24 states, primarily in California and other western states. The following table sets forth the number, concept and location of our restaurants as of the end of fiscal 2012:

### Restaurants in Operation at April 27, 2012

	Bob Evans Restaurants	Mimi' s Cafés	Total Restaurants
Alabama		1	1
Arizona		12	12
Arkansas	1	2	3
California		57	57
Colorado		8	8
Delaware	7		7
Florida	51	11	62
Georgia		2	2
Illinois	16	3	19
Indiana	59		59
Iowa		1	1
Kansas	3	2	5
Kentucky	23	1	24
Maryland	28	3	31
Michigan	51		51
Missouri	23	2	25
Nebraska		1	1
Nevada		5	5
New Jersey	3		3
New Mexico		1	1
New York	8		8
North Carolina	7	5	12
Ohio	192	3	195
Oklahoma		2	2
Pennsylvania	38		38
South Carolina	4	1	5
Tennessee	3	3	6
Texas		11	11
Utah		4	4
Virginia	17	4	21
West Virginia	31		31
TOTAL	<u>565</u>	<u>145</u>	<u>710</u>

We strive to continuously “Increase Returns on Invested Capital.” Each business segment must earn the right to receive additional capital. We believe that we have to expand our restaurants with a focus on the quality, not just the quantity, of openings. Future restaurant growth depends on a variety of factors, including:

- the expected rate of return on the money invested in the new restaurant;
- the availability of affordable sites that meet our demographic and other specifications;
- general economic conditions, including consumer spending for family and casual dining;

growth trends in consumer demand for our restaurant concepts;  
our ability to obtain local permits; and  
the availability of high-quality management and hourly employees.

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We use a site selection process for each restaurant concept that includes a detailed evaluation of factors such as population density, household income in the area, competition, the site's visibility and traffic patterns, accessibility and proximity to retail centers, and the demographics of potential guests.

We have slowed the expansion of Bob Evans Restaurants over the past several years, but we are starting to open some new restaurants while remodeling our existing locations. In fiscal 2012, we opened four new Bob Evans Restaurants, compared to two in fiscal 2011, and none in fiscal 2010. In addition, we remodeled 87 Bob Evans Restaurants in fiscal 2012. During fiscal 2013, we plan to build up to 10 new Bob Evans Restaurants and remodel over 150 of our existing locations. These new restaurants will be located in high-traffic retail areas or near major interstate highways located in or near existing markets to deepen the concept's penetration in successful trade areas and to expand into contiguous trade areas.

Historically, we have located Mimi's in convenient, high-traffic areas in new and existing regional markets that we believe will support the concept. The casual dining segment has been hit particularly hard by the economic recession, and we have significantly reduced our development plans for Mimi's. During fiscal 2012 and fiscal 2011, we did not open any new Mimi's, compared to two in fiscal 2010. The reduction in development is largely due to the ongoing economic recession and Mimi's prolonged negative same-store sales performance. Currently, we do not believe that our average new store volumes generate a level of return on our development costs that justifies significant expansion of Mimi's. We do not intend to substantially increase the construction of new Mimi's until the economy improves and we are able to improve "restaurant level economics" by increasing our sales, lowering our labor, purchasing and construction costs, and increasing our margins and profitability. We do not plan to open any new Mimi's in fiscal 2013.

We continually assess all of our existing restaurants under a program to determine whether any restaurants should be (1) rebuilt, (2) relocated, (3) remodeled or (4) retired. During fiscal 2012, we retired two underperforming Bob Evans Restaurants and did not retire any Mimi's. We believe these closures strengthened our restaurant portfolio by improving overall returns and freeing up resources for other uses, including the "Farm-Fresh Refresh" remodel program for Bob Evans Restaurants described below.

We believe that we must invest capital in our existing restaurants to ensure that they are safe, well-maintained and appealing to our guests in order to increase customer satisfaction and same-store sales. We select restaurants and determine the level of investment based upon the return on the investment we expect to generate through increases in sales and profitability. We have established "hurdles" for the expected rate of return on invested capital which must be met before a restaurant is remodeled or rebuilt. A "rebuild" occurs when we replace an existing restaurant by constructing a new restaurant at the same site or a nearby site. Remodels range from minor décor updates in existing restaurants to more substantial changes to décor, fixtures, equipment, layout and external appearance.

We believe we must innovate and change the way people think about Bob Evans Restaurants by ensuring that the concept is relevant to our family-first growth target. During fiscal 2012, we rebuilt three existing Bob Evans Restaurants and remodeled 87 existing restaurants. These restaurants are part of Bob Evans Restaurants' new "Farm-Fresh Refresh" program, which provides the restaurants with a contemporary look and feel to enhance the guest experience. The new and remodeled restaurants feature a fresher, brighter color scheme, a new "Taste of the Farm" bakery, a dedicated carryout area, gift card displays, a redesigned retail area, and a mural depicting the heritage of the Bob Evans brand. During fiscal 2013, we plan to expand the Farm-Fresh Refresh initiative to 150 restaurants.

During fiscal 2012, we remodeled one Mimi's Café. The remodeled restaurants are aimed to revitalize and reposition the concept.

### ***Supply Chain and Distribution***

Controlling our supply costs is a key strategy for "Improving Margins with an Eye on Customer Satisfaction." Our ability to offer high-quality, reasonably priced menu items at our restaurants depends upon acquiring food products and related items from reliable sources at competitive prices. Our supply chain team sources, negotiates and purchases food and non-food items from more than 700 suppliers. Our suppliers must adhere to strict product specifications and quality control standards.

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Our restaurant operating margins are subject to changes in the price and availability of food commodities. Prices for many of the food and other commodities we buy for our restaurants increased significantly during fiscal 2012, and we expect more increases during fiscal 2013. Our operating margins are also affected by changes in the price of utilities, such as natural gas upon which many of our restaurants depend for their energy supply.

To help control costs and obtain competitive prices, our supply chain team negotiates directly with our suppliers and occasionally uses purchase commitment contracts to stabilize the potentially volatile pricing associated with certain commodity items. Additionally, we purchase products in bulk for our food products operations and negotiate volume discounts with suppliers. We continue to consolidate our purchasing activities for the entire company. This allows us to leverage the combined purchasing power of both restaurant concepts and Foods segment. As part of this effort, we use competitive bidding and reverse on-line auctions for certain products and services.

Foods segment manufactures sausage products for both of our restaurant concepts, as well as muffin mixes, dressings, sauces and soups, which are distributed to our restaurants by third parties. Third parties distribute food and inventory items to our restaurants twice a week, on average. Our distributors purchase products from the suppliers we specify, at the prices we negotiate, and distribute them to our restaurants on a cost-plus basis. Produce, breads and dairy items are sometimes delivered to restaurants more frequently and/or obtained from local suppliers to ensure freshness.

During fiscal 2010, we undertook an extensive review of our restaurant distribution system in an effort to: optimize our distribution efficiency for both restaurant concepts; manage our restaurant distribution risk; combine the location of products for both restaurant concepts in the same distribution centers; and identify distribution partners capable of providing opportunities for additional efficiencies. We solicited and reviewed bids from a number of distributors to service our entire restaurant system. As a result of this process, we selected Gordon Food Service, Inc. (“GFS”) and Meadowbrook Meat Company, Inc. (“MBM”) as our restaurant distributors and implemented their services in fiscal 2011. Distribution services to our restaurants are now divided geographically, with GFS servicing our restaurants in the Eastern half, and MBM servicing our restaurants in the Western half, of the United States. As a result of our distribution system changes, we believe we have improved distribution efficiency, attained consistent pricing for both restaurant concepts, and lowered costs as we leverage the combined volume of both restaurant concepts. Although only two distributors furnish the majority of inventory items to our restaurants, we believe other distributors can readily provide this inventory. We have not experienced any material or continued shortage of the products distributed by any third parties. Please see Item 1A. Risk Factors – “Our restaurant business is dependent on timely delivery of fresh ingredients by our suppliers and distributors” for more information.

### ***Sources and Availability of Raw Materials***

Menu mix in the restaurant business is varied enough that raw materials historically have been readily available. However, some food products may be in short supply during certain seasons and raw material prices often fluctuate according to availability. During fiscal 2012, we experienced shortages of some produce items such as tomatoes due to extreme weather conditions in critical growing areas. We believe that all essential food products will continue to be generally available from our existing suppliers or, upon short notice, can be obtained from other qualified suppliers. Due to the rapid turnover of perishable food items, our restaurants maintain inventories with a modest aggregate dollar value in relation to revenues.

### ***Advertising and Marketing***

We spent approximately \$41.5 million on restaurant advertising and marketing during fiscal 2012, including approximately \$36.4 million for Bob Evans Restaurants and \$5.2 million for Mimi’s. Most of our advertising budget was spent on television, radio, print and outdoor advertising for Bob Evans Restaurants. We focus our advertisements on new Bob Evans Restaurants’ menu items and the concept’s position as offering “farm fresh goodness that brings families together.” Our fiscal 2012 advertising campaigns featured new menu offerings, such as our \$6 Farmhouse deals, Endless Farmhouse lunch and 99-cent add-ons. We also remained focused on our digital marketing efforts by utilizing BE Mail, Facebook and Twitter, as well as the Bob Evans Internet web

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site. We also distribute coupons and support in-store merchandising, menus, kids' marketing programs, and local store marketing. For example, we support the openings of new and rebuilt stores with a special "Rise and Shine" grand opening celebration attended by members of our Bob Evans Restaurant leadership team.

Mimi' s marketing strategy revolves around three key planks: 1) Build positive brand awareness, 2) Deepen Brand engagement – both internally among our team members and externally among our guests and communities, and 3) Drive profitable sales. Traditionally, Mimi' s has relied on word-of-mouth and local store marketing rather than traditional advertising media. We have expanded Mimi' s marketing efforts to include more in-store merchandising, and targeted mailings. Digital and Social media has become an important aspect of Mimi' s marketing efforts, including use of Facebook, Twitter, the Mimi' s Café Internet website, and the Mimi' s Café E-Club, which has grown to more than 1 million members as of the end of fiscal 2012. Finally, Mimi' s has instituted a Cause Branding strategy – entitled, "Mimi' s Cares" – to deepen our level of engagement with our guests, communities and team members by supporting key causes our predominantly female target audience cares about most: 1) Women' s Health & Wellness, 2) Children' s Health & Wellness and 3) Hunger in our Communities. The successful partnership with the American Heart Association' s ("AHA") "Go Red For Women" campaign in February – the first time the AHA has allowed a restaurant to sponsor this cause – has spawned additional agreements with Children' s Miracle Network Hospitals and National Breast Cancer Foundation, Inc.

### ***Research and Development***

Research and development expenses for our restaurant operations have not been material. As part of our effort to "Consistently Drive Sales Growth," we continuously test food items to identify new and improved menu offerings to appeal to our existing customers, satisfy changing eating trends and attract new customers. We maintain 18 to 24 month product development pipelines for both of our restaurant concepts. These pipelines are focused on creating and introducing innovative items, as well as enhancements to existing offerings.

In order to keep our menus fresh and appealing to our guests' taste preferences, our product development is concentrated on creating appealing menu offerings that are consistent with the positioning of each brand, as well as quality enhancements to some of our best-selling items. Product development for Bob Evans Restaurants focuses on home-style offerings with a unique Bob Evans twist, whereas Mimi' s develops products made with freshly prepared items consistent with its French bistro-inspired positioning.

### ***Competition***

The restaurant industry is highly competitive. There are many different segments within the restaurant industry, distinguishable based on the type of food, food quality, service, location, associated price-to-value relationship and overall dining experience. We have positioned our Bob Evans Restaurants in the family dining segment and our Mimi' s in the casual dining segment. We must "Be the BEST at Operations Execution" to effectively compete for customers' "share of stomach."

The restaurant business is affected by changes in the public' s eating habits and preferences, population trends, traffic patterns, weather conditions and gasoline and other energy costs, as well as by local and national economic conditions affecting consumer spending habits, many of which are beyond our control. Key competitive factors in the industry include the quality and value of menu offerings, quality and speed of service, attractiveness of facilities, advertising, name-brand awareness and image, and restaurant locations. Although we believe our restaurant concepts compete favorably with respect to each of these factors, many of our competitors are well-established national, regional or local chains, and some have substantially greater financial, marketing and other resources than we have. Additionally, we compete with many restaurant operators and other retail establishments for site locations and restaurant employees. We also face growing competition from quick-service and fast-casual restaurants that are improving the quality and expanding the variety of their offerings, especially at breakfast.



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## **Foods Segment – Retail Food Product Operations**

Our vision for Foods segment is to be a BEST in class food business with a portfolio of convenient meal solutions that meet consumer needs driven by innovation and strong retail partnerships. We offer a wide variety of quality, home-style food products to retail and foodservice customers. We sell our retail food products under the Bob Evans and Owens brand names. We believe our food products provide “farm fresh goodness” and convenient meal solutions that uphold our high-quality standards. Our food products include approximately 100 varieties of branded fresh, smoked and fully cooked pork sausage and hickory-smoked bacon products. We also offer over 50 complementary, convenience food items in the refrigerated and frozen areas of grocery stores such as mashed potatoes, macaroni and cheese, microwaveable sandwiches and slow-roasted main dish entrées.

During fiscal 2012, we introduced approximately 17 new retail food products, including many varieties of Bob Evans side dishes, pre-cooked sausage and fresh and frozen sandwiches. Our refrigerated mashed potatoes and macaroni and cheese side dishes continue to grow as a percentage of our food products volume. We will continue to “Consistently Drive Sales Growth” through new product development and enhancing existing items to address changing consumer demands.

On April 28, 2012, Foods segment purchased from SWH Corporation and now owns and operates an approximately 25,000 square-foot prep kitchen in Fullerton, California, that prepares signature muffin mixes, dressings, sauces and soups for Mimi’ s, Bob Evans Restaurants and some third-party restaurants. Third-party sales represent 12.8 percent, 16.4 percent and 15.4 percent of prep kitchen net sales for fiscal 2012, fiscal 2011 and fiscal 2010, respectively. By producing approximately 40 to 45 different items, Foods segment allows Bob Evans Restaurants and Mimi’ s to maintain a consistent flavor profile and efficiently produce an extensive menu of freshly prepared, high-quality items.

### ***Production***

We produce food products in our six manufacturing facilities. We produce fresh sausage products at our plants located in Hillsdale, Michigan, Richardson, Texas and Xenia, Ohio. Our Sulphur Springs, Texas, Bidwell, Ohio, and Springfield, Ohio, plants produce ready-to-eat products, such as sandwiches, soups and gravies.

We have made efforts to “Increase Returns on Invested Capital” by implementing a plant optimization program to ensure we are operating efficiently and are positioned for future growth. The program is geared to identify operational gaps and opportunities to improve production efficiencies. As a part of this program, we closed our fresh sausage plant in Galva, Illinois and the fresh sausage production portion of our Bidwell, Ohio plant in fiscal 2011. These closures were necessary to eliminate excess sausage manufacturing capacity resulting from diminishing supply in the live sow market, rising sow prices and decreasing sales volume in the sausage category.

In May 2012 we announced our intention to close our food production plants in Springfield, Ohio and Bidwell, Ohio, both in the second quarter of fiscal year 2014. As part of the plan, we intend to invest approximately \$23.0 to \$26.0 million of capital to add production lines to our food production facility in Sulphur Springs, Texas, to increase production of ready-to-eat food products.

We strive to “Be the BEST at Operations Execution” by always focusing on food safety. We follow a Hazard Analysis and Critical Control Points (“HACCP”) program at each of our manufacturing plants. HACCP is a comprehensive system developed in conjunction with government agencies to prevent food safety problems by addressing physical, chemical and biological hazards. We use HACCP to identify potential safety hazards so that key actions can be taken to reduce or eliminate risks during production. We also have a team dedicated to food safety and quality assurance. During fiscal 2010, all of our manufacturing plants and our Springfield, Ohio distribution center earned certification through the British Retail Consortium Global Standard for Food Safety.

We use third parties to manufacture or “co-pack” all of the Bob Evans and Owens products that are not produced in our own facilities. These co-packed items include our mashed potatoes, macaroni and cheese, and some meat items. At the end of fiscal 2012, we used approximately 22 third parties to manufacture food products for us.



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## ***Sales***

The U.S. food industry has experienced significant consolidation over the last 20 years as competitors have shed non-core businesses and made strategic acquisitions to complement category positions, maximize economies of scale in raw material sourcing and production, and expand retail distribution. The importance of sustaining strong relationships with retailers has become a critical success factor for food companies because it drives category management and continuous replenishment programs. Food companies with category leadership positions and strong retail relationships have increasingly benefited from these initiatives as a way to maintain shelf space and maximize distribution efficiencies.

Although our Bob Evans brand mashed potatoes are only available on a limited basis in some parts of the country, it is the leading brand of refrigerated mashed potatoes in the United States. Our goal is to “Consistently Drive Sales Growth” by leveraging our strong share position to secure additional retail store business and gain additional market penetration. We also believe strong brand awareness is critical in maintaining and securing valuable retail shelf space and will provide a strong platform for introducing product line extensions and new products.

Our sales force, which consists of our national account teams as well as third party food brokers, sells our food products to a number of leading national and regional retail chains. A relatively small number of customers accounts for a large percentage of our sales. For fiscal 2012, our largest 10 accounts represented approximately 60 percent of our total food products sales, with Wal-Mart Stores, Inc. (and its affiliates) and The Kroger Co. each accounting for over 10 percent of our food products segment sales. As part of our effort to “Win Together as a Team,” we maintain national account teams to address the needs of our key retailers on a long-term basis.

We continue to devote time and effort on sales of our products to foodservice customers (i.e., third party restaurants, schools and other commercial buyers). In fiscal 2012, sales to foodservice customers accounted for approximately 11 percent of our food products business. Items for our foodservice customers are made to their specifications and include sausage, sausage gravy and breakfast sandwiches. Although foodservice represents only a small portion of our food products sales, it provides us with incremental volume in our production plants, as well as an opportunity for future growth.

We sell a variety of products to unaffiliated third-party food brokers who in turn sell the products to the U.S. military, including convenience food items and sausage. Products sold by these unaffiliated third party brokers to the military represented less than one percent of our food products volume in fiscal 2012.

We sell our grilling sausage, side dish and frozen breakfast items in the Ontario, Canada area, and some of our Owens brand products are sold in parts of Mexico. Less than one percent of our fiscal 2012 revenue is attributable to sales of our food products in Canada or Mexico.

## ***Distribution***

We currently supply our customers by shipping products directly to their warehouses for further distribution by the customers to their retail stores. In the past, we supplied customers through our direct-store delivery system, in which members of our route-sales team periodically called on retail stores to purchase products off a delivery truck. During fiscal 2010, we completed the conversion of our direct-store-delivery system to a warehouse system. Although the conversion to a warehouse system initially resulted in some severance costs and higher slotting fees, it has resulted in a lower cost structure and increased points of distribution. We also distribute our products through food wholesalers and distributors who primarily service smaller, independent grocers.

At the end of fiscal 2012, Bob Evans and Owens brand products were available for purchase in grocery stores in all 50 states, the District of Columbia, and the Ontario, Canada area. Our Owens brand products were available for purchase primarily in Oklahoma and Texas. Several of our Owens brand products were also available in parts of Mexico through H.E. Butt Grocery Company (dba HEB Grocery Stores).

We continue to work with retailers in states where there is an opportunity to distribute our products. We will explore expansion prospects with retailers to profitably increase points of distribution. During fiscal 2012, we added nearly 340 new item authorizations (i.e., orders from customers for products they have not ordered from us before).

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### ***Sources and Availability of Raw Materials***

The most important raw material used in our food products business is live sows, which we depend upon to produce our pork sausage products. We procure live sows at prevailing market prices from terminals, local auctions, country markets and corporate and family farms in many states and Canada. The live sow market is highly cyclical in terms of the number of sows available and the current market price. A significant contraction in the live sow market began during fiscal 2010, and we believe that the sow herd is at its lowest level since the early 1900' s. The live sow market is also dependent upon supply and demand for pork products, as well as corn and soybean meal prices (the major food supply for sows), weather and farmers' access to capital. In fiscal 2013, we believe the Foods segment will continue to be challenged by sow costs that are significantly higher than historical averages, as well as limited supplies of sows. To date, we have not experienced any significant or prolonged difficulty in procuring live sows. We have not traditionally contracted in advance for the purchase of live sows, although we have done so in limited quantities from time-to-time. We have, however, entered into some contracts with regard to the purchase of live sows in which we have agreed to accept a specific number of truck loads per week with pricing based on the current market price plus yield premiums.

Other important raw materials used in our food products operations are seasonings and packaging materials. Historically, these materials have been readily available, although some items may be in short supply during certain seasons and prices fluctuate according to availability. Such shortages did not have a material impact on net sales or operating income. Generally, we purchase these items under supply contracts, and we occasionally engage in forward buying when we believe it to be advantageous. We believe that these items will continue to be available from our existing suppliers or, upon short notice, can be obtained from other qualified suppliers.

Most of our food products are highly perishable and require proper refrigeration. Product shelf life ranges from 18 to 60 days for refrigerated products. Due to the highly perishable nature and shelf life of these items, our production plants normally process only enough product to fill existing orders. As a result, we maintain minimal inventory levels. With our transition to a warehouse delivery system, many of our breakfast and dinner sausage items are frozen and shipped to warehouses. Shipping frozen product allows our retailers added flexibility to slack out product to meet consumer demand and allows us to build inventory for heavy consumption periods.

### ***Advertising and Marketing***

During fiscal 2012, we spent approximately \$8.5 million advertising our food products, excluding coupon and trade promotion marketing costs. Our food products marketing programs consist of advertising, consumer promotions and trade promotions. Our advertising activities include television, radio, newspaper and magazine advertisements aimed at increasing brand awareness and building consumer loyalty. Consumer promotions include the distribution of recipes featuring our products and targeted coupons designed to attract new customers and increase the frequency of purchases. Our trade promotions are aimed at providing retail display support and securing additional shelf space. During fiscal 2012, we continued to "Win Together as a Team" and "Consistently Drive Sales Growth" through joint marketing programs to support both Bob Evans Restaurants and the Foods segment.

### ***Competition***

The food products business is highly competitive and is affected by changes in the public' s eating habits and preferences, as well as by local and national economic conditions affecting consumer spending habits, many of which are beyond our control. Key competitive factors in the industry are the quality, flavor and value of the food products offered, advertising and name brand awareness. We believe that we compete favorably with respect to each of these factors. Our competitors include well-established national, regional and local producers and wholesalers of similar products, some of whom have substantially greater financial, marketing and other resources than we have. We also face growing competition from private label sausage products and side dishes. With respect to our sausage products, our major competitors include the sausage products of Johnsonville Sausage LLC and the Sara Lee Corporation (i.e., Jimmy Dean brand). We believe that sales of our sausage and mashed potato products constitute a significant portion of sales of comparable products in the majority of our core markets.

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## Seasonality and Quarterly Results

Our restaurant and food products businesses are subject to seasonal fluctuations. Historically, our highest levels of revenue and net income at Bob Evans Restaurants occurred in the first and second quarters of our fiscal year. Many Bob Evans Restaurants are located near major interstate highways and generally experience increased revenue during the summer travel season. Conversely, Mimi's business traditionally tends to be slightly lower in the summer months. Holidays, severe weather conditions (such as snow storms, hurricanes, thunderstorms), natural disasters (such as flooding, tornadoes, and earthquakes) and similar conditions impact restaurant sales volumes in some of the markets in which we operate.

Our food products business is seasonal to the extent that third and fourth quarter sales are typically higher due to increased sales of sausage during the colder months from November through April. We promote our bratwurst and Italian sausage products for outdoor grilling in an attempt to grow volume during the summer months.

Our consolidated quarterly results are significantly impacted by the cost and availability of raw materials, especially live hogs. Our consolidated quarterly results are also impacted by the timing of new restaurant openings and remodels and their associated costs. As a result of these and other factors, our financial results for any given quarter may not be indicative of the results that may be achieved for a full fiscal year.

## Trademarks and Service Marks

We have registered trademarks and service marks, including the marks "Bob Evans®" and "Mimi's Cafe®" for our restaurant business, "Bob Evans®" and "Owens®" for BEF Foods, and "SWH Custom Foods®" for our prep kitchen services, as well as the Bob Evans and Mimi's Café logos. We maintain a registration program for our marks with the United States Patent and Trademark Office and in certain foreign countries. In order to better protect our brands, we have also registered our ownership of the Internet domain names "www.bobevans.com," "www.mimiscafe.com," "beffoods.com," and "bobevansfoods.com." We believe that our trademarks, service marks, proprietary recipes and other proprietary rights have significant value and are important to our brand-building efforts and the marketing of our restaurant concepts and Foods segment. We have vigorously protected our proprietary rights in the past and expect to continue to do so. We cannot predict, however, whether steps taken by us to protect our proprietary rights will be adequate to prevent misappropriation of these rights or the use by others of restaurant features based upon, or otherwise similar to, our concepts. It may be difficult for us to prevent others from copying elements of our restaurant concepts and food products, and any litigation to enforce our rights would likely be costly.

## Government Regulation

We are subject to numerous federal, state and local laws affecting our businesses. Our restaurants are subject to licensing and regulation by a number of governmental authorities, which may include health, sanitation, environmental, zoning and public safety agencies in the state or municipality in which the restaurant is located. Difficulties in obtaining or failures to obtain the required licenses or approvals could delay or prevent the development and openings of new restaurants or could disrupt the operations of existing restaurants. However, we believe that we are in compliance in all material respects with applicable governmental regulations and, to date, we have not experienced abnormal difficulties or delays in obtaining the licenses or approvals required to open or operate any of our restaurants.

Various federal and state labor laws govern our operations and our relationships with our employees, including such matters as minimum wage, meal and rest breaks, overtime, fringe benefits, safety, working conditions and citizenship requirements. Significant government-imposed increases in minimum wages, paid or unpaid leaves of absence, paid "sick days" or other paid time off, mandated health benefits for all employees or increased tax reporting, assessment or payment requirements related to our employees who receive gratuities could be detrimental to the profitability of our restaurants and food products operations. Minimum wage increases in many states in which we operated during fiscal 2012 affected the profitability of our restaurants and led to increased menu prices. Various proposals that would require employers to provide paid time off for all of their employees are considered from time-to-time in Congress and various states.

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The costs of insurance and medical care have risen significantly over the past few years and are expected to continue to increase. Existing or potential legislation changes, such as proposals to require employers to provide health insurance to all employees, could negatively impact our operating results. The imposition of any requirement that we provide paid time off or health insurance to all employees could have an adverse effect on our results of operations and financial position, as well as the restaurant industry in general. Our suppliers may also be affected by higher minimum wage and benefit standards, which could result in higher costs for goods and services supplied to us.

We have a significant number of hourly restaurant employees that receive tip income. We have elected to voluntarily participate in a Tip Reporting Alternative Commitment (“TRAC”) agreement with the Internal Revenue Service. By complying with the educational and other requirements of the TRAC agreement, we reduce the likelihood of potential employer-only FICA assessments for unreported or underreported tips.

There have been a number of federal, state and local proposals and regulations to require restaurants to provide nutritional information on menus and/or require that restaurants label menus with the country of origin of meal ingredients. For example, Mimi’s located in California are subject to a state-wide menu labeling law that became effective on July 1, 2009, and our Bob Evans Restaurant located in Montgomery County, Maryland is subject to a menu-labeling law that became effective on July 1, 2010. The national health care reform legislation enacted on March 23, 2010, contains provisions that require restaurants with 20 or more locations to post calorie information on menus and additional nutritional information in writing at the restaurant. The FDA released Proposed Regulations implementing this legislation on April 6, 2011. The FDA was expected to release Final Regulations prior to December 31, 2011, but did not, and no release date is currently set. The Final Regulations will specify when the FDA will commence enforcement of the Final Regulations. Although the new federal legislation preempts the legislation already enacted in California, Montgomery County, Maryland, and other state and local jurisdictions (e.g., Maine, Massachusetts, New Jersey, Oregon, New York City and Philadelphia), some of these jurisdictions are requiring compliance with their regulations until the FDA begins enforcing the federal regulations. We are concerned that these menu-labeling laws could have an adverse effect on our results of operations and financial position, as well as the restaurant industry in general. However, we support the implementation of uniform standards across the United States by the FDA, rather than a state-by-state and locality-by-locality approach.

Potential changes in labor laws, including the possible passage of all or parts of the proposed Employee Free Choice Act (“EFCA”), could result in portions of our workforce being subjected to greater organized labor influence. The EFCA, also referred to as the “card check” bill, could impact the nature of labor relations in the United States, specifically, how union elections and contract negotiations are conducted. The EFCA aims to make it easier for unions to form, and employers of unionized employees may face mandatory, binding arbitration of labor scheduling, costs and standards, which could increase the costs of doing business. Although we do not currently have any union employees, EFCA or similar labor legislation could have an adverse effect on our business and financial results by imposing requirements that could potentially increase our costs, reduce our flexibility and impact our ability to service our guests.

Our restaurants and manufacturing plants must comply with the applicable requirements of the Americans with Disabilities Act of 1990 (“ADA”) and related state statutes. The ADA prohibits discrimination on the basis of disability with respect to public accommodations and employment. Under the ADA and related state laws, when constructing new restaurants and facilities or undertaking significant remodeling of existing restaurants and facilities, we must make them more readily accessible to people with disabilities. We also must make reasonable accommodations for the employment of people with disabilities. The ADA was amended recently to significantly expand the categories of individuals who are deemed to have disabilities.

Alcoholic beverage control regulations require each Mimi’s to apply to a state authority and, in certain locations, county and municipal authorities for licenses and permits to sell alcoholic beverages on the premises. Typically, licenses must be renewed annually and may be subject to penalties, temporary suspension or revocation for cause at any time. Alcoholic beverage control regulations impact many aspects of the daily operations of Mimi’s, including the minimum ages of patrons and employees, employee alcoholic beverage training, hours of operation, advertising, wholesale purchasing, inventory control and the handling, storage and dispensing of alcoholic beverages.

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Mimi's located in certain states may be subject to "dram-shop" statutes, which generally provide a person injured by an intoxicated person with the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. We train Mimi's employees how to serve alcohol and we carry liquor liability coverage as part of our existing comprehensive general liability insurance. We have never been named as a defendant in a lawsuit involving "dram-shop" statutes.

As a manufacturer and distributor of food products, we are subject to a number of food safety regulations, including regulations promulgated by the U.S. Department of Agriculture ("USDA") and the FDA. These agencies enact and enforce regulations relating to the manufacturing, labeling, packaging, distribution and safety of food in the United States. Among other matters, these agencies: enforce statutory prohibitions against misbranded and adulterated foods; establish safety standards for food processing; establish standards for ingredients and manufacturing procedures for certain foods; establish standards for identifying certain foods; determine the safety of food additives; establish labeling standards and nutrition labeling requirements for food products; and enforce regulations to prevent the introduction, transmission or spread of communicable diseases. In addition, various states regulate our operations by: enforcing federal and state standards for selected food products; grading food products; licensing and inspecting plants and warehouses; regulating trade practices related to the sale of food products; and imposing their own labeling requirements on food products. Some of the food commodities we use in our operations are also subject to governmental agricultural programs. These programs have substantial effects on prices and supplies and are subject to Congressional and administrative review.

Through our sausage manufacturing operations, our food products business is subject to the requirements of the Packers & Stockyards Act (the "P&S Act"). The general purpose of the P&S Act is to: (1) assure fair competition and fair trade practices; (2) safeguard farmers and ranchers; (3) protect consumers; and (4) protect members of the livestock, meat and poultry industries from unfair, deceptive, unjustly discriminatory and monopolistic practices. The P&S Act is administered by the Grain Inspection, Packers & Stockyards Administration ("GIPSA"), which is part of the USDA. Among other requirements, the P&S Act requires meat packers, such as our Foods segment, to be bonded, provides trust protection for producers in the event they are not paid for livestock by a meat packer, and requires that livestock producers be paid promptly by meat packers for the sale of livestock. Violations of the P&S Act may be resolved through a notice of violation, a stipulation agreement with GIPSA, administrative actions and court actions.

We are subject to federal and state environmental regulations, including various laws concerning the handling, storage and disposal of hazardous materials, such as cleaning solvents. These regulations have not had a material adverse effect on our operations to date. We do not anticipate that compliance with federal, state and local provisions regulating the discharge of materials into the environment, or which otherwise relate to the protection of the environment, will have a material adverse effect upon our capital expenditures, revenues or competitive position.

U.S. federal, state and local laws and regulations are increasingly being enacted to address concerns about the effects that carbon dioxide emissions and other identified greenhouse gases ("GHG") may have on the environment and climate worldwide. These effects are widely referred to as "Climate Change." In the U.S., Climate Change legislation is currently pending in Congress and, if enacted, would limit GHG emissions from covered entities through a "cap and trade" system to reduce the quantity of national GHG emissions in accordance with established goals and time lines. One or more of our food manufacturing facilities could be covered by such new legislation. There also has been recent regulatory activity relative to the regulation of GHG emissions by the U.S. Environmental Protection Agency under the Clean Air Act, including the proposed mandatory reporting of greenhouse gases rule. Additionally, several states already have taken steps to require the reduction of GHGs by certain companies and public utilities, primarily through the planned development of GHG inventories and/or regional GHG cap and trade programs. GHG emissions occur at several points across our operations, including production, transportation and processing. Our compliance with any future legislation or regulation of GHGs, if it occurs, may result in increased compliance and operating costs. It is not, however, possible at this time to predict the structure or outcome of any future legislative or regulatory efforts to address such emissions or the eventual cost to us of compliance. Based on information currently available to us, we believe that compliance with these regulations will not have a material adverse effect on us.



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## Employees

As of April 27, 2012, we employed 46,818 persons (full and part-time), including 32,720 persons in our Bob Evans Restaurants segment, 12,950 persons in our Mimi's segment, 603 persons in our Foods segment and 545 at our two corporate offices. None of our employees are currently covered by collective bargaining agreements, and we have never experienced an organized work stoppage, strike or labor dispute. We believe our working conditions and compensation packages are generally comparable with those offered by our competitors. We consider overall relations with our employees to be favorable.

### Available Information

Our Internet Web site address is [www.bobevans.com](http://www.bobevans.com). Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available through our Web site as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission. The information contained on or connected to our Web site is not incorporated into this Annual Report on Form 10-K.

**Upon the written request of a stockholder, we will provide without charge a copy of this Annual Report on Form 10-K, including the financial statements and financial statement schedules included herein. In addition, upon the written request of a stockholder, we will provide a copy of any exhibit to this Annual Report on Form 10-K upon the payment of a reasonable fee. Written requests should be delivered to Bob Evans Farms, Inc., Attention: Investor Relations, 3776 South High Street, Columbus, Ohio 43207.**

### ITEM 1A. RISK FACTORS.

*The risk factors presented below may have a material adverse effect on our future operating results, financial position and cash flows. The categories listed below are for information purposes only and do not signify that any risk should or should not be included in one or more of the other categories, or that any category or risk is more significant than any other risk. In addition to the risk factors presented below, changes in general economic conditions, consumer tastes and discretionary spending patterns, demographic trends and consumer confidence in the economy, which affect consumer behavior and spending for restaurant dining occasions and retail purchases in general, may have a material adverse effect on us. Our actual results could vary significantly from any results expressed or implied by any forward-looking statements contained in this Annual Report on Form 10-K or our other filings with the Securities and Exchange Commission depending upon a variety of factors, including, but not limited to, the following risks and uncertainties:*

#### I. STRATEGIC

***Our plans depend significantly on initiatives designed to improve the efficiencies, costs and effectiveness of our operations, as well as increase revenues, and failure to fully achieve or sustain these plans could adversely affect our results of operations.***

We have had, and expect to continue to have, initiatives related to cost efficiencies and revenue generation in various stages of testing, evaluation and implementation, upon which we expect to rely to improve our results of operations and financial condition. Many of these initiatives are inherently risky and uncertain in their application to our business in general, even when tested successfully on a more limited scale. It is possible that successful testing can result partially from resources and attention that cannot be duplicated in broader implementation. Testing and general implementation also can be affected by other risk factors described herein that reduce the results expected. Successful system-wide implementation across hundreds of restaurants and involving tens of thousands of employees relies on consistency of training, stability of workforce, ease of execution and the absence of offsetting factors that can adversely influence results. Failure to achieve successful implementation of our initiatives could adversely affect our results of operations.

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***Our success depends on consumer acceptance of our menu offerings, food products, prices, atmosphere, convenience and service procedures.***

Our success in creating demand for our restaurant menu offerings and food products is dependent on our ability to continue to accurately predict consumer dining and taste preferences and adapt our menu and food products to trends in food consumption. If customer eating habits change significantly and we are unable to respond with appropriately priced menu offerings and food products, as well as convenience and service procedures, it could have a material adverse effect on demand for our menu offerings and food products, which would result in lost customers and a material adverse effect on our business and results of operations. Our success is also dependent upon our ability to provide outstanding customer service, convenience and to keep the atmosphere of our two restaurant segments differentiated from our competitors, and relevant and appealing to our customers. If we change a restaurant concept or customer service technique, we may lose customers who do not prefer the changed concept or customer service technique, and we may not be able to attract a sufficient new customer base to produce the revenue needed to make the concept or technique profitable.

***Our long-term growth strategy depends on opening new restaurants. Our ability to expand our restaurant base is influenced by factors beyond our control, which may further slow restaurant expansion and impair our growth strategy.***

We are pursuing a moderate and disciplined long-term growth strategy which, to be successful, will depend in large part on our ability to open new restaurants and operate those restaurants on a profitable basis. Currently, we do not believe that our average new restaurant volumes generate a level of return on our development costs that justifies significant expansion of Mimi's, and we are just returning to new restaurant growth for Bob Evans Restaurants. We do not intend to substantially increase the construction of new restaurants until the economy improves and we are confident that we have adequately improved restaurant level economics by increasing our sales, lowering our labor, purchasing and construction costs and increasing our margins and profitability. We cannot guarantee that we will be able to achieve our expansion goals or operating results similar to those of our existing restaurants. One of our biggest challenges in meeting our long-term growth objectives will be to locate and secure an adequate supply of suitable new restaurant sites. We have experienced delays in opening some of our restaurants and may experience delays in the future. Delays or failures in opening new restaurants could have a material adverse effect on our planned long-term growth strategy.

The success of any restaurant expansion will depend upon numerous factors, many of which are beyond our control, including the following:

- our ability to generate a suitable level of return on the money we invest in new restaurants;
- the availability and hiring of qualified personnel;
- our ability to appropriately train employees and staff the restaurants;
- reliance on management to identify available and suitable restaurant sites;
- competition for restaurant sites;
- negotiation of favorable purchase or lease terms for restaurant sites;
- timely development of new restaurants, including the availability of construction materials and labor;
- management and control of construction and development costs of new restaurants;
- our ability to manage construction delays related to the opening of any facility;
- our ability to manage the local, state or other regulatory, zoning and licensing processes in a timely manner, or at all;
- cost and availability of capital;
- competition in our markets;
- consumer acceptance of our restaurants in new markets; and
- general economic conditions.

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In addition, we have and plan on entering new markets in which we have no operating experience. These new markets may have different demographic characteristics, competitive conditions, consumer tastes and discretionary spending patterns than our existing markets, which may cause the new restaurants to be less successful in these new markets than in our existing markets.

Our long-term growth strategy will strain our management, financial and other resources. For instance, our existing restaurant management systems and procedures, financial controls, information systems, management resources and human resources may be inadequate to support our planned expansion. Also, we may not be able to respond on a timely basis to all of the changing demands that the planned expansion will impose on our infrastructure and other resources. Our ability to manage our growth effectively will require us to continue to enhance these systems, procedures and controls and locate, hire, train and retain management and operating personnel.

***We may experience higher-than-anticipated costs associated with the opening of new restaurants or with the closing, relocating and remodeling of existing restaurants, which may adversely affect our results of operations.***

Our sales and expenses can be impacted significantly by the number and timing of the opening of new restaurants and the closing, relocating and remodeling of existing restaurants. We incur substantial pre-opening expenses each time we open a new restaurant and other expenses when we close, relocate or remodel existing restaurants. The expenses of opening, closing, relocating or remodeling any of our restaurants may be higher than anticipated. An increase in such expenses could have an adverse effect on our results of operations.

***Our restaurant business is dependent upon satisfactory customer service, and we may have difficulty hiring and retaining a sufficient number of qualified employees to deliver appropriate service.***

Our success depends in part upon our ability to attract, train, motivate and retain a sufficient number of qualified employees, including restaurant managers, kitchen staff and servers who can meet the high standards necessary to deliver the levels of food quality and service on which our restaurant segments are based. The short supply of qualified individuals in some areas could strain our restaurant operations, delay new restaurant openings or require us to increase wages to attract desired individuals, which could have a material adverse effect on our financial position or results of operations. Also, high rates of employee turnover could have a negative impact on food quality and customer service, which would result in an adverse effect on our restaurant business and results of operations.

***Our success depends on our ability to compete effectively in the restaurant and food products industries.***

The restaurant industry is highly competitive and is affected by changes in the public's eating habits and preferences, population trends, traffic patterns and weather conditions, as well as by local and national economic conditions affecting consumer spending habits, many of which are beyond our control. Key competitive factors in the restaurant industry include the quality and value of the menu items offered, quality and speed of service, attractiveness of facilities, advertising, name brand awareness and image and restaurant locations. Many of our competitors are well-established national, regional or local chains, and some have substantially greater financial, marketing and other resources than we have, which may give them competitive advantages. We compete with many restaurant operators and other retail establishments for site locations and restaurant employees. We also compete with grocery store chains that offer cooked and prepared products for the consumer. We expect competition to intensify as our competitors expand operations in our markets and quick-service restaurant chains expand their breakfast offerings. This increased competition could have a material adverse effect on our financial position or results of operations.

The food products business is also highly competitive and is affected by changes in the public's eating habits and preferences, as well as by local and national economic conditions affecting consumer spending habits. Key competitive factors in the industry include the quality, flavor and value of the food products offered, advertising and name brand awareness. Our competitors include well-established national, regional and local producers and wholesalers of similar products, many of whom have substantially greater name recognition and



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financial, marketing and other resources than we have, which may give them competitive advantages. We are facing increased competition from private label sausage products and side dishes. We expect competition to intensify in our food products segment as other food companies introduce refrigerated side dishes to compete with our successful mashed potatoes and macaroni and cheese products. This increased competition could have a material adverse effect on our financial position or results of operations.

***Our marketing and branding strategies may not be successful, which could negatively affect our business.***

Our marketing and branding strategies continue to evolve to maximize our appeal to customers and compete effectively. We do not have any assurance that our marketing strategies will be successful. If new advertising, modified branding, and other marketing programs are not successful, we may not generate the level of restaurant and food products sales we expect and the expense associated with these programs will negatively affect our financial results. Moreover, many of our competitors have successfully used national marketing strategies, including network and cable television advertising in the past, and we may not be able to successfully compete against those established programs.

***Our failure to achieve and maintain positive same-store sales for an extended period of time would likely have a material adverse effect upon our financial condition, results of operation and cash flows.***

Same-store sales are a key measure of the financial health of our company, as well as our individual restaurants. Same-store sales growth may be affected by a number of factors, including:

- local and national economic conditions affecting consumer spending habits;
- gasoline prices;
- customer trends;
- intense competition in the restaurant business;
- customer satisfaction;
- extraordinary events such as weather or natural disasters; and
- pricing pressure.

***The growth of our Foods segment's sales and profits is dependent upon our ability to expand into existing and new markets.***

The successful growth of our Foods segment business depends on our ability to add new retail customers, as well as expand the number of products sold through existing retail customers by expanding the number of our items they offer for sale. The expansion of the Foods segment business depends on our ability to obtain and retain large-account customers, such as grocery store chains and warehouse customers. Our failure to obtain and retain new large-account customers or maintain our relationships with existing large-account customers could have a material adverse effect on the Foods segments' business and results of operations.

***Our Food segment's business is dependent upon a limited number of suppliers for the production of a significant number of items and relies upon a relatively small number of customers for a large percentage of its sales.***

Our Foods segment's business is dependent upon a limited number of suppliers, and we have not identified secondary suppliers for food products manufactured in our plants. Our prolonged inability to provide products to fill orders in a timely manner would have an adverse effect on both our restaurant segments' and the Foods segment's businesses and our results of operations. Our Foods segment's business also relies upon a relatively small number of customers for a large percentage of its sales. Our inability to maintain strong relationships with our key customers could result in a loss of business, which would have a material adverse effect on our Food products business and our results of operations.

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***The financial performance and results of operations of the Foods segment could be adversely affected by availability of and price we pay for sows.***

Sows are the most important raw material used to produce our pork sausage products in our food products business. We procure live sows at prevailing market prices from terminals, local auctions, country markets and corporate and family farms in many states and Canada. The live sow market is highly cyclical in terms of the number of sows available and the current market price. A significant contraction in the live sow market began during fiscal 2010, and we believe that the sow herd is at its lowest level since the early 1900' s. The live sow market is also dependent upon supply and demand for pork products, as well as corn and soybean meal prices (the major food supply for sows), weather and farmers' access to capital.

We believe our Foods segment will continue to be challenged by sow costs that are significantly higher than historical averages, as well as limited supplies of sows. Higher sow costs adversely affect the Foods segment' s profitability, and we cannot guaranty that we will be able to pass along any portion to our consumers in a timely manner or at all.

***Because many of our restaurants are concentrated in certain geographic areas, there could be a material adverse effect on our operations by regional economic conditions and events.***

The concentration of many of our existing and planned restaurants in particular regions of the United States could affect our operating results in a number of ways. For example, our results of operations may be adversely affected by economic conditions in that region, the local labor market and regional competition. Also, adverse publicity relating to our restaurants in a region in which they are concentrated could have a more pronounced adverse effect on our overall revenue than might be the case if our restaurants were more broadly dispersed.

A majority of our Bob Evans Restaurants are located in Ohio and other parts of the Midwest, which makes us particularly sensitive to economic conditions, natural disasters, severe weather and other events in this region. We believe same-store sales at our Bob Evans Restaurants are particularly sensitive to economic conditions in the Midwest, which has been hit particularly hard by the downturn in the United States' economy, the troubled auto industry, increased unemployment and lower home values. Nearly 250 Bob Evans Restaurants are located in Michigan and Ohio where the impact of job losses in the automotive industry (manufacturers and suppliers) could have a material adverse effect on our sales. Also, because a significant percentage of our Mimi' s are located in California, we are also particularly sensitive to events and developments in that state, such as earthquakes or other natural disasters and energy shortages. We are particularly concerned about Mimi' s sales and profit trends in California, Florida, Arizona and Nevada. These states accounted for approximately 62.8 percent of Mimi' s sales in fiscal 2012 and have been hit particularly hard by the downturn in the United States' economy, sub-prime mortgage issues, increased unemployment and lower home values.

***Adverse weather conditions could harm our sales and profits.***

Weather conditions can adversely impact sales at our restaurants. Adverse weather conditions, such as snow and ice in the Midwest that keep customers from dining out or going to grocery stores, result in lost opportunities for our restaurants and food products division. Adverse weather conditions may also cause shortages or interruptions in the supply of fresh meat and produce to our restaurants and hamper the distribution of our Foods segment' s products to grocery stores.

***Our ability to align our corporate culture to adapt to evolving business changes and requirements could have a material adverse effect on us in the future.***

Our results may be adversely affected if we are unable to execute on the key elements of our strategic plan to improve our delivery execution, resource utilization, and decision making processes. As with any organization with over 40,000 employees, effecting significant changes in operational regimes and corporate culture is a challenge. If we are unable to change and instill within our entire organization the appropriate operational regimes of our new corporate culture, we may not be able to gain the anticipated improvements and increase our profitability. The implementation of our strategic plan will require, among other things, expending capital, developing and adopting new technologies, recruiting talented employees and changing our corporate culture. If

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we are unable to successfully execute any or all of the initiatives of our strategic plan, our revenues, operating results and profitability may be adversely affected.

## II. OPERATIONS

***Our business could suffer if we are the subject of negative publicity or litigation regarding allegations of food-related contaminations or illnesses.***

As a business with two restaurant segments and a Foods segment, we can be adversely affected by complaints or litigation from consumers alleging illness, injury or other food quality, adverse health effects (including obesity) or operational concerns. Our reputation and business can also be adversely affected by negative publicity resulting from such complaints or litigation. Food-related contaminations and illnesses may be caused by a variety of food borne pathogens, such as e-coli or salmonella, from a variety of illnesses transmitted by restaurant workers, such as hepatitis A, and from contamination of food by foreign substances. Contamination and food borne illness incidents could also be caused by food suppliers and distributors. As a result, we cannot control all of the potential sources of contamination or illness that can be contained in or transmitted from food. If any person becomes injured or ill, or alleges becoming injured or ill, as a result of eating our food, we may temporarily close some restaurants or a Foods segment plant, which would decrease our revenues, and we may be liable for damages, be subject to governmental regulatory action and/or receive adverse publicity, regardless of whether the allegations are valid or whether we are liable, any of which could have long-lasting, negative effects on our reputation, financial position and results of operations.

***Unfavorable publicity, or a failure to respond effectively to adverse publicity, could harm our reputation and adversely impact our guest counts and sales.***

The good reputation of our restaurant and foods brands is a key factor in the success of our business. Actual or alleged incidents at any of our restaurants or plants could result in negative publicity that could harm our brands. Given the extensive use of the Internet and various forms of social networking websites, as well as our own website, unfavorable publicity can spread world-wide in only hours. Even incidents occurring at restaurants operated by our competitors or in the supply chain generally could result in negative publicity that could harm the restaurant and food processing industry overall and, indirectly, our own brands. Negative publicity may result from allegations of illegal, unfair or inconsistent employment practices, guest discrimination, illness, injury, or any of the other matters discussed above that could give rise to litigation. Regardless of whether the allegations or complaints are valid, unfavorable publicity relating to a limited number of our restaurants or plants, or only to a single restaurant or plant, could adversely affect public perception of the entire brand. Negative publicity also may result from health concerns including food safety and flu outbreaks, publication of government or industry findings concerning food products, environmental disasters, crime incidents, data privacy breaches, scandals involving our employees, or operational problems at our restaurants, all of which could make our brands less appealing to our guests and customers, and negatively impact our guest counts and sales.

Adverse publicity and its effect on overall consumer perceptions of our brands, or our failure to respond effectively to adverse publicity, could have a material adverse effect on our business.

***Catastrophic events may disrupt our business and could adversely affect our revenues and results of operations.***

We are a highly automated business and rely on our production facilities and our network infrastructure and our Web site for our development, marketing, operational, support, hosted services and sales (including on-line ordering) activities. A disruption, infiltration or failure of these systems or third party hosted services in the event of a major natural disaster, fire, power loss, telecommunications failure, cyber-attack, war, terrorist attack, or other catastrophic event could cause system interruptions, reputational harm, loss of intellectual property, delays in our product development, lengthy interruptions in our services, breaches of data security and loss of critical data. In the past, severe weather conditions and natural disasters have caused power outages and other circumstances which have adversely affected the operations of our corporate office in Columbus, Ohio, individual food manufacturing plants, and restaurants.

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Our Foods segment operates six manufacturing plants. If we were forced to close or delay production at one or more of these plants due to a natural disaster or significant labor issue, we may be unable to increase production at our other plants in a timely manner, which could have a material adverse effect on our results of operations. Also, the two restaurant segments rely on a single site prep kitchen for preparation of a substantial amount of their muffin mixes, dressings, sauces and soups. Any temporary or permanent disruption in the operation of this facility would affect the ability of the two restaurant segments, and especially Mimi's, to serve the full range of menu offerings or require us to obtain these items from alternative sources, which could have a material adverse effect on our results of operations.

A catastrophic event that results in the destruction or disruption of our data center or our critical business or information technology systems could severely affect our ability to conduct normal business operations and, as a result, our future operating results could be adversely affected. We have recently deployed a more robust disaster recovery plan and backup systems to reduce the potentially adverse effect of such events.

We have not experienced material cyber-incidents to date, however the occurrence and effects of cyber-incidents may remain undetected for an extended period. We do not carry network-liability insurance concerning cyber-attacks.

***If we lose the services of any of our key management personnel, our business could suffer.***

Our future success significantly depends on the continued services and performance of our key management personnel. Our future performance will depend on our ability to motivate and retain these and other key officers and key team members, particularly regional and area managers and restaurant general managers. Competition for high-quality employees is intense. The loss of the services of members of our senior management or key team members or the inability to attract additional qualified personnel as needed could harm our business.

***Our restaurant business is dependent on timely delivery of fresh ingredients by our suppliers and distributors.***

Our restaurant operations are dependent on timely deliveries of fresh ingredients, including fresh produce, dairy products and meat. The cost, availability and quality of the ingredients we use to prepare our food are subject to a variety of factors, many of which are beyond our control. Fluctuations in weather, supply and demand, the economy and political conditions could adversely affect the cost, availability and quality of our ingredients. If the variety or quality of the food we offer declines due to the lack or lower quality of our ingredients or due to interruptions in the flow of fresh ingredients, customer traffic may decline and negatively affect our sales. We have contracted with third-party distributors for the delivery of food and other products to our restaurants. If these contracts were suddenly and unexpectedly terminated, supply costs could increase and disruptions in distribution could occur during the transition to other third-party distributors.

***The price and availability of food, ingredients and utilities used by our restaurants could adversely affect our revenues and results of operations.***

Our business is subject to the general risks of inflation. Our results of operations depend significantly on our ability to anticipate and react to changes in the price and availability of food, ingredients, utilities, and other related costs over which we may have little control. Fluctuations in economic conditions, weather and demand, as well as natural disasters can adversely affect the availability, quality and cost of the ingredients and products that we buy. We require fresh produce, dairy products and meat, and therefore are subject to the risk that shortages or interruptions in supply of these food products could develop. Our operating margins are subject to changes in the price and availability of food commodities. For example, the profitability of our food products segment is sensitive to sow costs. The effect of, introduction of, or changes to tariffs or exchange rates on imported retail products or food products could increase our costs and possibly affect the supply of those products. Our operating margins are also affected by fluctuations in the price of utilities such as natural gas, whether as a result of inflation or otherwise, on which our restaurants depend for much of their energy supply. Our inability to anticipate and respond effectively to an adverse change in any of these factors could have a significant adverse effect on our results of operations. In addition, because we provide a moderately priced product, we may not seek or be able to pass along price increases to our guests sufficient to offset cost increases.

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***Our inability to successfully and sufficiently raise menu and food products prices to offset increased costs could result in a decline in margins.***

We utilize price increases for menu offerings and food products to help offset cost increases, including increased costs for wholesale food, raw materials, distribution, minimum wages, employee benefits, construction, fuel, utility, and other costs. During fiscal 2012, we implemented menu price increases at Bob Evans Restaurants to help offset operating and supply cost increases. We did not implement price increases at Mimi's Café. Further federal legislation to increase the minimum wage as well as the tip credit wage we pay to certain staff members receiving guest gratuities is probable, and there may be similar increases implemented in other jurisdictions in which we operate or seek to operate. We may not be able to anticipate and react to changing costs by adjusting our purchasing practices and prices to sufficiently account for increased costs, especially further minimum wage increases at the federal and/or state level. Also, because we offer moderately priced food, we may not be able to, or we may choose not to, pass along price increases to our customers, which could have a material adverse effect on our business and results of operations.

***We outsource certain business processes and product manufacture to third-party vendors that subject us to risks, including disruptions in business and increased costs.***

Some of our business processes and the manufacture of certain products are currently outsourced to third parties. Such processes include distribution of food and retail products to our store locations, manufacture of certain products, credit card authorization and processing, gift card tracking and authorization, health care and workers' compensation insurance claims processing and externally hosted business software applications. We cannot ensure that all providers of outsourced services are observing proper internal control practices, such as redundant processing facilities, and there are no guarantees that failures will not occur. Failure of third parties to provide adequate services could have an adverse effect on our financial condition and results of operations.

### **III. COMPLIANCE**

***The restaurant and food products industries are heavily regulated, and compliance with applicable laws and regulations may be more costly than we expect.***

The restaurant industry and the food products industry are subject to various federal, state and local laws and regulations relating to health, sanitation, safety and fire standards, federal and state laws governing our relationships with employees (including the Fair Labor Standards Act of 1938, the Immigration Reform and Control Act of 1986, the Patient Protection and Affordable Care Act, the Health Care and Education Reconciliation Act of 2010 and applicable requirements concerning minimum wage, overtime, healthcare coverage, family leave, medical privacy, tip credits, working conditions, safety standards and immigration status), federal and state laws which prohibit discrimination and other laws regulating the design and operation of facilities, such as the Americans With Disabilities Act of 1990. Compliance with these legal requirements may be more costly than we expect. The failure to obtain and/or retain licenses, permits or other regulatory approvals could delay or prevent the opening of a restaurant and/or the continued operation of a particular restaurant or food products manufacturing facility. Our failure to comply with applicable laws and regulations could also result in fines or legal actions that could adversely affect our business, results of operations and financial position. Significant legal and regulatory issues affecting our business include:

employment laws, including minimum wage requirements, overtime pay, meal and rest break requirements, paid "sick days" or other paid time off, unemployment tax rates; discrimination laws, workers' compensation rates and citizenship and immigration requirements;

national health care reform legislation that passed the U.S. Congress in March 2010 and its provisions that will require labeling on restaurant menus, menu boards, and drive-through displays;

permit, licensing and other regulatory requirements for the sale of food and alcoholic beverages;

health, safety and fire regulations;

zoning, land and environmental regulations;

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a variety of federal, state and local laws and regulations relating to the use, storage, discharge, emission and disposal of hazardous materials;

sales tax;

new and changing laws and regulations relating to gift cards;

food safety regulations governing the manufacture (including composition and ingredients), labeling, packaging and safety of food in the United States and Canada;

laws governing public access and employment for people with disabilities; and

state “dram shop” statutes, which generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person.

In March 2010, the President signed the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 (“Health Care Reform Acts”). Although we cannot predict with certainty the financial and operational impacts the new law will have on us, we expect that our expenses will increase over the long term as a result of the new law. Any such increases could adversely affect our business, financial condition and results of operations. Among other things, the new law requires restaurant companies such as ours to disclose calorie information on their menus. We do not expect to incur any material costs from compliance with these provisions of the law, but cannot anticipate the changes in guest behavior that could result from the implementation of these provisions, which could have an adverse effect on our sales or results of operations.

***Legislation and regulations requiring the display and provision of nutritional information for our menu offerings in our restaurants could increase our operating costs, affect consumer preferences, increase the likelihood of litigation, and negatively impact our results of operations.***

We are concerned about regulations requiring restaurants to provide calorie and other nutritional information on menus and/or in our restaurants. Mimi’s located in California are subject to a state-wide menu labeling law that became effective on July 1, 2009, and our Bob Evans Restaurant located in Montgomery County, Maryland is subject to a menu-labeling law that became effective on July 1, 2010. The Health Care Reform Acts contains provisions that require restaurants with 20 or more locations to post calorie information on menus and additional nutritional information in writing at the restaurant. The FDA released Proposed Regulations implementing this legislation on April 6, 2011. The FDA was expected to release Final Regulations prior to December 31, 2011, but did not, and no release date is currently set. The Final Regulations will specify when the FDA will commence enforcement of the Final Regulations which is expected to be one year after publication. Although the new federal legislation preempts the legislation already enacted in California, Montgomery County, Maryland, and other state and local jurisdictions (e.g., Maine, Massachusetts, New Jersey, Oregon, New York City and Philadelphia), some of these jurisdictions are requiring compliance with their regulations until the FDA begins enforcing the federal regulations.

Menu labeling regulations could have an adverse effect on our results of operations and financial condition due to the potential impact on our sales and profitability if the disclosures change guest preferences and menu mix, as well as increased operating costs incurred to comply with these regulations. Moreover, we could become subject to litigation arising from our nutritional disclosures, such as claims that our nutritional disclosures are inaccurate or that our menu offerings are harmful to human health.

***Health concerns and government regulations relating to the consumption of trans-fats, pork, beef, chicken and other food products could affect consumer preferences and could negatively impact our results of operations.***

Consumer food preferences could be affected by health concerns about the consumption of various types of food, such as trans-fats, pork, beef and chicken. Negative publicity concerning trans-fats related to fried foods and other items, “mad cow” and “foot-and-mouth” disease relating to the consumption of beef and other meat products, “H1N1” or “swine flu” related to pork products, “avian flu” related to poultry products and the



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publication of government, academic or industry findings about health concerns relating to menu items served by any of our restaurants could also affect consumer food preferences. These types of health concerns and negative publicity concerning our food products may adversely affect the demand for our food and negatively impact our business and results of operations. Additionally, some government authorities are increasing regulations regarding trans-fats and sodium. We have largely eliminated artificial trans-fat from our restaurant menu offerings, and these regulations may require us to limit sodium amounts in our menu offerings and/or food products in the future. These regulations may require us to switch to higher cost ingredients and may hinder our ability to operate in certain markets.

***Our business could suffer if we are the subject of increased litigation regarding personal injuries suffered on our premises, discrimination, harassment or other labor matters.***

Employee and customer claims against us based on, among other things, personal injury, discrimination, harassment, wage and hour disputes or wrongful termination may divert our financial and management resources from operating our businesses. Restaurant companies have been the target of class actions and other lawsuits alleging, among other things, violation of federal and state law. Like many employers, Mimi's has been faced with allegations of purported class-wide wage and hour violations in California, and we have taken charges related to the settlement of these cases. An unfavorable verdict or a significant settlement in a future class-action lawsuit could have a material adverse effect on our financial position, cash flows and results of operations.

***Compliance with new and changing regulations related to corporate governance and public disclosure will result in additional expenses and pose challenges for our management team.***

New as well as changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") and the rules and regulations promulgated and to be promulgated under the Dodd-Frank Act, as well as under the Sarbanes-Oxley Act of 2002, and the rules and regulations of the Securities and Exchange Commission and The NASDAQ Stock Market, have created uncertainty for public companies and increased our costs and time that our Board of Directors and management must devote to complying with these rules and regulations. Our Board of Directors and management team will need to devote significant time and financial resources to comply with both existing and evolving standards for corporate governance for public companies, which will lead to increased general and administrative expenses and a diversion of management time and attention from revenue generating activities.

***Changes in accounting standards issued by the FASB or other standard-setting bodies may adversely affect our results of operations and financial condition.***

Our financial statements are prepared in accordance with GAAP. The FASB, the AICPA and other accounting standard-setting bodies may periodically issue changes to, interpretations of or guidance with respect to GAAP. The adoption of such guidance may have an adverse effect on our results of operations and financial position.

#### **IV. OTHER**

***The global economic downturn adversely impacted our business and financial results in fiscal 2012, and uncertainty regarding the economic recovery could have a material adverse effect on us in the future.***

The restaurant and food products industry is dependent upon consumer discretionary spending. The global economic downturn and uncertainty regarding the economic recovery has reduced consumer confidence to historic lows impacting the public's ability and desire to spend discretionary dollars as a result of job losses, home foreclosures, significantly reduced home values, investment losses in the financial markets, personal bankruptcies and reduced access to credit, resulting in lower levels of guest traffic in our restaurants and sales of our food products. When gasoline, natural gas, electricity and other energy costs increase, and credit card, home mortgage and other borrowing costs increase with rising interest rates, our guests and customers may have less disposable income and reduce the frequency with which they dine out or purchase our products. This is particularly the case with casual dining concepts like Mimi's because consumers may choose more inexpensive

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restaurants (such as quick-service restaurants or fast casual dining) when eating outside the home. If this difficult economic situation continues for a prolonged period of time or deepens in magnitude, our business and results of operation could be materially adversely affected, and our customers may continue to remain apprehensive about the economy and maintain or further reduce their already lowered level of discretionary spending. This will result in spreading fixed costs across a lower level of sales, and will, in turn cause downward pressure on our profitability. This could result in restaurant or plant closures and asset impairment charges.

***A privacy breach could adversely affect our business.***

The protection of customer, employee and company data is critical to us. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements. Compliance with these requirements may result in cost increases due to necessary systems changes and the development of new administrative processes. In addition, customers have a high expectation that we will adequately protect their personal information. If we fail to comply with these laws and regulations or experience a significant breach of customer, employee or company data, our reputation could be damaged and we could experience lost sales, fines or lawsuits.

***Inappropriate use of social media vehicles presents new risks.***

The inappropriate use of certain media vehicles could cause brand damage or information leakage or could lead to legal implications from the improper collection of personal information. Negative posts or comments about us on any social networking web site could seriously damage our reputation. In addition, the disclosure of non-public company sensitive information through external media channels could lead to information loss as there might not be structured processes in place to secure and achieve this information. Identifying new points of entry as social media continues to expand presents new challenges.

***Our quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to a variety of other factors, resulting in a decline in our stock price.***

Our quarterly operating results may fluctuate significantly because of several factors, including:

- fluctuations in food and commodity prices, including sow costs;
- the timing of new restaurant openings and related expenses;
- restaurant operating costs for our newly opened restaurants, which are often materially greater during the first several months of operation;
- labor availability and costs for hourly and management personnel;
- profitability of our restaurants, especially in new markets;
- impairments of long-term assets;
- trends in same-store sales;
- adverse weather conditions;
- special items, such as property sales;
- local and national economic conditions, including gasoline and other energy costs; and
- changes in consumer preferences and competitive conditions.

Our two restaurant segments and our Foods segment businesses are also subject to seasonal fluctuations. As a result, our quarterly and annual operating results, same-store sales and comparable food products sales may fluctuate significantly as a result of seasonality and the factors discussed above. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any fiscal year. If our quarterly operating results fall below the expectations of securities analysts and investors due to the factors discussed above, this could result in a decline in our stock price.



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***Many factors, including those over which we have no control, affect the trading price of our stock.***

Factors such as reports on the economy or the price of commodities, as well as negative or positive announcements by competitors, regardless of whether the report relates directly to our business, could have an impact of the trading price of our common stock. The market price of our common stock may also be affected by stock market conditions, including price and trading fluctuations on the NASDAQ Stock Market, the New York Stock Exchange or other exchanges. In addition to investor expectations about our prospects, trading activity in our common stock can reflect the portfolio strategies and investment allocation changes of institutional holders, as well as non-operating initiatives such as share repurchase programs. Any failure to meet market expectations for our financial performance, particularly with respect to comparable restaurant sales, revenues, operating margins and earnings per share, would likely cause our stock price to decline.

***Disruptions in the financial markets may adversely impact the availability and cost of credit and consumer spending patterns.***

Our ability to make scheduled payments or to refinance our debt and to obtain financing for general corporate purposes will depend on our operating and financial performance which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control. Global credit markets and the financial services industry have been experiencing a period of unprecedented turmoil in recent months, characterized by the bankruptcy, failure or sale of various financial institutions and an unprecedented level of intervention from the United States and other governments. These events may adversely impact the availability of credit already arranged, and the availability and cost of credit in the future. There can be no assurances that we will be able to arrange credit on terms we believe are acceptable or that permit us to finance our business with historical margins. These events have also adversely affected the U.S. and world economy, and any new or continuing disruptions in the financial markets may also adversely affect the U.S. and world economy, which could negatively impact consumer spending patterns. There can be no assurances that various U.S. and world government responses to the disruptions in the financial markets in the near future will restore consumer confidence, stabilize the markets, or increase liquidity or the availability of credit. There can be no assurances as to how or when this unprecedented period of turmoil will be resolved.

***Restrictive covenants in our debt instruments restrict or prohibit our ability to engage in or enter into a variety of transactions, which could adversely affect us.***

Our credit facility and the agreements governing our senior notes contain various covenants that limit, among other things, our ability to: incur liens on our assets; merge or consolidate with other entities; transfer or sell a substantial part of our assets; substantially change the nature of our business; engage in sale and leaseback transactions; and enter into transactions with affiliates.

The agreements governing our senior notes contain additional restrictive covenants, including financial maintenance requirements relating to our: consolidated net worth; ratio of consolidated indebtedness to consolidated capitalization; ratio of consolidated income available for fixed charges to fixed charges; and levels of priority indebtedness.

The covenants contained in our credit facility could have a material adverse effect on our business by limiting our ability to take advantage of financing, merger, acquisition or other corporate opportunities, to fund our business operations or to successfully implement our current and future operating strategies.

***A breach of a covenant in our debt instruments could cause acceleration of a significant portion of our outstanding indebtedness.***

A breach of a covenant or other provision in any debt instrument governing our current or future indebtedness could result in a default under that instrument and, due to cross-default and cross-acceleration provisions, could result in a default under our other debt instruments. In addition, the agreements governing our credit facility and senior notes require us to maintain certain financial ratios. Our ability to comply with these covenants may be affected by events beyond our control (such as uncertainties related to the current economy), and we cannot be sure that we will be able to comply with these covenants at all times in the future. Upon the occurrence of an event of default under any of our debt instruments, the lenders could elect to declare all amounts

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outstanding to be immediately due and payable and terminate all commitments to extend further credit. If the lenders under our current or future indebtedness accelerate the payment of the indebtedness, we cannot be sure that our assets would be sufficient to repay in full our outstanding indebtedness.

***Our failure or inability to enforce our trademarks or other proprietary rights could adversely affect our competitive position or the value of our brand.***

We believe that our trademarks, service marks and other proprietary rights are important to our success and our competitive position. Our primary trademarks, “Bob Evans,” “Mimi’s Cafe” and “Owens,” are key components of our operating and marketing strategies. As a result, we devote appropriate resources to the protection of our trademarks and other proprietary rights. The protective actions that we take, however, may not be sufficient to prevent unauthorized usage or imitation by others, which could harm our image, brand or competitive position and, if we commence litigation to enforce our rights, cause us to incur significant legal costs.

In addition, third parties might claim that our trademarks or menu offerings infringe upon their proprietary rights. Any such claim, whether or not it has merit, could be time-consuming, result in costly litigation, cause delays in introducing new menu items or require us to enter into royalty or licensing agreements. As a result, any such claim could have a material adverse effect on our business, results of operations and financial condition.

***Our current insurance loss estimates may not be adequate and, if claims exceed such estimates, it could have a material adverse effect on our profitability.***

We are self-insured for a significant portion of our current exposures related to our workers’ compensation, general liabilities and employee health insurance programs. Although we base our loss estimates on actuarial data, as well as on our historical trends, we may not be able to accurately predict the number or value of the claims that occur. In particular, health insurance costs have increased significantly over the last 10 years. In the event that our actual liability exceeds our estimate for any given period, or if we are unable to control rapidly increasing health care costs, there could be a material adverse effect on our level of profitability.

***Our Certificate of Incorporation and Bylaws, as well as Delaware law, may have anti-takeover effects.***

Provisions of our Certificate of Incorporation and Bylaws may have the effect of discouraging, delaying or preventing a merger, tender offer or proxy contest, which could have an adverse effect on the market price of our common stock. In addition, certain provisions of Delaware law applicable to us could also delay or make more difficult a merger, tender offer or proxy contest involving our company, including Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any “interested shareholder” (as defined in the statute) for a period of three years unless certain conditions are met. In addition, our senior management is entitled to certain payments and rights upon a change in control of our Company.

***Our business could be negatively affected as a result of a proxy fight and the actions of activist shareholders.***

If we became engaged in a proxy contest with an activist shareholder in the future, our business could be adversely affected because: responding to proxy contests and other actions by activist shareholders can disrupt our operations, be costly and time-consuming, and divert the attention of our management and employees; perceived uncertainties as to our future direction may result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners; and, if individuals are elected to our board of directors with a specific agenda, it may adversely affect our ability to effectively implement our business strategy and create additional value for our shareholders.

***If the Mimi’s Segments actual performance does not meet the forecasts contained in our five-year strategic plan, we may need to take a non-cash impairment charge related to the intangible assets associated with the Mimi’s concept.***

At April 27, 2012, we had intangible assets totaling \$39.9 million on our balance sheet related to our acquisition of the Mimi’s segment. Specifically, this amount includes \$34.0 million for the unamortized “Mimi’s

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Café” trade name and \$5.9 million for the Mimi’ s restaurant concept, which is amortized over a 15-year life. We are required to perform annual impairment tests of our intangible assets (or more frequently if events or changes in circumstances indicate the asset might be impaired). Impairment testing of the Mimi’ s Café trade name requires that we determine its fair value. If the fair value of the asset is less than its \$34.0 million carrying value, an impairment charge would be recognized in an amount equal to the difference. The impairment test for the \$5.9 million restaurant concept asset involves a three-step process, whereby we first consider whether indicators of impairment are present. If indicators are present, the second step is to compare the sum of the undiscounted future cash flows attributable to the asset to its carrying value. In the event that the undiscounted cash flows are less than the carrying value, the third step is to determine the fair value of the restaurant concept. If the fair value is less than its carrying value, an impairment charge would be recognized for the difference. We use the relief-from-royalty method, which is an income approach to valuation, to determine the fair values of the trade name and restaurant concept intangible assets. Using the relief-from-royalty method, the fair values are impacted by projected sales, including plans for new restaurant development and same-store sales trends.

In the fourth quarter of fiscal 2012, we completed our annual impairment tests of intangible assets. The assumptions we used for projected sales were based on our current five-year development and financial forecasts for the Mimi’ s segment. Using these assumptions, the fair values of the “Mimi’ s Café” trade name and restaurant concept exceeded their carrying values, and as a result, no impairment charges were recorded. Although we believe our current plans and forecasts to be achievable, there is the potential that our actual future results could differ from these forecasts, especially given Mimi’ s prolonged negative same-store sales trend. While the company identified certain underperforming restaurants that required an impairment charge during fiscal 2012, overall year-to-date results for the Mimi’ s segment continues to meet performance expectations. Accordingly, no impairment indicators were identified related to the Mimi’ s trade name or restaurant concept as of the fourth quarter of fiscal 2012. If the Mimi’ s segment performance falls below expectations in future periods, impairment charges related to the “Mimi’ s Café” trade name and restaurant concept could arise.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 2. PROPERTIES**

The following provides a brief summary of the location and general character of our principal plants and other physical properties as of April 27, 2012.

We own our principal executive offices located at 3776 S. High St., Columbus, Ohio. We also own a 937-acre farm located in Rio Grande, Ohio, and a 30-acre farm located in Richardson, Texas. The two farm locations support our brand heritage and image through educational and tourist activities. On April 23, 2012, we broke ground on our new corporate campus, scheduled to be completed during the second quarter of fiscal 2014.

#### **Bob Evans Restaurant Segment**

At the end of fiscal 2012, we owned the real estate for 489 of our Bob Evans Restaurants and leased the real estate for the remaining 76 locations. The table located in Item 1 of this Annual Report on Form 10-K shows the location of all of our Bob Evans Restaurants in operation as of the end of fiscal 2012. The initial terms for the majority of our Bob Evans Restaurants’ leases are 20 years and include options to extend the terms. Additionally, we own or lease 42 closed restaurants that we intend to sell or lease in the future.

We own approximately 17 acres of improved property located adjacent to our Bob Evans Farms corporate headquarters in Columbus, Ohio. Part of our corporate headquarters is located in this facility and we lease space in the remainder of the facility.

#### **Mimi’ s Segment**

Mimi’ s corporate offices are located in Irvine, California, under a lease that expires in 2014. Mimi’ s also leases a décor and furnishings warehouse located in Corona, California, under a lease that expires in July 2012.

At the end of fiscal 2012, we leased the real estate for all but seven of our Mimi' s locations. The table located in Item 1 of this Annual Report on Form 10-K shows the location of all Mimi' s in operation as of the end of fiscal 2012. The initial terms for the majority of Mimi' s leases are 20 years and include options to extend the terms for up to 15 additional years.

### **Foods Segment**

Our Foods segment has six manufacturing plants located in Hillsdale, Michigan, Bidwell, Springfield and Xenia, Ohio, Sulphur Springs and Richardson, Texas, and we are in the process of building a truck shop facility in Springfield, Ohio. On April 28, 2012, BEF Foods purchased from SWH Corporation a prep kitchen in Fullerton, California. We own all of these properties with the exception of the prep kitchen in Fullerton, which is under a lease that expires in April 2013.

During fiscal 2011, we closed a food product manufacturing plant located in Galva, Illinois. We still own this facility. We announced in May 2012 that we intend to close the Bidwell and Springfield, Ohio plants in the second quarter of fiscal year 2014. At that time we also announced that we intend to invest approximately \$23.0 to \$26.0 million of capital to add production lines to our food production facility in Sulphur Springs, Texas, to increase production of ready-to-eat food products.

We believe that our manufacturing facilities currently have adequate capacity to serve their intended purpose. We believe our facilities have adequate capacity over the next five years and will position our food products business for growth during that period.

We lease various other locations throughout our food products marketing territory which serve as regional and divisional sales offices.

### **ITEM 3. LEGAL PROCEEDINGS.**

We are from time-to-time involved in ordinary and routine litigation, typically involving claims from customers, employees and others related to operational issues common to the restaurant and food manufacturing industries, and incidental to our business. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on our financial position, cash flows or results of operations.

### **ITEM 4. MINE SAFETY DISCLOSURES .**

Not applicable.

### **SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF BOB EVANS FARMS, INC.**

The following table sets forth certain information for the "executive officers" of Bob Evans Farms, Inc. for the past five years as of June 1, 2012. The executive officers are appointed by and serve at the pleasure of the Board of Directors of Bob Evans Farms, Inc.

<u>Name</u>	<u>Age</u>	<u>Years of Service</u>	<u>Background</u>
Steven A. Davis	54	6	Chairman and Chief Executive Officer since May 2006.
Paul F. DeSantis	48	1	Chief Financial Officer, Treasurer and Assistant Secretary since March 2011; Chief Financial Officer and Treasurer of A. Schulman, Inc. 2006 to March 2011.

<u>Name</u>	<u>Age</u>	<u>Years of Service</u>	<u>Background</u>
Harvey Brownlee	50	3	President and Chief Restaurant Operations Officer since February 2009; KFC Chief Operating Officer (Yum! Brands) from 2004 to January 2009.
Colin M. Daly	40	May 2012	Senior Vice President, General Counsel and Corporate Secretary, May 2012 to present; Secretary since March 2009 and General Counsel since February 2008, O' Charley' s Inc., Senior Corporate Counsel from April 2006 to January 2008.
Joseph R. Eulberg	54	4	Executive Vice President – Human Resources since June 2010; Senior Vice President – Human Resources March 2008 to June 2010; Executive Vice President of Human Resources, Acosta Sales and Marketing (in-store sales, marketing and service company), from March 2007 to August 2007.
Richard B. Green	54	3	Chief Risk and Compliance Officer since February 2010; Vice President – CAO and Controller, Embarq Corporation, from May 2007 to July 2009; Vice President – Financial Planning and Decision Support, Embarq Corporation, from April 2004 to May 2007
Richard D. Hall	56	16	Executive Vice President – Supply Chain Management since September 2008; Senior Vice President – Corporate Procurement from August 2006 to September 2008; Vice President – Food Products Operations from May 1997 to April 2007.
Randall L. Hicks	52	17	President and Chief Concept Officer – Bob Evans Restaurants since February 2009; Executive Vice President – Bob Evans Restaurant Operations from 2004 to February 2009.
Mark A. Mears	50	1	President and Chief Concept Officer, Mimi' s Café, since April 2011; Senior Vice President and Chief Marketing Officer, The Cheesecake Factory, 2008 to 2011; Senior Vice President, Marketing & Sales, NBC Universal, 2006 to 2008.
Edward A. Mitchell	46	3	Vice President and Corporate Controller since January 2010; Director of Corporate Accounting, Greif, Inc. from March 2005 to September 2009.

<u>Name</u>	<u>Age</u>	<u>Years of Service</u>	<u>Background</u>
Kevin C. O' Neil	57	2	Vice President, Associate General Counsel and Assistant Secretary since May 2012; Vice President, General Counsel and Corporate Secretary, from July 2011 to May 2012; Sr. Director, Corporate Counsel from April 2010 to July 2011; Senior Counsel, Vorys, Sater, Seymour & Peas, from November 2009 to April 2010; Vice President, Executive Counsel, Corporate, M&A and Corporate Finance, Convergys Corporation (NYSE:CVG), from October 2007 to November 2009; Partner, Roetzel & Andress, from April 2006 to October 2007.
J. Michael Townsley	53	9	President – Food Products since June 2008; Executive Vice President – Food Products from November 2006 to June 2008.

The “executive officers” are our “Section 16 officers,” both as defined pursuant to the Securities Exchange of 1934.

## PART II

### ITEM 5. *MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER REPURCHASES OF EQUITY SECURITIES*

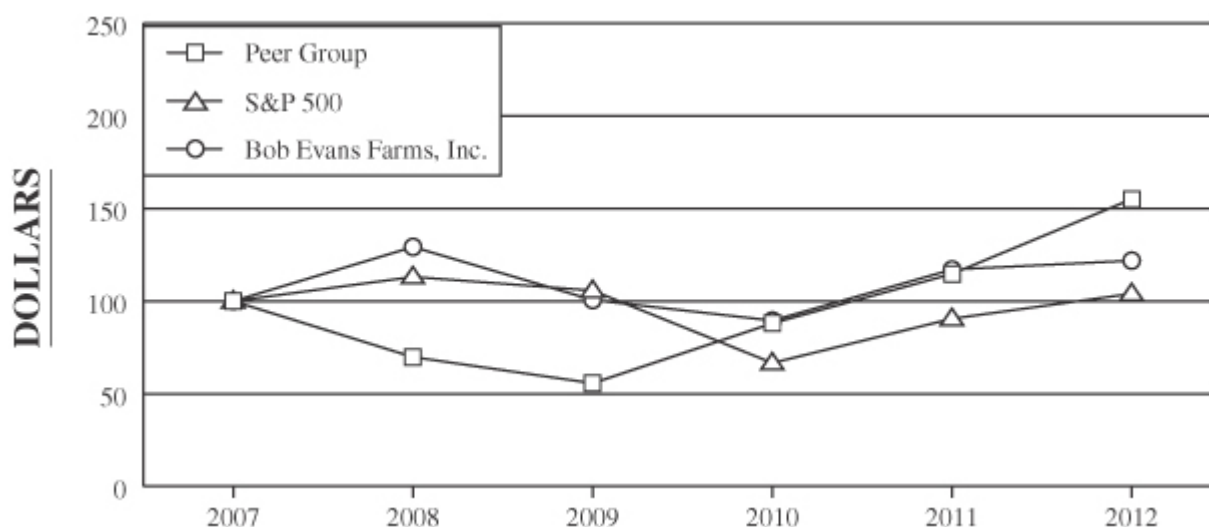
#### Market Information, Holders of Common Equity and Dividends

The information required by Item 201(a) through (c) of Regulation S-K is incorporated herein by reference to *Note 8 – Quarterly Financial Data (Unaudited)*, to our consolidated financial statements which are included in Item 8 of this Annual Report on Form 10-K.

## Performance Graph

### Comparison of Five-Year Cumulative Total Return

The following line graph compares the yearly percentage change in our cumulative total stockholder return on our common stock over our preceding five fiscal years against the cumulative total return of the Standard & Poor's 500 Stock Index ("S&P 500") and the weighted average of our peer group. Our peer group is comprised of restaurant companies listed on The NASDAQ Stock Market (weighted 80 percent) and a group of meat producers listed on either The NASDAQ Stock Market or the New York Stock Exchange (weighted 20 percent). We measure cumulative stockholder return by dividing (a) the sum of (i) the cumulative amount of dividends for the measurement period, assuming dividend reinvestment, and (ii) the difference between the price of our common stock at the end and the beginning of the measurement period by (b) the price of our common stock at the beginning of the measurement period.



CUMULATIVE VALUE OF \$100 INVESTMENT

	2007	2008	2009	2010	2011	2012
Peer Group	\$100.00	\$69.80	\$55.67	\$88.05	\$114.72	\$155.09
Standard & Poors 500	\$100.00	\$113.11	\$105.72	\$66.60	\$90.54	\$104.04
Bob Evans Farms, Inc.	\$100.00	\$129.28	\$100.62	\$89.52	\$117.07	\$121.88

### Issuer Repurchases of Equity Securities

On February 27, 2012, the Board of Directors terminated the existing share repurchase program and authorized a new share repurchase program of up to \$52.0 million for the period of March 12, 2012 through June 29, 2012. The program authorizes Bob Evans to repurchase its outstanding common stock in the open market or through privately negotiated transactions.

The following table provides information on Bob Evans' purchases of its common stock during the three fiscal months ended April 27, 2012:

Period	Total Value of Shares Purchased	Average Price Paid Per Share	Total Value of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Value of Shares that May Yet be Purchased Under the Plans or Programs
1/28/12-2/24/12	\$ 773,719	\$ 35.62	\$ 773,719	\$ 2,217,777
2/25/12-3/23/12	6,851,605	37.98	6,851,605	45,230,900 (1)
3/24/12-4/27/12	15,635,332	37.48	15,635,332	29,595,568
Total	\$ 23,260,656	\$ 37.56	\$ 23,260,656	\$ 29,595,568

(1) Per note above, a new share repurchase program was approved for \$52.0 million.



**ITEM 6. SELECTED FINANCIAL DATA**

**Consolidated Financial Review**  
**Bob Evans Farms, Inc. and Subsidiaries**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Dollars and shares in thousands, except per share amounts					
<b>Operating Results</b>					
Net sales	<b>\$1,654,413</b>	\$1,676,906	\$1,726,804	\$1,750,512	\$1,737,026
Asset impairment and reorganization charges	<b>5,613</b>	14,966	6,195	74,406	3,659
Operating income	<b>107,874</b>	88,540	106,414	28,367	107,240
Income before income taxes	<b>99,990</b>	79,673	96,326	16,061	96,250
Income taxes	<b>27,140</b>	25,510	25,998	21,207	31,374
Net income (loss)	<b>72,850</b>	54,163	70,328	(5,146 )	64,876
Earnings (loss) per share of common stock:					
Basic	<b>\$2.45</b>	\$1.79	\$2.29	\$(0.17 )	\$1.96
Diluted	<b>\$2.45</b>	\$1.78	\$2.28	\$(0.17 )	\$1.95
<b>Financial Position</b>					
Working capital	<b>(91,242 )</b>	(51,507 )	(116,532 )	(165,545 )	(255,330 )
Property, plant and equipment – net	<b>883,295</b>	900,878	961,974	1,002,692	999,011
Total assets	<b>1,065,777</b>	1,094,321	1,108,889	1,166,397	1,221,907
Debt:					
Short-term	<b>38,571</b>	13,571	40,905	93,904	165,404
Long-term	<b>97,145</b>	135,716	149,287	176,192	133,096
Stockholders' Equity	<b>656,586</b>	664,110	638,157	597,706	612,625
<b>Supplemental Information for the Year</b>					
Capital expenditures	<b>88,357</b>	43,987	51,266	95,985	120,955
Depreciation and amortization	<b>82,112</b>	83,148	83,988	81,934	77,131
Weighted-average shares outstanding:					
Basic	<b>29,679</b>	30,332	30,775	30,744	33,065
Diluted	<b>29,781</b>	30,422	30,890	30,744	33,315
Cash dividends paid per share	<b>\$0.95</b>	\$0.78	\$0.68	\$0.60	\$0.56
Common stock market closing prices:					
High	<b>\$39.71</b>	\$34.59	\$33.61	\$34.09	\$39.59
Low	<b>\$27.41</b>	\$23.18	\$23.38	\$13.44	\$24.49
<b>Supplemental Information at Year-End</b>					
Employees	<b>46,818</b>	44,819	44,086	46,495	49,149
Registered stockholders	<b>19,776</b>	20,675	22,659	23,608	24,302
Market price per share at closing	<b>\$38.67</b>	\$31.36	\$30.93	\$24.97	\$27.57
Book value per share	<b>\$22.95</b>	\$21.97	\$21.01	\$19.46	\$20.01

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## ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

### Results of Operations

In this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), we use the terms "Bob Evans," "company," "we," "us" and "our" to collectively refer to Bob Evans Farms, Inc., a Delaware corporation, and its subsidiaries. This MD&A contains forward-looking statements that set forth our expectations and anticipated results based on management's plans and assumptions. These statements are often indicated by words such as "expects," "anticipates," "believes," "estimates," "intends" and "plans." Actual results may differ materially from those predicted by the forward-looking statements because of various factors and possible events, including the assumptions, risks and uncertainties discussed in this Annual Report on Form 10-K under the heading "Item 1A – Risk Factors." The Securities and Exchange Commission encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. Please refer to "Part I, Item 1. Business." of this Form 10-K for more information regarding forward-looking statements.

As of April 27, 2012, we owned and operated 710 full-service restaurants, including 565 Bob Evans Restaurants in 19 states and 145 Mimi's Cafés in 24 states. Bob Evans Restaurants are primarily located in the Midwest, mid-Atlantic and Southeast regions of the United States. Mimi's Cafés are primarily located in California and other western states. Revenue in the Bob Evans Restaurants and Mimi's Café segments are recognized at the point of sale.

We produce and distribute pork sausage and a variety of complementary home-style convenience food items under the Bob Evans and Owens brand names. These food products are delivered to warehouses that distribute to grocery stores throughout the United States. We also manufacture and sell similar products to foodservice accounts, including Bob Evans Restaurants, Mimi's Café and other restaurants and food sellers.

References herein to 2012, 2011 and 2010 refer to fiscal years. All years presented are 52-week years, except for 2010, which contains 53 weeks.

### General Overview

The following table reflects data for our fiscal year ended April 27, 2012, compared to the preceding two fiscal years. The consolidated information is derived from the accompanying Consolidated Statements of Income. The table also includes data for our three segments - Bob Evans Restaurants and Mimi's Cafe and Foods. The ratios presented reflect the underlying dollar values expressed as a percentage of the applicable net sales amount.

	Consolidated Results					
	FY 2012		FY 2011		FY 2010	
Net sales	\$1,654,413		\$1,676,906		\$1,726,804	
Operating income	107,874		88,540		106,414	
Cost of sales	30.8	%	30.4	%	29.9	%
Operating wages	32.3	%	33.3	%	34.7	%
Other operating	16.2	%	16.1	%	16.0	%
S,G&A	9.1	%	9.9	%	8.3	%
Depr. & amort.	5.0	%	5.0	%	4.9	%
Operating income	6.5	%	5.3	%	6.2	%

	Bob Evans Restaurants			Mimi' s Café			Foods		
	FY 2012	FY 2011	FY 2010	FY 2012	FY 2011	FY 2010	FY 2012	FY 2011	FY 2010
Net sales	\$973,678	\$976,666	\$1,005,094	\$366,015	\$380,267	\$405,998	\$314,720	\$319,973	\$315,712
Operating income	88,810	73,426	77,456	(1,436 )	(7,657 )	7,688	20,500	22,771	21,270
Cost of sales	23.7 %	23.7 %	23.1 %	26.8 %	27.3 %	26.9 %	57.5 %	54.7 %	55.4 %
Operating wages	38.1 %	39.5 %	40.3 %	37.2 %	37.1 %	38.5 %	8.8 %	10.2 %	12.2 %
Other operating	17.3 %	17.5 %	17.2 %	22.3 %	21.9 %	21.5 %	6.1 %	5.1 %	5.3 %
S,G&A(1)	6.8 %	6.8 %	6.8 %	7.7 %	9.4 %	5.0 %	18.1 %	19.7 %	17.4 %
Depr. & amort.	5.0 %	5.0 %	4.9 %	6.4 %	6.4 %	6.2 %	3.0 %	3.2 %	3.0 %
Operating income	9.1 %	7.5 %	7.7 %	-0.4 %	-2.0 %	1.9 %	6.5 %	7.1 %	6.7 %

(1) Selling, general and administrative expenses (“S,G&A”)

The results for fiscal 2012, fiscal 2011 and fiscal 2010 include the impact of the following:

Fiscal 2012, fiscal 2011 and fiscal 2010 consolidated, Bob Evans Restaurants, Mimi' s Café and Foods segment results included pretax charges of \$5.6 million, \$15.0 million and \$6.2 million, respectively, related to fixed asset impairment that is reflected in S,G&A.

Fiscal 2012 consolidated results included the positive impact of \$2.0 million as a result of eliminating a two-day early cutoff. The Bob Evans Restaurants segment and the Mimi' s Café segment accounted for \$1.8 million and \$0.2 million of this positive impact, respectively, the impact on Bob Evans Restaurants income statement was to increase sales by \$5.1 million, increase cost of sales by \$1.2 million, increase operating wages by \$1.3 million, increase other operating expenses by \$0.4 million and increase S,G& A by \$0.4 million. The impact on Mimi' s Café income statement was to increase sales by \$1.9 million, increase cost of sales by \$0.5 million, increase operating wages by \$0.9 million, increase other operating expenses by \$0.1 million and increase S,G&A by \$0.2 million.

Fiscal 2012 consolidated and Mimi' s Café segment results included \$0.3 million in retirement and severance charges. Fiscal 2011 consolidated results included \$1.4 million in retirement and severance charges, consisting of \$0.8 million in Bob Evans Restaurants segment and \$0.6 million in Mimi' s Café segment. These charges are included in S,G&A.

Fiscal 2012 consolidated and Bob Evans Restaurants segment results included \$0.8 million in pretax loss on the sale of non-operating properties, which is reflected as a reduction of S,G&A.

Fiscal 2012 consolidated and Foods segment results included \$0.8 million in pretax gain on the sale of non-operating properties, which is reflected as a decrease to S,G&A.

Fiscal 2011 consolidated and Foods segment results included \$3.0 million in restructuring charges related to lean manufacturing productivity initiatives, including the discontinuation of fresh sausage operations at two facilities. These charges are included in S,G&A.

Fiscal 2010 consolidated and Foods segment results included a \$1.4 million in pretax gain on the sale of 49 percent of our corporate aircraft, which is reflected as a reduction of S,G&A.

Fiscal 2010 consolidated and Bob Evans Restaurants included \$2.5 million in pretax life insurance proceeds, which is reflected as a reduction of S,G&A.

Fiscal 2010 consolidated and Foods segment results included a pretax charge of \$1.0 million related to severance payments and retirement costs, which is reflected as an increase to S,G&A.

Fiscal 2010 results included the positive impact of a 53<sup>rd</sup> week of operations, which contributed \$6.9 million in operating income to the consolidated results; \$4.3 million in operating income to Bob Evans Restaurants, \$1.4 million to Mimi' s Café segment and \$1.2 million to the Foods segment, respectively.

Fiscal 2010 consolidated and Bob Evans Restaurants segment results included pretax charges of \$0.8 million related to severance and retirement, which is reflected as an increase to S,G&A.



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## Restaurant Industry Overview

The ongoing industry-wide factors most relevant to our restaurants include: the economy, sales trends, labor and fringe benefit expenses, commodity prices, energy prices, competition, same-store sales, consumer acceptance, restaurant openings and closings, governmental initiatives, food safety and weather.

### Bob Evans Restaurants Segment Overview

The factors that had the greatest positive impact on Bob Evans Restaurants' performance in fiscal 2012 were pricing, improvements in same-store-sales trends, ongoing efficiency initiatives, including the actual versus theoretical food cost programs that offset commodity price increases and improvement of operating wages and other operating expenses.

In fiscal 2012, same-store sales decreased 0.6 percent compared to fiscal 2011. Although same-store sales were negative, we believe the movement toward positive same-store sales, for Bob Evans Restaurants, signals continued improvement in operations. Bob Evans Restaurants operating income was \$88.8 million in fiscal 2012 compared to \$73.4 million in fiscal 2011, an increase of \$15.4 million. Bob Evans Restaurants operating income increase is a result of a decrease in allocated S,G&A costs of \$4.1 million, ongoing efficiency initiatives, including the actual versus theoretical food cost programs that offset commodity price increases, recording two days of incremental profit of \$1.8 million as a result of eliminating a two-day early cutoff and improvement of operating wages and other operating expenses.

At Bob Evans Restaurants, value messaging, menu innovation, off-premise sales layers and new restaurant development are driving growth, along with the lift provided by the Farm-Fresh Refresh remodeling initiative. In fiscal 2012, we completed 87 Farm-Fresh Refreshes at Bob Evans Restaurants. The Farm-Fresh Refresh remodeling initiative has shown improved sales and operating income in comparison to the remainder of the units, contributing approximately a 5 percent lift in sales over the non-refreshed units. The improvement in sales and operating income is a result of adding new sales layers, such as the bakeries, and retraining restaurant team members within these restaurants to operate the units more efficiently. We continue to evaluate markets for Farm-Fresh Refreshes remodels to maximize our returns on invested capital.

### Mimi' s Café Segment Overview

The factors that had the greatest positive impact on Mimi' s Café performance in fiscal 2012 were improvements in same-store-sales trends, ongoing menu initiatives to help control costs, improvement of operating wages and a reduction of fixed asset impairment charges of \$10.7 million.

Although Mimi' s Café same-store sales remained negative, we are encouraged by the sequential quarterly improvement in same-store sales throughout fiscal 2012 and are focused on continuing that sales momentum.

Mimi' s Café operating loss was \$1.4 million in fiscal 2012 compared to a loss of \$7.7 million in fiscal 2011, an improvement of \$6.3 million. Mimi' s improvement of operating margin is primarily the result of a reduction in fixed asset impairment charges of \$10.7 in fiscal 2012, when compared to fiscal 2011, partially offset by an increase in allocated S,G&A costs of \$4.1 million. The increase in the allocation of SG&A reflects the corporate support received by Mimi' s Café in fiscal 2012. The offset to Mimi' s Café increase in allocated shared support services is a reduction to Bob Evans Restaurants' allocation.

Our focus, at Mimi' s Café, is to continue to drive sales growth through ensuring guests have a positive dining experience, streamlining its menu and focusing on value offerings, improving off-premise sales and increasing bar sales.

### Foods Segment Overview

The ongoing industry-wide factors most relevant to the Foods segment include: sow availability and cost, other commodity costs, transportation and energy costs, governmental regulations, food safety, the economy, weather, competition and consumer acceptance. The Foods segment' s profitability was negatively impacted by an increase in sow costs and promotional expenses in fiscal 2012.

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The Foods segment's net sales decreased 1.6 percent in fiscal 2012 compared to fiscal 2011. The fiscal 2012 total pounds sold decreased by 0.1 percent from fiscal 2011. While total pounds sold decreased, promotional expenses increased \$4.4 million compared to fiscal 2011. Promotional expenses were targeted at protecting market share in the increasingly competitive marketplace. Promotional expenses are recorded as a reduction of net sales in the Consolidated Statements of Income.

Sow costs represent a significant component of the Foods segment cost of sales, and the volatile nature of sow costs greatly impacts the profitability of the segment. The increase in sow costs from \$57.17 per hundredweight to \$61.58 per hundredweight, resulted in a cost of sales increase of \$4.6 million in fiscal 2012, and is the primary reason for the increase in the cost of sales ratio from 54.7 percent to 57.5 percent in fiscal 2012.

The Foods segment experienced a decrease in operating income of \$2.3 million, or 10.0 percent, in fiscal 2012 compared to a year ago, and its operating income margin decreased from 7.1 percent of net sales in fiscal 2011 to 6.5 percent of net sales in fiscal 2012. The decrease in operating income is primarily due to the increases in sow costs and promotional expenses, partially offset by a decrease in pretax severance charges of \$3.0 million compared to fiscal 2011.

We are focused on delivering top line growth in the Foods segment. We expect to attain this goal through expanded distribution of side dishes, frozen and sausage product lines, increasing volume of foodservice sales which includes insourced products to Bob Evans Restaurants and Mimi's Café and in-organic opportunities.

### **Net Sales**

Consolidated net sales decreased \$22.5 million, or 1.3 percent, in fiscal 2012 compared to fiscal 2011. The fiscal 2012 decrease was the result of decreases of \$3.0 million, \$14.3 million and \$5.3 in Bob Evans Restaurants, Mimi's Café and the Foods segment net sales, respectively.

Bob Evans Restaurants reported net sales of \$973.7 million in fiscal 2012, a 0.3 percent decrease compared to \$976.7 million in fiscal 2011. Same-store sales at Bob Evans Restaurants decreased 0.6 percent in fiscal 2012, with average menu prices up 1.7 percent. In fiscal 2012, Bob Evans Restaurants eliminated a two-day early cutoff resulting in additional sales of \$5.1 million, as described in Note 1. The decrease in net sales is a result of declines in same-store sales, partially offset by the elimination of the two-day early cutoff. Same-store sales at Bob Evans Restaurants decreased 1.0 percent and 3.5 percent in fiscal 2011 and fiscal 2010, respectively. The same-store sales comparisons for Bob Evans Restaurants included average menu price increases of 1.7 percent and 1.9 percent in fiscal 2011 and fiscal 2010, respectively. During fiscal 2012, Bob Evans Restaurants opened four new restaurants, rebuilt three existing restaurants, remodeled 87 existing locations and closed two underperforming restaurants. One of the new Bob Evans Restaurants was opened in Arkansas, a new area of the country where we are expanding our footprint.

We continue to focus on Bob Evans Restaurants off-premise sales through carryout, catering and bakery sales. Off-premise's average guest checks were \$17.12, \$14.72 and \$11.31 for fiscal 2012, fiscal 2011 and fiscal 2010, respectively, higher than our overall average guest checks of \$8.69, \$8.58 and \$8.40 for fiscal 2012, fiscal 2011 and fiscal 2010, respectively. Off-premise net sales represented 10.9 percent of Bob Evans Restaurant net sales in fiscal 2012 compared to 9.6 percent and 8.2 percent in fiscal 2011 and fiscal 2010, respectively. Correspondingly, we continue to strategically move away from retail merchandise sales. Retail merchandise net sales comprised .09 percent of Bob Evans Restaurant net sales in 2012 compared to 1.0 percent and 1.7 percent in fiscal 2011 and fiscal 2010, respectively.

Mimi's Café reported net sales of \$366.0 million in fiscal 2012, a 3.7 percent decrease compared to \$380.3 million in fiscal 2011. Same-store sales at Mimi's decreased 4.0 percent in fiscal 2012, with average menu prices up 3.4 percent. In fiscal 2012, Mimi's Café eliminated a two-day early cutoff, resulting in additional sales of \$1.9 million, as described in Note 1. The decrease in net sales is a result of declines in same-store sales, partially offset by the elimination of the two-day early cutoff. Mimi's Café same-store sales decreased 4.5 percent and 7.2 percent in fiscal 2011 and fiscal 2010, respectively. The same-store sales comparisons for Mimi's Café included average menu price increases of 2.9 percent and 2.2 percent in fiscal 2011 and fiscal 2010, respectively. During fiscal 2012, Mimi's Café performed one minor remodel and did not open, close or rebuild any restaurants.

Net sales at Mimi's Café benefited from liquor, beer and wine net sales, which represented 4.6 percent of net sales in fiscal 2012 compared to 4.0 percent and 3.9 percent in fiscal 2011 and fiscal 2010, respectively. Historically, many of Mimi's Café's restaurants alcohol offerings were limited to beer and wine. We will continue to include a broader selection of alcoholic beverages in all new and remodeled Mimi's Café, subject to our ability to obtain the necessary permits and licenses. At the end of fiscal 2012, 125 of Mimi's Café restaurants offered the broader selection of alcoholic beverages and 20 Mimi's restaurants offered only beer and wine. Net sales at Mimi's Café also benefited from increasing off-premise sales, which represented 4.9 percent of net sales, 4.4 percent of net sales and 4.1 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. Off-premise's average guest check was \$20.34, \$19.88 and \$20.83 for fiscal 2012, fiscal 2011 and fiscal 2010, respectively, higher than our overall average guest checks of \$11.71, \$11.71 and \$10.91 for fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

Same-store sales computations for a given year are based on net sales of restaurants that are open for at least two years prior to the start of that year. Net sales of restaurants to be rebuilt are excluded for all periods in the same-store sales computation when construction commences on the replacement building. Net sales of closed restaurants are excluded for all periods in the same-store sales computation.

The chart below summarizes the restaurant openings and closings during the last two fiscal years for Bob Evans Restaurants and Mimi's Café:

Bob Evans Restaurants:

	<u>Beginning</u>	<u>Opened</u>	<u>Closed</u>	<u>Ending</u>
<b>Fiscal 2012</b>				
1st quarter	563	–	–	563
2nd quarter	563	2	1	564
3rd quarter	564	–	–	564
4th quarter	564	2	1	565
<b>Fiscal 2011</b>				
1st quarter	569	–	–	569
2nd quarter	569	–	–	569
3rd quarter	569	–	–	569
4th quarter	569	2	8	563

Mimi's Café:

	<u>Beginning</u>	<u>Opened</u>	<u>Closed</u>	<u>Ending</u>
<b>Fiscal 2012</b>				
1st quarter	145	–	–	145
2nd quarter	145	–	–	145
3rd quarter	145	–	–	145
4th quarter	145	–	–	145
<b>Fiscal 2011</b>				
1st quarter	146	–	1	145
2nd quarter	145	–	–	145
3rd quarter	145	–	–	145
4th quarter	145	–	–	145

At Bob Evans Restaurants, value messaging, menu innovation, off-premise sales layers and new restaurant development are driving growth, along with the sales lift provided by the Farm-Fresh Refresh remodeling initiative. In fiscal 2012, we completed 87 Farm-Fresh Refreshes at Bob Evans Restaurants. The Farm-Fresh Refresh initiative added a new sales layer, bakery to existing restaurants. We believe that improvement in same-store sales experienced at refreshed Bob Evans Restaurants is due to the enhanced appearance of the restaurants



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from the Farm-Fresh Refresh initiative and the new bakery case. In addition to investing capital in our Farm-Fresh-Refresh program to enhance the on-premise dining experience, we continue to drive net sales through new menu offerings aimed at both value and quality for our guests. We continue to offer “10 Meals under Six Dollars” with a 99-cent add-on. We introduced our \$6.99 Endless Farmhouse Lunch that offers guests unlimited servings of salad, soup and bread and for an additional \$2.00, guests can enjoy endless servings of salad, soup and bread for dinner and on weekends. We also introduced \$9.99 three-course dinners that offer quality food aimed at improving sales at our evening day part and raising the average guest check. We believe these value offerings will continue to promote Bob Evans Restaurants as a value priced on-premise dining choice. During fiscal 2012, Bob Evans Restaurants opened four new restaurants including the first in Arkansas. We expect new restaurants will play an increasingly important role in our expected sales increases.

Mimi’ s Café experienced negative same-store sales comparisons in fiscal 2012. We have seen sequential quarterly improvement in comparison during fiscal 2012 and in comparison to fiscal 2011. The same-store sales improvements are the result of value messaging, convenience, focus on improving off-premise sales and cause related marketing efforts. Mimi’ s Café introduced programs such as Wine Flights, Café Express To Go, Happiest Hour, Family Meals To-Go and the Go Red for Women marketing campaign. The express lunch platform, wine flights, the added off-premise dining options and marketing programs aimed at a target audience has led to the improvement in same-store sales. We are looking into strategies to continue the same-store sales improvement and drive overall top-line performance, by initiating a refresh program at Mimi’ s Café and implementing a similar three-course meal strategy for the evening day-part. Mimi’ s Café plans to leverage off of Bob Evans Restaurants’ successes by using these programs to improve the guests’ dining experiences.

The Foods segment’ s net sales decreased \$5.3 million, or 1.6 percent, in fiscal 2012 versus fiscal 2011. While total pounds sold were almost flat, promotional expenses increased \$4.4 million compared to fiscal 2011, as we protected our market share in the face of increased competitive pressure. Promotional expenses are recorded as a reduction to net sales. Sow costs increased from \$57.17 per hundredweight to \$61.58 per hundredweight, increasing cost of sales by \$4.6 million in fiscal 2012. We believe initiatives such as expansion of distribution, product in-sourcing and new product innovations will enable future top line growth.

We believe there are opportunities to increase product volume by utilizing our Foods segment as a resource to deliver products to both Bob Evans Restaurants and Mimi’ s Café. The insourcing relationship not only benefits the Foods segment through potential increases in total pounds sold, it also offers consistency to our guests, reduces product preparation and insulates Bob Evans Restaurants and Mimi’ s Café from arbitrary price increases from outside suppliers.

Efficiencies gained as a result of our lean manufacturing initiatives, have enabled us to focus on product innovation in the side dish and frozen categories. These categories are successful and growing because customers want value, quality and ease of preparation for their busy lifestyles. We saw the success of side dish innovation in our launch of seasonal sides during the holiday season. We have additional major side dish and frozen product introductions planned for the summer that will expand our offerings beyond our core products. As we continue to see success in our side dish and frozen categories, we also continue to build upon our sausage category. We have completed an Every Day Low Pricing, program with a large account aimed at putting more of our products on their shelves. Additionally, we have been expanding our ready to eat sausage products which include both pork and turkey offerings. We have seen our ready to eat sales grow by more than 50 percent over the past year.

On May 29, 2012, we announced an additional phase to our plant optimization initiatives with the plan to close our ready-to-eat manufacturing plant in Bidwell, Ohio and our soup and gravy manufacturing plant in Springfield, Ohio early in fiscal 2014. We will consolidate the volume in Sulphur Springs, Texas where we will expand the current facility by more than fifty thousand square feet. The expanded facility will increase productivity and offer new product opportunities with the ability to process multiple types of proteins. We believe our plans for product innovation and the upgraded production facility positions the Foods segment for future growth.

### **Cost of Sales**

Consolidated cost of sales (cost of materials) was 30.8 percent, 30.4 percent and 29.9 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

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Bob Evans Restaurants' cost of sales was 23.7 percent for both fiscal 2012 and fiscal 2011 and 23.1 percent of net sales in fiscal 2010. The cost of sales ratio was flat in fiscal 2012 as a result of ongoing efficiency initiatives including the actual versus theoretical food cost program and menu price increases of 1.7 percent, which were offset by commodity increases.

Mimi' s Café cost of sales, predominantly food cost, was 26.8 percent, 27.3 percent and 26.9 percent in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. Mimi' s Café cost of sales ratio decreased as a result of ongoing efficiency initiatives including the actual versus theoretical food cost program, menu rationalization and menu price increases of 3.4 percent, which were partially offset by commodity increases.

Foods segment cost of sales was 57.5 percent, 54.7 percent and 55.4 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The increase in the cost of sales ratio in 2012 was the result of higher sow costs. Sow costs averaged \$61.58 per hundredweight in fiscal 2012 compared to \$57.17 in fiscal 2011. The year-over-year rise in sow costs resulted in an increase of about \$4.6 million in cost of sales for the Foods segment compared to fiscal 2011. In fiscal 2012, promotional expenses increased by \$4.4 million, when compared to prior year. The increase in promotional expenses did not provide a lift to net sales, but instead further reduced net sales, causing deleverage in the cost of sales ratio. Our ongoing lean manufacturing initiatives, plant optimization activities and execution of future inorganic growth strategies take on a more critical role to offset rising sow costs and competitive pressures.

The fiscal 2012 sow cost average represented a 7.7 percent increase compared to fiscal 2011, and the fiscal 2011 average represented a 35.5 percent increase compared to fiscal 2010. The fiscal 2011 increase in sow costs was more than offset by both the significant decrease in promotional expenses and price increases on retail products.

### **Operating Wage and Fringe Benefit Expenses**

Consolidated operating wage and fringe benefit expenses ("operating wages") were 32.3 percent, 33.3 percent and 34.7 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

Bob Evans Restaurants' operating wages were 38.1 percent, 39.5 percent and 40.3 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The fiscal 2012 improvement resulted from labor productivity initiatives and a reduction in health insurance costs, partially offset by negative leverage due to a decline in same-store sales. The fiscal 2011 decrease in the operating wages ratio was due to a reduction in labor hours and lower health insurance costs, partially offset by weather-related inefficiencies during the third quarter and negative leverage due to same-store sales declines.

Mimi' s Café operating wages were 37.2 percent, 37.1 percent and 38.5 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. Operating wages as a percent of net sales increased in fiscal 2012 compared to the corresponding period last year as a result of negative leverage due to a decline in same-store sales and higher worker' s compensation provision, primarily for claims originating in California. The fiscal 2011 decrease in the operating wages ratio was due to a reduction in labor hours and lower health insurance costs, partially offset by negative leverage due to same-store sales declines.

In the Foods segment, operating wages were 8.8 percent, 10.2 percent and 12.2 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The improvement in the operating wage ratio in fiscal 2012 was due to cost reductions from the closure of two fresh sausage operations, our lean manufacturing productivity initiatives started in the second quarter of fiscal 2011 and the sale of our distribution center ("DC") in Springfield, Ohio, in the second quarter of fiscal 2012. The operating wages and fringe benefits, related to the sale of the DC, is now classified as other operating expenses, as the DC is now operated by an unrelated third party company. The fiscal 2011 decrease in the operating wages ratio compared to fiscal 2010 was primarily due to headcount reductions resulting from our lean manufacturing productivity initiatives, including the closure of the Galva, Illinois, fresh sausage manufacturing facility and our fresh sausage operations in Bidwell, Ohio.

Our goal is to provide health insurance as efficiently and inexpensively as possible. However given the current regulatory environment it is not clear if the over-all health care costs that we have experienced will continue.

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We plan to leverage our food facilities to produce products sold in our restaurants. These synergies between Bob Evans Restaurants, Mimi's and the Foods segment, as discussed in the Net Sales section above, should result in reducing our labor costs within our restaurants.

### **Other Operating Expenses**

Consolidated other operating expenses ("operating expenses") were 16.2 percent of net sales, 16.1 percent of net sales and 16.0 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. Approximately 93 percent of operating expenses occurred in Bob Evans Restaurants and Mimi's Café in fiscal 2012, the most significant components of which were utilities, advertising, restaurant supplies, repair and maintenance, rent, non-income based taxes and credit card processing fees.

Bob Evans Restaurants' operating expenses were 17.3 percent of net sales, 17.5 percent of net sales and 17.2 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The fiscal 2012 decrease in the operating expenses ratio resulted from a decrease in restaurant supplies costs, service contract costs, utilities costs, and occupancy costs. The improvement was partially offset by negative leverage due to same-store sales declines. The fiscal 2011 increase in the operating expenses ratio was primarily the result of negative leverage due to declines in same-store sales, partially offset by reductions in repair and maintenance expenses and the cost of restaurant supplies.

Mimi's operating expenses were 22.3 percent of net sales, 21.9 percent of net sales and 21.5 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The fiscal 2012 increase in the operating expenses ratio resulted from negative leverage due to same-store sales declines, partially offset by decreases in utility costs and gift/credit card processing fees. The fiscal 2011 increase in the operating expenses ratio was primarily the result of negative leverage due to declines in same-store sales, partially offset by reductions in repair and maintenance, restaurant supplies and utility costs.

Foods segment's operating expenses as a percent of net sales were 6.1 percent, 5.1 percent and 5.3 percent in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The fiscal 2012 increase in the operating expenses ratio was due to increases in production supplies and fees associated with the third-party distribution agreement related to the sale of the DC, partially offset by our lean manufacturing productivity initiatives. The fees associated with the third-party distribution agreement are now classified as operating expenses, as noted in Operating Wages and Fringe Benefits above. The decrease in the operating expenses ratio in fiscal 2011 compared to fiscal 2010 was primarily the result of efficiencies gained from our manufacturing productivity initiatives and lower repair and maintenance expenses, which also benefited from the closure of the Galva, Illinois, fresh sausage manufacturing facility and our fresh sausage operations in Bidwell, Ohio.

### **Selling, General and Administrative Expenses ("S,G&A")**

The most significant components of S,G&A expenses are wages and fringe benefits, Foods segment's advertising expense, Foods segment's transportation costs, gains/losses on asset sales and fixed asset impairment charges. Consolidated S,G&A expenses represented 9.1 percent, 9.9 percent and 8.3 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

Bob Evans Restaurants' S,G&A expenses were 6.8 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010. In fiscal 2012 S,G&A expenses decreased due to increased allocations of corporate expenses to the Mimi's Café segment. This decrease was offset by a net unfavorable \$1.7 million variance from the items affecting year-over-year comparability, primarily fixed asset impairment charges, along with negative leverage from sales declines and higher administrative salary expense. In fiscal 2012, we impaired a total of three underperforming restaurants and five nonoperating properties, for a total of \$3.2 million. In fiscal 2011 compared to fiscal 2010, S,G&A was impacted by charges related to fixed asset impairments of \$1.9 million for three underperforming locations and nine nonoperating properties, compared to \$6.2 million in 2010 for four underperforming restaurants and 22 other nonoperating properties.

Mimi's Café S,G&A expenses as a percent of net sales were 7.7 percent, 9.4 percent and 5.0 percent in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The fiscal 2012 S,G&A ratio decrease in 2012 resulted primarily from a favorable \$10.9 million variance from the items affecting year-over-year comparability in fiscal 2012 and fiscal 2011, primarily fixed asset impairment charges. This decrease was partially offset by increased

allocations of corporate expenses, negative leverage from sales declines and higher administrative salary expense. In fiscal 2012, we further impaired eight underperforming restaurants that had been previously partially impaired, and took a \$2.3 million charge compared to a \$13.1 million charge for eight underperforming restaurants in fiscal 2011. In fiscal 2011 compared to fiscal 2010, S,G&A was negatively impacted by charges related to fixed asset impairments of \$13.1 million for eight underperforming locations, offset by the negative leverage caused by same-store sales declines.

Foods segment' s, S,G&A expenses as a percent of net sales were 18.1 percent, 19.7 percent and 17.4 percent in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The improvement in the S,G&A ratio for fiscal 2012 was due primarily to the \$3.8 million favorable variance from the items affecting year-over-year comparability. In fiscal 2012, these items primarily relate to gains on the sale of assets and fixed asset impairment charges. In fiscal 2011 compared to fiscal 2010, S,G&A was negatively impacted by consulting expenses of \$3.4 million and \$2.8 million in restructuring charges, both associated with lean manufacturing productivity initiatives.

## Depreciation and Amortization

On a consolidated basis, depreciation and amortization ("D&A") was 5.0 percent of net sales in both fiscal 2012 and fiscal 2011 and 4.9 percent of net sales in fiscal 2010.

Bob Evans Restaurants' D&A was 5.0 percent of net sales in fiscal 2012 and fiscal 2011 and was 4.9 percent of net sales in fiscal 2010. The D&A ratio remained unchanged in fiscal 2012, despite opening four restaurants, rebuilding three existing restaurants and refreshing 87 existing restaurants, as the majority of the restaurant openings and reopenings occurred in the latter half of fiscal 2012. The increase in fiscal 2011 compared to fiscal 2010 is primarily due to the fiscal 2011 capital expenditures and negative leverage from declining same-store sales.

Mimi' s Caf  D&A was 6.4 percent of net sales in both fiscal 2012 and fiscal 2011 and 6.2 percent of net sales in fiscal 2010. During the fourth quarter of fiscal 2012, Mimi' s Caf  performed a minor remodel on one restaurant, and did not open or rebuild any restaurants. The decrease in fiscal 2011 compared to fiscal 2010 is primarily due to the impairment charges taken in fiscal 2011.

Foods segment' s D&A was 3.0 percent, 3.2 percent and 3.0 percent of net sales in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The fiscal 2012 D&A ratio declined as a result of the sale of the DC in the second quarter to an unrelated third party company. The fiscal 2011 increase as a percentage of net sales compared with fiscal 2010, is due to the increased fiscal 2011 capital expenditures and relatively stable food products net sales. We expect D&A to increase, in fiscal 2013 and beyond, as a result of our expansion of the Sulphur Springs, Texas, facility and other capital spending.

## Interest

Net interest expense was as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
	(In thousands)		
Gross interest expense:			
Fixed-rate debt	\$8,311	\$9,082	\$10,406
Variable-rate debt	217	179	531
Capitalized interest	(644 )	(394 )	(836 )
	<u>7,884</u>	<u>8,867</u>	<u>10,101</u>
Gross interest income	-	-	(13 )
Net interest expense	<u>\$7,884</u>	<u>\$8,867</u>	<u>\$10,088</u>

The decrease in net interest expense in fiscal 2012 was the result of lower average borrowings in fiscal 2012 compared to fiscal 2011. We reduced our total debt position by \$13.6 million in fiscal 2012. The increase in capitalized interest due to increased capital projects in process, primarily the new corporate campus, had the

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effect of lowering reported interest expense. Partially offsetting the effect of lower average borrowings were costs incurred with the new revolving credit facility. The decrease in net interest expense in fiscal 2011 was primarily the result of lower average borrowings in fiscal 2011 as compared to fiscal 2010. We reduced our total debt by \$40.9 million during fiscal 2011.

At April 27, 2012, our outstanding debt included \$135.7 million of fixed-rate unsecured senior notes and the balance on our revolving credit facility was \$0. A change in market interest rates will not impact interest expense associated with our fixed-rate debt.

### **Provision for Income Taxes**

The effective federal and state income tax rates were 27.1 percent, 32.0 percent and 27.0 percent in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The decrease in the effective tax rate for fiscal 2012 reflects the impact of settlements with certain taxing authorities and the reduction of reserves for prior uncertain tax positions of prior fiscal years. The 5.0 percent increase for fiscal 2011 is primarily due to the favorable impact of settlements with certain state taxing authorities that were negotiated during fiscal 2010.

### **Liquidity and Capital Resources**

Cash generated from Bob Evans Restaurants, Mimi's Café and the Foods segments was used as the main source of funds for working capital, capital expenditures, debt repayments, dividends and share repurchases in fiscal 2012. Cash and equivalents totaled \$35.9 million at April 27, 2012.

In the second quarter of fiscal 2009, we completed a private placement of \$70 million in senior unsecured fixed-rated notes. These notes were issued in two series. The \$40 million Series A senior notes bear interest at 6.39 percent and mature on July 28, 2014, with a mandatory prepayment of \$20 million due on July 28, 2012. The \$30 million Series B senior notes bear interest at 6.39 percent and mature on July 28, 2013. The net proceeds from the notes we issued in fiscal 2009 were used to repay outstanding debt under existing bank credit facilities and to repay a portion of our outstanding senior notes issued in fiscal 2004.

With the completion of the private placement in the second quarter of fiscal 2009, the bank lines of credit were reduced in the third quarter of fiscal 2009 to \$165.0 million and again in 2010 to \$120.0 million. At April 29, 2011, we had no outstanding balances on these lines of credit. During fiscal 2012, these lines of credit were not renewed.

During fiscal 2012, we obtained a \$300.0 million revolving credit facility, of which \$10.8 million is currently reserved for certain stand-by letters of credit. The primary purposes of the credit facility are for trade and stand-by letters of credit in the ordinary course of business as well as working capital, refinancing of existing indebtedness (if any), capital expenditures, acquisitions and investments, and other general corporate purposes. The credit facility is intended to provide liquidity options and to support our primary growth and return initiatives. The credit facility extends over a period of five years and requires us to pay interest on outstanding borrowings at a rate based on London Interbank Offered Rate ("LIBOR") or the Base Rate plus a margin based on our leverage ratio, ranging from 0.75% to 2.00% per annum for LIBOR, and ranging from 0.00% to 1.00% per annum for the Base Rate. The Base Rate is the highest of (i) the Administrative Agent's prime rate (ii) the Federal Funds open rate plus 0.50% and (iii) the Daily LIBOR Rate plus 1.00%. We are also required to pay a commitment fee of 0.150% per annum to 0.275% per annum, based on our leverage ratio, on the average unused portion of the total lender commitments then in effect. At April 27, 2012, we did not have any balances outstanding on the line of credit. Our interest expense on variable rate debt may increase in future periods as the credit facility funding source is utilized. We incurred financing costs of \$1.0 million, which are being amortized over five years.

In fiscal 2012, we repurchased 2.1 million shares of our outstanding common stock under our share repurchase program at a total cost of \$70.3 million. In the fourth quarter of fiscal 2012, our Board authorized an additional \$52.0 million share repurchase program. In both fiscal 2011 and fiscal 2010, we repurchased 0.7 million shares of our outstanding common stock under our share repurchase program at a total cost of \$19.0 million and \$21.1 million, respectively. Additionally, dividend payments totaled \$28.3 million in fiscal 2012, \$23.7 million in fiscal 2011 and \$20.9 million in fiscal 2010.

Capital expenditures consist of purchases of land for future restaurant and production sites, new and rebuilt restaurants, production plant improvements, purchases of new and replacement furniture and equipment and ongoing remodeling programs. Capital expenditures were \$88.4 million in fiscal 2012 compared to \$44.0 million in fiscal 2011. The increase in capital spending in fiscal 2012 versus fiscal 2011 was due to the following capital spending activity in Bob Evans Restaurants: opened four new restaurants, rebuilt three existing restaurants and refreshed 87 existing restaurants. In fiscal 2012, we performed a minor remodel at one Mimi's Café restaurant. We did not open any new Mimi's Café restaurants or rebuild any existing locations in fiscal 2011. In fiscal 2013, at Bob Evans Restaurants, we plan to open up to 10 new restaurants and continue our Farm-Fresh Refresh initiatives for 150 existing restaurants. In fiscal 2013, at Mimi's, we plan to refresh three existing restaurants. We do not plan to build any new Mimi's Café restaurants in fiscal 2013. In fiscal 2013, for the Foods segment, we plan on doing several projects, including the expansion of the Sulphur Springs, Texas, facility. Capital investment decisions are made based on attaining a certain return on investment.

Future payments of our contractual obligations and outstanding indebtedness as of April 27, 2012, are as follows:

<u>Contractual Obligations(1)</u>	<u>Total</u>	<u>Amount of Commitment Expiration per Period</u>			<u>After 5 Years</u>
		<u>1 Year and Less</u>	<u>2-3 Years</u>	<u>4-5 Years</u>	
Operating leases	\$314,193	\$26,308	\$51,403	\$48,123	\$188,359
Long-term debt(2)	\$135,716	\$38,571	\$87,145	\$10,000	\$-
Purchase obligations	\$57,368	\$57,368	\$-	\$-	\$-

(1) The provisions of our deferred compensation plans do not provide for specific payment dates. Therefore, our obligations under these plans were excluded from this table. Our deferred compensation obligations of \$30.7 million were included in the Consolidated Balance Sheets at April 27, 2012, as part of long-term liabilities.

(2) Amounts include interest, which is at fixed rates as outlined in Note 2 of our consolidated financial statements.

We believe that funds needed for capital expenditures, working capital and share repurchases during fiscal 2013 will be generated from both operations and available bank lines of credit. We will evaluate additional financing alternatives as warranted.

At April 27, 2012, we had contractual commitments for restaurant construction, plant equipment additions and the purchases of land and inventory of approximately \$57.4 million.

The amounts of other contingent commercial commitments by expiration period as of April 27, 2012, are as follows:

<u>Other Commercial Commitments</u>	<u>Total</u>	<u>Amount of Commitment Expiration per Period</u>			<u>After 5 Years</u>
		<u>1 Year and Less</u>	<u>2-3 Years</u>	<u>4-5 Years</u>	
Standby letters-of-credit – debt	\$10,849	\$10,849	\$ -	\$ -	\$ -
Standby letters-of-credit – other	2,500	2,500	-	-	-
Total other commercial commitments	\$13,349	\$13,349	\$ -	\$ -	\$ -

## Business Outlook

Our outlook for fiscal 2013 relies on a number of assumptions, as well as the risk factors included in our SEC filings. We anticipate consolidated net sales to be up slightly in fiscal 2013, at about \$1.7 billion. We are projecting net interest expense of approximately \$9.0 to \$10.0 million for fiscal 2013. We estimate that our effective tax rate will approximate 33.5% to 34.5% for all of fiscal 2013. We project weighted-average diluted shares outstanding to be approximately 28.5 to 29.0 million shares for fiscal year 2013. The company expects to spend approximately \$29.5 million to repurchase shares in fiscal 2013.

In fiscal 2013, we expect capital expenditures to approximate \$150.0 million to \$160.0 million. The estimated expenditures anticipate up to 10 new Bob Evans Restaurants, our Farm-Fresh Refresh initiative for 150 existing Bob Evans Restaurants, the expansion of the Foods segment's plant in Sulphur Springs, Texas, enhancements to the Foods segment's transportation center in Springfield, Ohio, remodels of three Mimi's Café



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restaurants, construction on a new corporate campus in New Albany, Ohio, and some additional ERP design and implementation. Depreciation and amortization expense for fiscal 2013 should approximate \$85.0 to \$95.0 million.

We expect Bob Evans Restaurants to experience a full-year same-store sales increase between 1.0% and 3.0%, driven by new value platforms and a \$4.0 million increase in advertising expenditures. In Bob Evans Restaurants, we expect an adjusted operating margin of approximately 9.5% to 10.0%. In fiscal 2013, Bob Evans Restaurants expects to incur an additional \$2.0 million related to pre-opening expenses for new restaurant openings and for Farm-Fresh Refresh remodel activity.

Mimi's is expected to experience full-year same-store sales of negative 2.0% to positive 1.0%, supported by a \$1.0 million increase in advertising expenditures. In Mimi's Cafe, we expect an adjusted operating margin of approximately 0.5% to 1.5%. We expect margin pressure from increasing commodity costs, offset by the benefit of our actual versus theoretical food cost program, increased sales of higher margin items, effective supply chain management and improving operating wages through expected labor efficiencies.

In the Foods segment, we expect overall net sales of \$340.0 to \$360.0 million for the full fiscal year, driven by new product introductions and distribution gains in both retail and food service. We anticipate that sow costs will average approximately \$60 to \$65 per hundredweight in fiscal 2013 for the full-year. We expect the Foods segment's fiscal 2013 operating income margin to be approximately 7.5% to 8.5%. We expect the Foods segment's operating income margin will continue to be positively impacted by better management of promotional discounts and continued cost savings related to manufacturing productivity initiatives.

#### **ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

We do not currently use derivative financial instruments for speculative or hedging purposes. We maintain our cash and cash equivalents in financial instruments with maturities of three months or less when purchased.

At April 27, 2012, our outstanding debt included no outstanding balance on our variable-rate revolving lines of credit and \$135.7 million of fixed-rate unsecured senior notes. A change in market interest rates will not impact interest expense associated with our fixed-rate debt.

We purchase certain commodities such as beef, pork, poultry, seafood, produce and dairy products. These commodities are generally purchased based upon market prices established with suppliers. These purchase arrangements may contain contractual features that fix the price paid for certain commodities. We do not use financial instruments to hedge commodity prices because these purchase arrangements help control the ultimate cost paid and most commodity price aberrations are generally short-term in nature.



**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

**BOB EVANS FARMS, INC.**  
**PART I – FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**  
**CONSOLIDATED BALANCE SHEETS**

	<u>April 27,</u> <u>2012</u>	<u>April 29,</u> <u>2011</u>
(Dollars in thousands)		
<b>Assets</b>		
<b>Current Assets</b>		
Cash and equivalents	\$35,946	\$57,730
Accounts receivable	29,850	26,043
Inventories	23,388	23,526
Deferred income taxes	11,738	10,860
Prepaid expenses	2,725	1,446
<b>Total Current Assets</b>	<b>103,647</b>	<b>119,605</b>
<b>Property, Plant and Equipment</b>		
Land	250,408	245,903
Buildings and improvements	946,361	933,808
Machinery and equipment	504,586	491,426
Construction in progress	5,111	1,055
	<u>1,706,466</u>	<u>1,672,192</u>
Less accumulated depreciation	823,171	771,314
<b>Net Property, Plant and Equipment</b>	<b>883,295</b>	<b>900,878</b>
<b>Other Assets</b>		
Deposits and other	9,259	3,954
Long-term investments	28,132	27,620
Goodwill	1,567	1,567
Other intangible assets	39,877	40,697
<b>Total Other Assets</b>	<b>78,835</b>	<b>73,838</b>
	<u><b>\$1,065,777</b></u>	<u><b>\$1,094,321</b></u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$38,571	\$13,571
Accounts payable	26,085	30,418
Federal and state income taxes	12,469	10,793
Accrued nonincome taxes	21,251	20,519
Accrued wages and related liabilities	33,505	36,024
Self-insurance	26,079	26,058
Deferred revenue	15,476	16,289
Other accrued expenses	21,453	17,440
<b>Total Current Liabilities</b>	<b>194,889</b>	<b>171,112</b>
<b>Long-Term Liabilities</b>		
Deferred compensation	30,688	29,685
Federal and state income taxes	9,633	12,443
Deferred income taxes	51,739	56,777

Deferred rent	25,097	24,478
Long-term debt	97,145	135,716
<b>Total Long-Term Liabilities</b>	<b>214,302</b>	259,099
<b>Stockholders' Equity</b>		
Common stock, \$.01 par value; authorized 100,000,000 shares; issued 42,638,118 shares at April 27, 2012, and April 29, 2011	426	426
Capital in excess of par value	202,365	188,736
Retained earnings	863,149	818,561
Treasury stock, 14,027,663 shares at April 27, 2012, and 12,409,338 shares at April 29, 2011, at cost	(409,354 )	(343,613 )
<b>Total Stockholders' Equity</b>	<b>656,586</b>	664,110
	<u><b>\$1,065,777</b></u>	<u>\$1,094,321</u>

**CONSOLIDATED STATEMENTS OF INCOME**  
**Years Ended April 27, 2012; April 29, 2011; April 30, 2010**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Net Sales</b>	<b>\$1,654,413</b>	\$1,676,906	\$1,726,804
Cost of sales	509,816	509,849	516,667
Operating wage and fringe benefit expenses	535,069	559,193	599,664
Other operating expenses	268,799	270,694	276,521
Selling, general and administrative expenses	150,743	165,482	143,550
Depreciation and amortization expense	82,112	83,148	83,988
<b>Operating Income</b>	<b>107,874</b>	88,540	106,414
Net interest expense	7,884	8,867	10,088
<b>Income Before Income Taxes</b>	<b>99,990</b>	79,673	96,326
Provision for income taxes	27,140	25,510	25,998
<b>Net Income</b>	<b>\$72,850</b>	\$54,163	\$70,328
<b>Earnings Per Share – Basic</b>	<b>\$2.45</b>	\$1.79	\$2.29
<b>Earnings Per Share – Diluted</b>	<b>\$2.45</b>	\$1.78	\$2.28
<b>Cash Dividends Paid Per Share</b>	<b>\$0.95</b>	\$0.78	\$0.68

**Bob Evans Farms, Inc. and Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**

	Common Stock Shares	Common Stock Amount	Preferred Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Total
Dollars in thousands, except per share amounts							
Stockholders' Equity at 4/24/09	30,712,246	\$ 426	\$ -	\$173,970	\$738,668	\$(315,358)	\$597,706
Net income					70,328		70,328
Dividends paid (\$0.68 per share)					(20,947)		(20,947)
Treasury stock repurchased	(731,814 )					(21,123 )	(21,123 )
Treasury stock reissued under stock plans	391,821			6,131		5,687	11,818
Tax benefit – stock plans				375			375
Stockholders' Equity at 4/30/10	30,372,253	426	-	180,476	788,049	(330,794)	638,157
Net income					54,163		54,163
Dividends paid (\$0.78 per share)					(23,651 )		(23,651 )
Treasury stock repurchased	(682,835 )					(19,010 )	(19,010 )
Treasury stock reissued under stock plans	539,362			8,024		6,191	14,215
Tax benefit – stock plans				236			236
Stockholders' Equity at 4/29/11	30,228,780	426	-	188,736	818,561	(343,613)	664,110
<b>Net income</b>					<b>72,850</b>		<b>72,850</b>
<b>Dividends paid (\$0.95 per share)</b>					<b>(28,262 )</b>		<b>(28,262 )</b>
<b>Treasury stock repurchased</b>	<b>(2,110,930 )</b>					<b>(70,269 )</b>	<b>(70,269 )</b>
<b>Treasury stock reissued under stock plans</b>	<b>492,605</b>			<b>12,838</b>		<b>4,528</b>	<b>17,366</b>
<b>Tax benefit – stock plans</b>				<b>791</b>			<b>791</b>
<b>Stockholders' Equity at 4/27/12</b>	<b><u>28,610,455</u></b>	<b><u>\$ 426</u></b>	<b><u>\$ -</u></b>	<b><u>\$202,365</u></b>	<b><u>\$863,149</u></b>	<b><u>\$(409,354)</u></b>	<b><u>\$656,586</u></b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years ended April 27, 2012; April 29, 2011; and April 30, 2010**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
	<i>(Dollars in thousands)</i>		
<i>Operating activities:</i>			
Net income	<b>\$72,850</b>	\$54,163	\$70,328
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	<b>82,112</b>	83,148	83,988
Loss on disposal/impairment of long-term assets	<b>5,331</b>	17,238	5,146
Gain on long-term investments	<b>(34 )</b>	(2,364 )	(5,328 )
Deferred compensation	<b>1,003</b>	3,289	6,446
Compensation expense attributable to stock plans	<b>5,610</b>	7,402	7,530
Deferred income taxes	<b>(5,916 )</b>	(10,446)	(3,309 )
Deferred rent	<b>619</b>	205	624
Cash provided by (used for) assets and liabilities:			
Accounts receivable	<b>(3,807 )</b>	(6,186 )	3,188
Inventories	<b>138</b>	2,133	5,167
Prepaid expenses	<b>(1,279 )</b>	723	(858 )
Accounts payable	<b>(4,333 )</b>	1,364	(12,053 )
Federal and state income taxes	<b>(1,043 )</b>	4,310	(4,714 )
Accrued wages and related liabilities	<b>(2,519 )</b>	(3,521 )	1,959
Self-insurance	<b>21</b>	1,893	332
Accrued nonincome taxes	<b>732</b>	(566 )	(1,585 )
Deferred revenue	<b>(813 )</b>	1,842	344
Other accrued expenses	<b>4,013</b>	1,810	(6,205 )
Net cash provided by operating activities	<b>152,685</b>	156,437	151,000
<i>Investing activities:</i>			
Purchase of property, plant and equipment	<b>(88,357 )</b>	(43,987)	(51,266 )
Proceeds from sale of property, plant and equipment	<b>19,308</b>	6,407	3,743
Purchase of long-term investments	<b>(469 )</b>	(2,229 )	(1,841 )
Other	<b>(4,305 )</b>	(84 )	713
Net cash used in investing activities	<b>(73,823 )</b>	(39,893)	(48,651 )
<i>Financing activities:</i>			
Cash dividends paid	<b>(28,262 )</b>	(23,651)	(20,947 )
Payments on lines of credit	<b>–</b>	(14,000)	(53,000 )
Payments of debt issuance costs	<b>(1,000 )</b>	–	–
Principal payments on long-term debt	<b>(13,571 )</b>	(26,905)	(26,904 )
Purchase of treasury stock	<b>(70,269 )</b>	(19,010)	(21,123 )
Proceeds from issuance of treasury stock	<b>13,103</b>	8,239	4,430
Cash proceeds from exercise of stock-based compensation awards	<b>(1,347 )</b>	(1,426 )	–
Excess tax benefits from stock-based compensation	<b>700</b>	404	375
Net cash used in financing activities	<b>(100,646)</b>	(76,349)	(117,169)
<b><i>Increase (decrease) in cash and equivalents</i></b>	<b>(21,784 )</b>	40,195	(14,820 )
<b><i>Cash and equivalents at the beginning of the period</i></b>	<b>57,730</b>	17,535	32,355
<b><i>Cash and equivalents at the end of the period</i></b>	<b>\$35,946</b>	<b>\$57,730</b>	<b>\$17,535</b>

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## Note 1 – Summary of Significant Accounting Policies

*Description of Business:* As of April 27, 2012, Bob Evans Farms, Inc. (“Bob Evans”) and its subsidiaries (collectively, Bob Evans and its subsidiaries are referred to as the “company,” “we,” “us” and “our”) owned and operated 710 full-service restaurants, including 565 Bob Evans Restaurants in 19 states and 145 Mimi’ s Cafés, “Mimi’ s”, in 24 states. Bob Evans Restaurants are primarily located in the Midwest, mid-Atlantic and Southeast regions of the United States. Mimi’ s are primarily in California and other western states. We also produce and distribute pork sausage products and a variety of complementary home-style convenience food items under the Bob Evans and Owens brand names. These food products are distributed primarily to warehouses that distribute to grocery stores throughout the United States.

*Principles of Consolidation:* The consolidated financial statements include the accounts of Bob Evans and its subsidiaries. Intercompany accounts and transactions have been eliminated. Dollars are in thousands, except per share amounts.

*Use of Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from the estimates and assumptions used.

*Segment Information:* Beginning with our annual reporting period of fiscal 2012, we have separately disclosed results for Bob Evans Restaurants and Mimi’ s Café, previously reported as the restaurant segment, as the economic characteristics no longer fully supported aggregation of the two restaurant concepts. We now report results for three business segments consisting of Bob Evans Restaurants, Mimi’ s Café and Foods. The revenues from these segments include both net sales to unaffiliated customers and intersegment net sales, which are accounted for on a basis consistent with net sales to unaffiliated customers. Intersegment net sales and other intersegment transactions have been eliminated in the consolidated financial statements. Operating income represents earnings before interest and income taxes. Identifiable assets by segment are those assets that are used in our operations in each segment. General corporate assets consist of cash equivalents, long-term investments and deferred income tax assets.

*Fiscal Year:* Our fiscal year ends on the last Friday in April. References herein to fiscal 2012, fiscal 2011 and fiscal 2010 refer to fiscal years ended April 27, 2012; April 29, 2011; and April 30, 2010, respectively. All years presented were comprised of 52 weeks, except for fiscal 2010, which contained 53 weeks.

Prior to fiscal 2012, the consolidated operating results of Bob Evans Restaurants and Mimi’ s Café segments were reported based upon a two-day early cutoff. During fiscal 2012, we eliminated this two-day early cutoff, as it was no longer required to achieve a timely consolidation. The effect of this change was to reflect 367 days of operating results for Bob Evans Restaurants and Mimi’ s Café within our fiscal 2012 consolidated income statements. This resulted in \$1,803 and \$207 of additional operating income for Bob Evans Restaurants and Mimi’ s Café, respectively.

*Revenue Recognition:* Revenue is recognized for Bob Evans Restaurants and Mimi’ s at the point of sale, other than revenue from the sale of gift cards, which is deferred and recognized upon redemption. Revenue in the Foods segment is generally recognized when products are received by our customers. All revenue is presented net of sales tax collections.

We issue gift cards which contain no expiration dates or inactivity fees. We recognize revenue from gift cards when they are redeemed by the customer. In addition, we recognize income on unredeemed gift cards (“gift card breakage”) based on historical redemption patterns. Gift card breakage is included in net sales in the Consolidated Statements of Income, and the liability for unredeemed gift cards is included in deferred revenue on the Consolidated Balance Sheets.

*Cash Equivalents:* We consider all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

*Accounts Receivable:* Accounts receivable represents amounts owed to us through our operating activities and are presented net of allowance for doubtful accounts. We evaluate the collectability of our accounts

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receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us, we record a specific allowance for bad debts against amounts due to reduce the net recognized receivable to the amount we reasonably believe will be collected. In addition, we recognize allowances for bad debts based on the length of time receivables are past due with allowance percentages, based on our historical experiences, applied on a graduated scale relative to the age of the receivable amounts. If circumstances such as higher than expected bad debt experience or an unexpected material adverse change in a major customer's ability to meet its financial obligations to us were to occur, we estimate the recoverability of amounts due to us could change by a material amount. During fiscal 2012 we had allowance for doubtful accounts of \$327, compared to \$302 and \$446 for fiscal years 2011 and 2010, respectively.

*Concentration of Credit Risk and Major Customers:* We maintain cash depository accounts with major banks and invest in high-quality short-term liquid instruments. Such investments are made only in instruments issued or enhanced by high-quality institutions. These investments mature within three months and we have not incurred any related losses.

Accounts receivable can be potentially exposed to a concentration of credit risk with customers or in particular industries. Such credit risk is considered by management to be limited due to our many customers, none of which are considered principal in our total operations and doing business in a variety of industries throughout the world. We do have two individual customers that exceed 10 percent of total revenue. In addition, we perform ongoing credit evaluations of our customers' financial conditions and maintain reserves for credit losses. Such losses historically have been within our expectations.

*Inventories:* We value inventories at the lower of first-in, first-out cost or market. Inventory includes raw materials and supplies (\$15,159 in fiscal 2012 and \$16,545 in fiscal 2011) and finished goods (\$8,229 in fiscal 2012 and \$6,981 in fiscal 2011).

*Property, Plant and Equipment:* Property, plant and equipment are recorded at cost less accumulated depreciation. The straight-line depreciation method is used for nearly all capitalized assets, although some assets purchased prior to fiscal 1995 continue to be depreciated using accelerated methods. Depreciation is calculated at rates adequate to amortize costs over the estimated useful lives of buildings and improvements (15 to 25 years) and machinery and equipment (3 to 10 years). Improvements to leased properties are depreciated over the shorter of their useful lives or the lease terms. Total depreciation expense was \$81,301; \$82,323; and \$83,095 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

We sell real property via like-kind exchanges under Internal Revenue Code Section 1031 whereby gains are not recognized for federal income tax purposes. We recognize all such gains for financial reporting purposes in the period the property is sold. Consolidated results for fiscal 2012, fiscal 2011 and fiscal 2010 include net pretax gains of \$365; \$128 and \$1,362, respectively, on sale of assets. The gains are classified as a reduction of selling, general and administrative ("S,G&A") expenses in the Consolidated Statements of Income.

We evaluate property, plant and equipment held and used in the business for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. Impairment is determined by comparing the estimated undiscounted future operating cash flows for the asset group to the carrying amount of its assets. If impairment exists, the amount of impairment is measured as the excess of the carrying amount over the estimated discounted future operating cash flows of the asset and the expected proceeds upon sale of the asset.

During fiscal 2012, fiscal 2011 and fiscal 2010, we identified certain operating and closed locations with negative cash flows, declining net sales performance or other potential indicators of impairment. In fiscal 2012, pretax fixed asset impairment charges were recorded in Bob Evans Restaurants and Mimi's of \$3,199 and \$2,327, respectively, for two underperforming operating locations and five other properties for Bob Evans Restaurants and eight underperforming operating locations for Mimi's. The Mimi's impairments in fiscal year 2012 were predominately locations that had been previously partially impaired. In fiscal 2011, pretax fixed asset impairment charges were recorded in Bob Evans Restaurants and Mimi's of \$1,896 and \$13,070 respectively, for three underperforming Bob Evans Restaurants and eight underperforming Mimi's. In fiscal 2012, a pretax fixed asset impairment of \$87 was recorded in the Foods segment. Also in fiscal 2011, a \$1,239 pretax fixed asset impairment charge was recorded in the Foods segment for the closure of a fresh sausage operation and a food



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production facility. In fiscal 2010, a \$6,195 pretax fixed asset impairment charge was recorded for four underperforming Bob Evans Restaurant operating locations and 22 other properties. We did not record any fixed asset impairment charges for Mimi' s in fiscal 2010. The fixed asset impairment charges are reflected in S,G&A expenses in the Consolidated Statements of Income.

In accordance with the Property, Plant and Equipment Topic of the FASB ASC, we wrote down the carrying value of the underlying assets to their estimated fair value, which resulted in the above impairment charges. The estimated fair value was determined based on independent appraisals, which we deemed to be Level 3 inputs under the Fair Value Measurements and Disclosures Topic of the FASB ASC.

*Restructuring and Severance Charges:* During fiscal 2012, we recorded restructuring and severance charges of \$287 for Mimi' s Café (reflected in S,G&A). We did not record any restructuring and severance charges for Bob Evans Restaurants or Foods in fiscal 2012. During fiscal 2011, we recorded pretax restructuring and severance charges totaling \$4,418 (reflected in S,G&A). In Bob Evans Restaurants and Mimi' s, this included \$854 and \$569 of severance/retirement costs, respectively. Also in fiscal 2011, we recorded pretax restructuring and severance charges of \$2,995 in the Foods segment, primarily related to the closure of our fresh sausage operations at our plant in Bidwell, Ohio, and our food production facility in Galva, Illinois. All amounts related to Bob Evans Restaurants, Mimi' s and Foods segments restructuring and severance charges have been settled in fiscal 2012 and fiscal 2011. We did not record any restructuring or severance charges in Bob Evans Restaurants or Mimi' s in fiscal 2010.

*Life Insurance Proceeds:* The cash receipts and payments related to life insurance proceeds are included in cash flows from operating activities on the Consolidated Statements of Cash Flows.

*Long-term Investments:* Long-term investments include assets held under certain deferred compensation arrangements, which represent the cash surrender value of company-owned life insurance policies and investments in income tax credit limited partnerships. An offsetting liability for the amount of the cash surrender value of company-owned life insurance is included in the deferred compensation liability amount on the Consolidated Balance Sheets. Investments in income tax credit limited partnerships are recorded at amortized cost. We amortized the investments to the expected residual value of the partnerships once the income tax credits are fully utilized. The amortization period of the investments matches the respective income tax credit period. The income tax credit limited partnerships became fully amortized during fiscal 2012.

*Goodwill and Other Intangible Assets:* Goodwill, which represents the cost in excess of fair market value of net assets acquired, was \$1,567 for both fiscal 2012 and fiscal 2011. Goodwill is not amortized; rather it is tested for impairment at the beginning of the fourth quarter each year or on a more frequent basis when events occur or circumstances change between the annual tests that would more likely than not reduce the fair value of the reporting unit below its carrying value. In fiscal 2012, 2011 and 2010, no indicators existed for impairment, thus no goodwill impairment charges were recorded.

Other intangible assets consist of the Mimi' s business trade name and restaurant concept. The trade name intangible asset is deemed to have an indefinite economic life and is not amortized. It is tested for impairment at the beginning of the fourth quarter each year or on a more frequent basis if events or changes in circumstances indicate the asset might be impaired. The restaurant concept intangible asset is amortized on a straight-line basis over its estimated economic life of 15 years. In fiscal 2012, 2011 and 2010, there were no intangible asset impairment charges. See Note 7.

*Financial Instruments:* The fair values of our financial instruments (other than long-term debt) approximate their carrying values at April 27, 2012, and April 29, 2011. At April 27, 2012, the estimated fair value of our long-term debt approximated \$142,025 compared to a carrying amount of \$135,716. At April 29, 2011, the estimated fair value of our long-term debt approximated \$160,466 compared to a carrying amount of \$149,287. We estimate the fair value of our long-term debt based on the current interest rates offered for debt of the same maturities. We do not use derivative financial instruments for speculative purposes.

*Treasury Stock:* During fiscal 2012, fiscal 2011 and fiscal 2010, we followed a policy of issuing treasury shares to satisfy award exercises or conversions.

*Preopening Expenses:* Expenditures related to the opening of new restaurants, other than those for capital assets, are expensed when incurred.

*Advertising Costs:* We expense advertising costs as incurred. Advertising expense was \$51,266; \$49,311; and \$45,648 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

*Cost of Sales:* Cost of sales represents primarily food cost for Bob Evans Restaurants and Mimi's and cost of materials in the Foods segments. Cash rebates that we receive from suppliers are recorded as a reduction of cost of sales in the periods in which they are earned. The amount of each rebate is directly related to the quantity of product purchased from the supplier.

*Promotional Spending:* In our Foods segment, we engage in promotional (sales incentive) programs in the form of "off-invoice" deductions, billbacks, cooperative advertising and coupons. Costs associated with these programs are classified as a reduction of net sales in the period in which the sale occurs. Promotional spending was \$47,163, \$42,805 and \$74,020 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

*Comprehensive Income:* Comprehensive income is the same as reported net income.

*Earnings Per Share:* Basic earnings-per-share computations are based on the weighted-average number of shares of common stock outstanding during the period presented. Diluted earnings-per-share calculations reflect the assumed exercise and conversion of outstanding stock options.

The numerator in calculating both basic and diluted earnings per share for each year is reported net income. The denominator is based on the following weighted-average number of common shares outstanding (in thousands):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Basic	<u>29,679</u>	30,332	30,775
Dilutive stock options	<u>102</u>	90	115
Diluted	<u>29,781</u>	<u>30,422</u>	<u>30,890</u>

Options to purchase 567,698, 517,151 and 690,952 shares of common stock in fiscal 2012, fiscal 2011, and fiscal 2010, respectively, were excluded from the diluted earnings-per-share calculations because they were antidilutive.

*Stock-based Employee Compensation:* The Compensation – Stock Compensation Topic of the FASB ASC requires that we measure the cost of employee services received in exchange for an equity award, such as stock options or restricted stock awards, based on the fair value of the award on the grant date. The cost is recognized in the income statement over the vesting period of the award on a straight-line basis. In fiscal 2012, awards issued to retirement eligible employees, in the 2010 Plan, were no longer subject to immediate expensing in full upon grant. (See Note 4). Awards to retirement eligible employees are recognized over the vesting period of the award on a straight line basis. Compensation cost recognized includes: (1) compensation cost for all stock-based awards granted prior to, but not yet fully vested as of April 28, 2006, based on the grant date fair value estimated in accordance with the original provisions of the Compensation – Stock Compensation Topic of the FASB ASC and (2) compensation cost for all stock-based awards granted after April 28, 2006, based on the grant date fair value estimated in accordance with the Compensation – Stock Compensation Topic of the FASB ASC. Total stock-based compensation cost in fiscal 2012, fiscal 2011 and fiscal 2010 was \$5,603; \$7,259; and \$7,530, respectively. The related tax benefit recognized was \$1,671; \$2,389; and \$2,069 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. Nearly all of the expense associated with stock-based compensation is reflected in S,G&A expense.

The fair value of each option awarded in fiscal 2011 and fiscal 2010 was estimated on the date of grant using the Black-Scholes option-pricing model. We did not award any stock options in fiscal 2012. The expected term of options granted is based on the historical exercise behavior of full-term options, and the expected volatility is based on the historical volatility of our common stock. The risk-free rate is based on the U.S. Treasury zero-coupon yield curve in effect at the time of grant. Both expected volatility and the risk-free rate are based on a period commensurate with the expected option term. The expected dividend yield is based on the current dividend, the current market price of our common stock and historical dividend yields.

The following table presents the weighted-average per share fair value of options granted and the weighted-average assumptions used, based on a Black-Scholes option-pricing model:

	<u>2011</u>	<u>2010</u>
Per share fair value of options	\$7.60	\$9.73
Expected dividend yield	2.57 %	2.10 %
Expected volatility	45.64%	45.86%
Risk-free interest rate	1.18 %	1.81 %
Expected term (in years)	3.5	3.4

*Other Compensation Plans:* We have a defined contribution plan (401(k)) that is available to substantially all employees who have at least 1,000 hours of service. We also have a nonqualified deferred compensation plan, the Bob Evans Executive Deferral Plan (“BEEDP”), which provides certain executives the opportunity to defer a portion of their current income to future years. Our annual matching contributions to the plans are at the discretion of our Board of Directors. The SERP (see Note 5) provides awards in the form of nonqualified deferred cash compensation.

*Leases:* Rent expense for our operating leases, which generally have escalating rent payments over the term of the leases, is recorded on a straight-line basis over the lease term. We record the difference between the amount charged to expense and the rent paid as deferred rent in the Consolidated Balance Sheet, and begin amortizing the deferred rent upon the delivery of the lease location by the lessor, which is typically before rent payments are due under the terms of the lease. The difference between the straight-line rent calculation and rent paid is recorded as deferred rent in the Consolidated Balance Sheets. We expense all straight-line rent recorded during the build-out period for new restaurants.

Contingent rents are generally amounts due as a result of net sales in excess of amounts stipulated in certain restaurant leases and are included in rent expense as they accrue.

Rental expense in fiscal 2012, fiscal 2011 and fiscal 2010 was as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Minimum rent	<b>\$34,738</b>	\$30,175	\$27,693
Contingent rent	<b>288</b>	388	462
Total rent	<b><u>\$35,026</u></b>	<u>\$30,563</u>	<u>\$28,155</u>

In some instances, we have received contributions or a reduction in rent from landlords to help fund the construction of new restaurants or remodeling of existing locations. We account for landlord contributions as lease incentive obligations that are amortized as a reduction to rent expense over the applicable lease term. Lease incentive obligations are included in the Consolidated Balance Sheets as deferred rent.

*Income Taxes:* Our effective tax rate is based on income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Significant judgment is required in evaluating our tax positions, which has an impact on our effective tax rate. We establish reserves when, despite our belief that our tax return positions are fully supportable, we believe that certain positions are likely to be challenged based on technical merits. A tax benefit from an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination, including the resolution of any related appeals or litigation, based on the technical merits. The amount recognized is measured as the largest amount of tax benefit that is more than 50 percent likely to be realized upon settlement.

*Commitments and Contingencies:* We rent certain restaurant facilities under operating leases having initial terms that primarily expire approximately 20 years from inception. The leases typically contain renewal clauses of 5 to 30 years exercisable at our option. Certain of these leases require the payment of contingent rentals based on a percentage of gross revenues, as defined by the terms of the applicable lease agreement. Most of the leases also contain either fixed or inflation-adjusted escalation clauses.

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We are self-insured for most casualty losses and employee health-care claims up to certain stop-loss limits per claim. We have accounted for liabilities for casualty losses, including both reported claims and incurred but not reported claims, based on information provided by independent actuaries. We have accounted for our employee health-care claims liability through a review of incurred and paid claims history. We do not believe that our calculation of casualty losses and employee health-care claims liabilities would change materially under different conditions and/or different methods. However, due to the inherent volatility of actuarially determined casualty losses and employee health-care claims, it is reasonably possible that we could experience changes in estimated losses, which could be material to both quarterly and annual net income.

We are from time-to-time involved in ordinary and routine litigation, typically involving claims from customers, employees and others related to operational issues common to the restaurant and food manufacturing industries. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on our financial position, cash flows or results of operations.

**Reclassifications:**

Certain prior-year amounts have been reclassified to conform to the fiscal 2012 classification. Such reclassifications had no impact on reported net income.

**New Accounting Pronouncements:**

In May 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820) – Fair Value Measurement (ASU 2011-04). The amendments in this update changed the wording used in the existing guidance to better align U.S. Generally Accepted Accounting Principles with International Financial Reporting Standards and to clarify the FASB’s intent on various aspects of the fair value guidance. The update also required increased disclosure of quantitative information about unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy. This update was effective for our fourth quarter of fiscal 2012. Since we did not have any investments with unobservable market inputs, this update did not impact our consolidated financial statements. The effect of this guidance on future periods will depend on the nature and significance of any fair value measurements we subsequently make that are subject to this guidance.

In September 2011, the FASB issued Accounting Standards Update No. 2011-08, Intangibles – Goodwill and Other (Topic 350), Testing Goodwill for Impairment, (ASU 2011-08), which permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit’s fair value is less than its carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that a reporting unit’s fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. This update was effective for our fourth quarter of fiscal 2012. We elected to perform the qualitative assessment which indicated that our goodwill of \$1,567 was not impaired.

## Note 2 – Long-Term Debt and Credit Arrangements

Long-term debt is comprised of the following:

	<u>April 27, 2012</u>	<u>April 29, 2011</u>
Unsecured senior notes issued July 28, 2004:		
Series C, due July 2014, 5.12%	\$ 40,716	\$ 54,287
Series D, due July 2016, 5.67%	25,000	25,000
Unsecured senior notes issued July 28, 2008:		
Series A, due July 2014, 6.39%	40,000	40,000
Series B, due July 2013, 6.39%	30,000	30,000
Total long-term debt	<u>135,716</u>	<u>149,287</u>
Less: current portion of long-term debt	<u>38,571</u>	<u>13,571</u>
Long-term debt less current portion	<u>\$ 97,145</u>	<u>\$ 135,716</u>

On July 28, 2004, we completed a private placement of \$190,000 in senior unsecured fixed-rate notes. The senior notes outstanding at April 27, 2012, mature over a period from July 2014 to July 2016, and carry a weighted-average interest rate of 5.2 percent, which we pay quarterly, with a mandatory prepayment of \$18,571 due on July 28, 2012.

On July 28, 2008, we completed a private placement of \$70,000 in senior unsecured fixed-rated notes. These notes were issued in two series. The \$40,000 Series A senior notes bear interest at 6.39 percent and mature on July 28, 2014, with a mandatory prepayment of \$20,000 due on July 28, 2012. The \$30,000 Series B senior notes bear interest at 6.39 percent and mature on July 28, 2013. The net proceeds from the notes we issued in fiscal 2009 were used to repay outstanding debt under existing bank credit facilities and to repay a portion of our previously outstanding senior notes.

Both of our senior note issues contain covenants customary for financings of this type that limit our ability to incur liens on assets, merge or consolidate with other entities, transfer or sell a substantial part of our assets, substantially change the nature of our business, engage in sale and leaseback transactions and enter into transactions with affiliates. We are also prohibited, subject to certain limited exceptions, from granting collateral under our credit facilities with our lenders unless such collateral is also granted to the note holders on an equal basis. The senior notes contain financial covenants that require a net worth floor limiting stock repurchases, a minimum fixed charge ratio as well as a limitation on our indebtedness.

As of April 27, 2012, we were in compliance with these covenants and restrictions. The senior notes also contain customary events of default, the occurrence of which will permit the holders of the notes to accelerate payment of the notes.

As of April 27, 2012, maturities of long-term debt are as follows:

2013	\$38,571
2014	48,571
2015	38,574
2016	5,000
2017	5,000
Total	<u>\$135,716</u>

During fiscal 2012, we obtained a \$300,000 revolving credit facility (“credit facility”); of which \$10,849 is reserved for certain stand-by letters of credit. The credit facility is intended to provide us with liquidity options and to support our primary growth and return initiatives. The credit facility extends over a period of five years

and requires us to pay interest on outstanding borrowings at a rate based on London Interbank Offered Rate (“LIBOR”) or the Base Rate plus a margin based on our leverage ratio, ranging from 0.75% to 2.00% per annum for LIBOR, and ranging from 0.00% to 1.00% per annum for the Base Rate. The Base Rate is the highest of (i) the Administrative Agent’s prime rate (ii) the Federal Funds open rate plus 0.50% and (iii) the Daily LIBOR Rate plus 1.00%. We are also required to pay a commitment fee of 0.150% per annum to 0.275% per annum, based on our leverage ratio, on the average unused portion of the total lender commitments then in effect. At April 27, 2012, we did not have any balances outstanding on the credit facility. Our interest expense on variable rate debt may increase in future periods as the credit facility funding source is utilized. We incurred financing costs of \$1,000, which are being amortized over five years. During fiscal 2012, we did not have any balances outstanding on these arrangements.

Interest costs of \$644; \$394; and \$836 incurred in fiscal 2012, fiscal 2011 and fiscal 2010, respectively, were capitalized in connection with our construction activities. Interest paid in fiscal 2012, fiscal 2011 and fiscal 2010 was \$8,558; \$9,264; and \$10,972, respectively.

### Note 3 – Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax liabilities and assets as of April 27, 2012, and April 29, 2011, were as follows:

	<u>April 27, 2012</u>	<u>April 29, 2011</u>
<i>Deferred tax assets:</i>		
Loss on impaired assets	\$ 7,866	\$ 7,863
Self-insurance	7,724	7,551
Vacation pay	2,296	1,997
Stock and deferred compensation plans	20,219	19,503
Accrued bonus	715	941
Deferred rent	6,503	6,549
Other	3,417	3,071
Total deferred tax assets	<u>48,740</u>	<u>47,475</u>
<i>Deferred tax liabilities:</i>		
Accelerated depreciation/asset disposals	71,819	76,077
Intangible assets	14,852	15,223
Other	2,070	2,092
Total deferred tax liabilities	<u>88,741</u>	<u>93,392</u>
<i>Net deferred tax liabilities</i>	<u>\$ 40,001</u>	<u>\$ 45,917</u>

Significant components of the provisions for income taxes are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current:			
Federal	\$28,742	\$31,356	\$23,878
State	4,314	4,600	5,429
Total current	33,056	35,956	29,307
Deferred:			
Federal	(5,388)	(10,140)	(2,470)
State	(528 )	(306 )	(839 )
Total deferred	(5,916)	(10,446)	(3,309)
<b>Total tax provisions</b>	<b><u>\$27,140</u></b>	<b><u>\$25,510</u></b>	<b><u>\$25,998</u></b>

Our provisions for income taxes differ from the amounts computed by applying the federal statutory rate due to the following:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax at statutory rate	\$34,997	\$27,885	\$33,714
State income tax (net)	2,461	2,791	2,983
FICA tip credits	(4,868)	(4,920)	(4,937)
Settlement of state income tax audits (net)	(2,038)	-	(2,534)
Cash surrender value of life insurance	(213 )	(956 )	(1,925)
Work opportunity tax credits	(1,157)	(769 )	(852 )
Limited partnership tax credits	-	(6 )	(83 )
Reduction for uncertain tax positions of prior years	(1,178)	-	-
Other	(864 )	1,485	(368 )
<b>Provisions for income taxes</b>	<b><u>\$27,140</u></b>	<b><u>\$25,510</u></b>	<b><u>\$25,998</u></b>

Taxes paid during fiscal 2012, fiscal 2011 and fiscal 2010 were \$33,686; \$31,296; and \$34,167, respectively.

In fiscal 2012, the amount of our unrecognized tax benefits increased by \$20, primarily due to additions for prior year tax positions offset by reductions for settlements with taxing authorities. A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Balance at beginning of fiscal year	\$11,022	\$9,086	\$11,773
Additions based on tax positions related to the current year	600	2,351	752
Additions for tax positions of prior years	2,600	-	-
Reductions for tax positions of prior years	(751 )	-	-
Reductions due to settlements with taxing authorities	(1,936)	(53 )	(2,862)
Reductions due to statute of limitations expiration	(493 )	(362 )	(577 )
Balance at end of fiscal year	<b><u>\$11,042</u></b>	<b><u>\$11,022</u></b>	<b><u>\$9,086</u></b>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of April 27, 2012, April 29, 2011 and April 30, 2010, was \$8,001, \$8,113 and \$7,967, respectively. The remaining unrecognized tax benefits relate to tax positions for which ultimate deductibility is highly certain, but for which there is uncertainty as to the timing of such deductibility. Recognition of these tax benefits would not affect our effective tax rate. We do not reasonably expect to resolve any tax audits in the next 12 months which could result in the recognition of previously unrecognized tax benefits and would affect the effective tax rate. It is reasonably possible that the amount of unrecognized tax benefits may increase or decrease within the next 12 months for



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reasons other than the settlement of tax audits. However, we do not presently anticipate that any increase or decrease in unrecognized tax benefits will be material to our consolidated financial statements.

We recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense in the Consolidated Statements of Income. During fiscal 2012, fiscal 2011 and fiscal 2010, we recognized approximately \$668, \$720 and \$761, respectively, of interest and penalties in tax expense. As of April 27, 2012, and April 29, 2011, we had accrued approximately \$2,986 and \$4,184, respectively, in interest and penalties related to unrecognized tax benefits.

We file United States federal and various state and local income tax returns. With few exceptions, we are subject to audit by taxing authorities for fiscal years 2009 through 2011. Our federal and state income tax return filings generally are subject to a three-year statute of limitations from the date of filing. However, we may grant waivers to taxing authorities to extend the statute of limitations for prior tax years. Based on the status of current audits and the protocol of finalizing audits by relevant tax authorities, it is not possible to estimate the impact of changes, if any, to previously recorded unrecognized tax benefits.

#### **Note 4 – Stock-Based Compensation Plans**

On September 13, 2010, our stockholders approved the Bob Evans Farms, Inc. 2010 Equity and Cash Incentive Plan (the “2010 Plan”). Upon approval, the 2010 Plan became our only plan under which new stock-based compensation can be granted. At April 27, 2012, there were awards outstanding under the 2010 Plan, as well as previous equity plans adopted in 2006, 1998, 1994 and 1992.

The types of awards that may be granted under the 2010 Plan include: stock options, stock appreciation rights, restricted stock, restricted stock units, cash incentive awards, performance shares, performance units, and other awards. The Compensation Committee of the Board of Directors administers the 2010 Plan, including establishing the terms and conditions of the awards. The 2010 Plan allows the Compensation Committee to make awards to any of our employees, consultants, or non-employee directors. The 2010 Plan imposes various restrictions on awards, including a maximum life of 10 years for stock options and stock appreciation rights and a minimum exercise price equal to the grant date stock price for stock options and stock appreciation rights. The remaining shares available for issue under the 2006 Equity and Cash Incentive Plan (the “2006 Plan”) became available for issuance under the 2010 Plan effective September 13, 2010.

The 1998 plan provided that the option price for: (1) incentive stock options may not be less than the fair market value of the stock at the grant date and (2) nonqualified stock options shall be determined by the Compensation Committee of the Board of Directors. The 1994 plan prohibited option prices less than the fair market value of the stock at the grant date.

The 1993 plan provided for the award of restricted stock to mid-level managers and administrative personnel as incentive compensation to attain growth in the net income of the company, as well as to help attract and retain management personnel. Shares awarded are restricted until certain vesting requirements are met. Participants in the 1993 plan are entitled to receive cash dividends and to vote their respective shares, including those not yet vested. Restrictions generally limit the sale, pledge or transfer of the shares until they are vested.

The 1992 plan was adopted in connection with our supplemental executive retirement plan (“SERP”), which provides retirement benefits to certain key management employees. In the past, SERP participants could elect to have their awards allocated to their accounts in cash or, when permitted by the Compensation Committee, they could receive an equivalent value of nonqualified stock options. The 1992 plan provided that the option price could not be less than 50 percent of the fair market value of the stock at the date of grant. The last grant of stock options under the 1992 plan was in fiscal 2003. Since fiscal 2003, all SERP awards have been allocated to participants’ accounts in cash.

In 2006, we adopted a performance incentive plan (“PIP”) designed to align the compensation of executive officers and senior management with our financial and operational performance. The PIP provides for awards of cash, whole shares, restricted shares and stock options, generally vesting over three years. All stock-based awards made under the PIP prior to September 11, 2006, were awarded out of, and in accordance with, the 1998 plan. All

PIP stock-based awards made from the period September 12, 2006 to June 22, 2010, were awarded out of, and in accordance with, the 2006 Plan. All PIP stock-based awards made subsequent to that date have been awarded out of, and in accordance with, the 2010 Plan.

In fiscal 2010, we amended the terms of the employment agreement with the chief executive officer (“CEO”). The amended agreement provides for a one-time Long-Term Performance-Based Incentive (the “LTPBI”). The purpose of the LTPBI is to increase stockholder value by establishing additional compensation incentives linked directly to our performance over the five-year period which began in fiscal 2010 and goes through fiscal 2014. The CEO may earn performance shares based on our performance during this five-year period relative to goals set by the Compensation Committee for net income growth and total stockholder return. The number of shares ultimately earned by the CEO will be determined by the Compensation Committee at the end of the five-year period based on the terms of the LTPBI award agreement.

In fiscal 2012, we began issuing restricted stock units to key management employees. Restricted stock units generally vest over three years and are issued shares of restricted stock immediately upon vesting.

The following table summarizes option-related activity for fiscal 2012:

Options	Shares Subject to Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
<b>Outstanding, April 29, 2011</b>	1,181,805	\$ 29.87		
Exercised	(450,998 )	29.60		
Forfeited or expired	(19,279 )	29.19		
<b>Outstanding, April 27, 2012</b>	<b>711,528</b>	<b>\$ 30.07</b>	<b>4.62</b>	<b>\$ 6,119</b>
Vested and expected to vest, April 27, 2012	711,528	\$ 30.07	4.62	\$ 6,119
Exercisable, April 27, 2012	601,695	\$ 30.45	4.09	\$ 4,944

As of April 27, 2012, there was \$325 of unrecognized compensation cost related to nonvested stock options. That cost is expected to be recognized over a weighted-average period of 0.84 years. The total intrinsic value of options exercised during fiscal 2012, fiscal 2011 and fiscal 2010 was \$2,907; \$2,140; and \$1,644, respectively. Cash received from the exercise of options was \$13,347; \$7,132; and \$3,588 for fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The actual tax benefit realized for tax deductions from the exercise of options totaled \$700; \$404; and \$417 for fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

Cash flows resulting from the tax benefits of tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) are classified as financing cash flows. In fiscal 2012, fiscal 2011 and fiscal 2010, excess tax benefits of \$791; \$236; and \$375, respectively, were classified as financing cash flows in the Consolidated Statements of Cash Flows.

In addition to the shares subject to outstanding options, approximately 3,127,000 shares were available for grant under the 2010 Plan at April 27, 2012.

A summary of the status of our nonvested restricted shares and units as of April 27, 2012, and changes during fiscal 2012 is presented below:

Restricted Stock Awards	Shares	Weighted- Average Grant Date Fair Value
Nonvested, April 29, 2011	450,632	\$ 29.27
Granted	125,207	33.16
Vested	(155,603)	29.20
Forfeited	(45,999 )	30.71

**Nonvested, April 27, 2012**

**374,237**

**\$ 30.42**

<u>Restricted Stock Units</u>	<u>Shares</u>
Nonvested, April 29, 2011	–
Granted	80,970
Forfeited	(1,176)
<b>Nonvested, April 27, 2012</b>	<b><u>79,794</u></b>

At April 27, 2012, there was \$6,080 of unrecognized compensation cost related to nonvested restricted shares and units. This cost is expected to be recognized over a weighted-average period of 2.55 and 2.05 years for nonvested restricted shares and units, respectively. The total fair value of shares that vested during fiscal 2012, fiscal 2011 and fiscal 2010 was \$4,999; \$5,973; and \$7,004, respectively.

#### **Note 5 – Other Compensation Plans**

We have a defined contribution plan (401(k)) that is available to substantially all employees who have at least 1,000 hours of service. We also have a nonqualified deferred compensation plan, the Bob Evans Executive Deferral Plan (“BEEDP”), which provides certain executives the opportunity to defer a portion of their current income to future years. Our annual matching contributions to the plans are at the discretion of our Board of Directors. Expenses related to matching contributions to these plans in fiscal 2012, fiscal 2011 and fiscal 2010 were \$1,522; \$4,234; and \$4,738, respectively.

The SERP (see Note 4) provides awards in the form of nonqualified deferred cash compensation. Our expense related to cash contributions to the SERP was \$618; \$654; and \$1,751 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

#### **Note 6 – Commitments and Contingencies**

We rent certain restaurant facilities under operating leases having initial terms that primarily expire approximately 20 years from inception. The leases typically contain renewal clauses of 5 to 30 years exercisable at our option. Certain of these leases require the payment of contingent rentals based on a percentage of gross revenues, as defined by the terms of the applicable lease agreement. Most of the leases also contain either fixed or inflation-adjusted escalation clauses. Future minimum rental payments on operating leases are as follows:

2013	\$26,308
2014	26,250
2015	25,153
2016	24,135
2017	23,988
Thereafter	<u>188,359</u>
<b>Total</b>	<b><u>\$314,193</u></b>

At April 27, 2012, we had contractual commitments of approximately \$57,368 for purchases of inventory, restaurant construction and plant equipment additions.

#### **Note 7 – Goodwill and Other Intangible Assets**

At the beginning of the fourth quarter, we complete our annual impairment test required under the provisions of the Intangibles - Goodwill and Other Topic of the FASB ASC. In addition, we are required to assess the carrying value of our goodwill and other intangible assets annually or whenever circumstances indicate that a decline in value may have occurred. The carrying amount of goodwill as of the end of fiscal 2012, fiscal 2011 and fiscal 2010 is \$1,567 and is included within the Foods segment.

Intangible assets consist of the Mimi’s restaurant concept that is amortized over a 15-year life and the Mimi’s business trade name that is not amortized. We reviewed the restaurant concept and business trade name for impairment. The estimated fair value of the restaurant concept and business trade name, calculated using a relief-from-royalty method, exceeded the carrying value. Therefore, no impairment charges were recorded related to the Mimi’s restaurant concept and business trade name in fiscal 2012, fiscal 2011 or fiscal 2010.



Intangible assets are summarized below:

	<b>Restaurant</b>	<b>Business</b>	<b>Total</b>
	<b>Concept</b>	<b>Trade Name</b>	
April 27, 2012, gross carrying amount	\$ 12,300	\$ 34,000	\$46,300
Accumulated amortization	(6,423 )	-	(6,423 )
April 27, 2012, net carrying amount	<u>\$5,877</u>	<u>\$ 34,000</u>	<u>\$39,877</u>
April 29, 2011, gross carrying amount	\$ 12,300	\$ 34,000	\$46,300
Accumulated amortization	(5,603 )	-	(5,603 )
April 29, 2011, net carrying amount	<u>\$6,697</u>	<u>\$ 34,000</u>	<u>\$40,697</u>

The amortization expense related to these intangible assets was \$820 in each fiscal 2012, fiscal 2011 and fiscal 2010. Amortization expense related to intangible assets for the next five years is expected to be \$820 each year.

#### Note 8 – Quarterly Financial Data (Unaudited)

	<b>First Quarter</b>		<b>Second Quarter</b>		<b>Third Quarter</b>		<b>Fourth Quarter</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net sales	<b>\$405,361</b>	\$412,566	<b>\$407,185</b>	\$417,046	<b>\$428,339</b>	\$428,594	<b>\$413,528</b>	\$418,700
Operating Income	<b>27,495</b>	21,386	<b>21,330</b>	13,910	<b>30,258</b>	25,434	<b>28,791</b>	27,810
Net income	<b>17,812</b>	12,549	<b>12,747</b>	7,790	<b>20,255</b>	15,466	<b>22,036</b>	18,358
Earnings per share:								
Basic	<b>\$0.59</b>	\$0.41	<b>\$0.42</b>	\$0.26	<b>\$0.69</b>	\$0.51	<b>\$0.76</b>	\$0.61
Diluted	<b>0.59</b>	0.41	<b>0.42</b>	0.26	<b>0.69</b>	0.51	<b>0.76</b>	0.60
Common stock sale prices:								
High	<b>\$36.98</b>	\$31.76	<b>\$35.23</b>	\$29.70	<b>\$35.79</b>	\$34.59	<b>\$39.71</b>	\$34.06
Low	<b>29.26</b>	23.18	<b>27.41</b>	24.94	<b>30.50</b>	28.47	<b>35.09</b>	30.08
Cash dividends paid	<b>\$0.20</b>	\$0.18	<b>\$0.25</b>	\$0.20	<b>\$0.25</b>	\$0.20	<b>\$0.25</b>	\$0.20

Total quarterly earnings per share may not equal the annual amount because earnings per share are calculated independently for each quarter.

Stock prices are high and low sale prices for our common stock as reported on the NASDAQ Stock Market (trading symbol – BOBE), which is the principal market for our common stock.

The number of registered stockholders of our common stock at June 15, 2012, was 19,776.

Quarter 4, 2012 consolidated results included the positive impact of \$2,010 as a result of eliminating a two-day early cutoff and the positive impact of \$1,200 as a result of settlements with certain taxing authorities.

#### Note 9 – Industry Segments

As mentioned in Note 1, beginning with our annual reporting period of fiscal 2012, we have separately disclosed results for Bob Evans Restaurants and Mimi' s Café, previously reported as the restaurant segment, as the economic characteristics no longer fully supported aggregation of the two restaurant concepts. We now report results for three business segments consisting of Bob Evans Restaurants, Mimi' s Café and Foods.

Our operations include restaurant operations and the processing and sale of food products. The revenues from our three segments, Bob Evans Restaurants, Mimi' s Cafes' and Foods include both net sales to unaffiliated customers and intersegment net sales, which are accounted for on a basis consistent with net sales to unaffiliated

customers. Intersegment net sales and other intersegment transactions have been eliminated in the consolidated financial statements.

Operating income represents earnings before interest and income taxes. Identifiable assets by segment are those assets that are used in our operations in each segment. General corporate assets consist of cash equivalents, long-term investments and deferred income tax assets.

Information on our industry segments is summarized as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<i>Net sales</i>			
Bob Evans Restaurants	<b>\$973,678</b>	\$976,666	\$1,005,094
Mimi' s Café	<b>366,015</b>	380,267	405,998
Foods	<b>329,165</b>	333,606	327,674
	<b>1,668,858</b>	1,690,539	1,738,766
Intersegment net sales of food products	<b>(14,445 )</b>	(13,633 )	(11,962 )
<b>Total</b>	<b><u>\$1,654,413</u></b>	<b><u>\$1,676,906</u></b>	<b><u>\$1,726,804</u></b>
<i>Operating Income (Loss)</i>			
Bob Evans Restaurants	<b>\$88,810</b>	\$73,426	\$77,456
Mimi' s Café	<b>(1,436 )</b>	(7,657 )	7,688
Foods	<b>20,500</b>	22,771	21,270
<b>Total</b>	<b><u>\$107,874</u></b>	<b><u>\$88,540</u></b>	<b><u>\$106,414</u></b>
<i>Depreciation and Amortization Expense</i>			
Bob Evans Restaurants	<b>\$49,082</b>	\$48,396	\$49,460
Mimi' s Café	<b>23,576</b>	24,667	24,976
Foods	<b>9,454</b>	10,085	9,552
<b>Total</b>	<b><u>\$82,112</u></b>	<b><u>\$83,148</u></b>	<b><u>\$83,988</u></b>
<i>Capital Expenditures</i>			
Bob Evans Restaurants	<b>\$74,282</b>	\$31,057	\$23,870
Mimi' s Café	<b>6,493</b>	5,248	9,485
Foods	<b>7,582</b>	7,682	17,911
<b>Total</b>	<b><u>\$88,357</u></b>	<b><u>\$43,987</u></b>	<b><u>\$51,266</u></b>
<i>Identifiable Assets</i>			
Bob Evans Restaurants	<b>\$719,245</b>	\$734,944	\$696,141
Mimi' s Café	<b>215,925</b>	228,966	261,902
Foods	<b>90,670</b>	91,931	116,639
	<b>1,025,840</b>	1,055,841	1,074,682
General corporate assets	<b>39,937</b>	38,480	34,207
<b>Total</b>	<b><u>\$1,065,777</u></b>	<b><u>\$1,094,321</u></b>	<b><u>\$1,108,889</u></b>



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**Note 10 – Subsequent Events**

As of April 28, 2012, ownership of a food production facility that prepares ingredients, used in our restaurant entrees, was purchased by the Foods segment from the Mimi' s segment. The sale of the food production facility will affect industry segment information, as reported in Note 9, in future fiscal periods. Intersegment net sales and other intersegment transactions will be eliminated in the consolidated financial statements.

On May 24, 2012, we announced that the Board of Directors approved a quarterly cash dividend of \$0.25 per share. The quarterly dividend will be paid on June 18, 2012 to shareholders of record at the close of business on June 4, 2012.

On May 29, 2012, we announced our plans to close our pre-cooked operations in summer of fiscal 2013 at our plants in Bidwell, Ohio and Springfield, Ohio. The decision to close the food production facilities was due to excess capacity, record sow costs and high production costs. These cooked operations will be consolidated at our food production facility in Sulphur Springs, Texas.

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## MANAGEMENT' S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Stockholders of Bob Evans Farms, Inc.:

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even an effective system of internal control over financial reporting will provide only reasonable assurance with respect to the reliability of financial reporting and financial statement preparation.

With our supervision, management assessed our internal control over financial reporting as of April 27, 2012, the end of our fiscal year. Management based its assessment on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management' s assessment included the evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies and our overall control environment. This assessment is supported by testing and monitoring performed by our internal audit function.

Based on its assessment, management has concluded that our internal control over financial reporting was effective as of the end of the fiscal year to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States.

We reviewed the results of management' s assessment with the Audit Committee of our Board of Directors. Additionally, our independent registered public accounting firm, Ernst & Young LLP, independently assessed our internal control over financial reporting. Ernst & Young has issued a report on our internal control over financial reporting, which is included in this annual report.

/s/ Steven A. Davis

Steven A. Davis

Chairman and Chief Executive Officer

/s/ Paul F. DeSantis

Paul F. DeSantis

Chief Financial Officer, Treasurer and Assistant Secretary

June 21, 2012

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of Bob Evans Farms, Inc.:

We have audited Bob Evans Farms, Inc. and subsidiaries' internal control over financial reporting as of April 27, 2012, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Bob Evans Farms, Inc.' s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management' s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company' s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company' s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company' s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company' s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Bob Evans Farms, Inc and subsidiaries. maintained, in all material respects, effective internal control over financial reporting as of April 27, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Bob Evans Farms, Inc. and subsidiaries as of April 27, 2012 and April 29, 2011, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended April 27, 2012 of Bob Evans Farms, Inc. and subsidiaries and our report dated June 21, 2012, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Columbus, Ohio  
June 21, 2012

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of Bob Evans Farms, Inc.:

We have audited the accompanying consolidated balance sheets of Bob Evans Farms, Inc. and subsidiaries as of April 27, 2012 and April 29, 2011, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended April 27, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bob Evans Farms, Inc. and subsidiaries at April 27, 2012 and April 29, 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended April 27, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Bob Evans Farms, Inc.'s internal control over financial reporting as of April 27, 2012, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated June 21, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Columbus, Ohio

June 21, 2012

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**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chairman of the Board and Chief Executive Officer (principal executive officer) and Chief Financial Officer, Treasurer and Secretary (principal financial officer) has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) as of the end of the period covered by the Annual Report on Form 10-K. Based upon that evaluation, our Chairman of the Board and Chief Executive Officer and Chief Financial Officer, Treasurer and Secretary have concluded that:

information required to be disclosed by us in this Annual Report on Form 10-K and other reports that we file or submit under the Exchange Act would be accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure;

information required to be disclosed by us in this Annual Report on Form 10-K and the other reports that we file or submit under the Exchange Act would be recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms; and

our disclosure controls and procedures are effective as of the end of the period covered by this Annual Report on Form 10-K to ensure that material information relating to us and our consolidated subsidiaries is made known to them, particularly during the period in which the periodic reports, including this Annual Report on Form 10-K, are being prepared.

**Management’s Annual Report on Internal Control Over Financial Reporting**

Management’s Report on Internal Control Over Financial Reporting is set forth in Item 8 of this Annual Report on Form 10-K.

**Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting**

The Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting is set forth in Item 8 of this Annual Report on Form 10-K.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter ended April 27, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

None.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information contained in our definitive proxy statement relating to the annual meeting of stockholders to be held on August 22, 2012 (the “2012 Proxy Statement”), under “SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE,” “PROPOSAL 1: ELECTION OF DIRECTORS,” and “CORPORATE GOVERNANCE” under the sub-caption “Directors Serving on Boards of Other Public Companies” is incorporated herein by reference.

The information regarding our executive officers required by Item 401 of Regulation S-K is included in Part I of this Form 10-K under the caption “Supplemental Item – Executive Officers of Bob Evans Farms, Inc.”

Information concerning our Audit Committee and the determination by our Board of Directors that at least one member of the Audit Committee qualifies as an “audit committee financial expert” is incorporated herein by reference to the information contained in our 2012 Proxy Statement under “CORPORATE GOVERNANCE” under the subcaptions “Board Committees and Charters” and “Board Committees and Charters – Audit Committee.”

Information regarding the procedures by which our stockholders may recommend nominees to our Board of Directors is incorporated by reference to the information contained in our 2012 Proxy Statement under “CORPORATE GOVERNANCE” under the sub-caption “Board Committees and Charters – Nominating and Corporate Governance Committee.”

Our Board of Directors has adopted a Code of Conduct that applies to all directors, officers and employees, including our principal executive officer, principal financial officer and controller. The Code of Conduct is available at [www.bobevans.com](http://www.bobevans.com) in the “Investors” section under “Corporate Governance.” To receive a copy of the Code of Conduct at no cost, contact our Human Resources Department at (877) 789-2623 or (800) 272-7675. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendments to, or waivers from, certain provisions of the Code of Conduct that apply to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our Web site.

Set forth below is a list of our directors, and their principal occupations, as of June 1, 2012:

<u>Name</u>	<u>Principal Occupation</u>
Larry C. Corbin	Retired; Interim Chief Executive Officer and President of Bob Evans Farms, Inc.
Steven A. Davis	Chairman of the Board and Chief Executive Officer of Bob Evans Farms, Inc.
Michael J. Gasser	Executive Chairman of the Board of Greif, Inc., a manufacturer of shipping containers and containerboard, Delaware, Ohio
Dr. E. Gordon Gee	President of The Ohio State University
E.W. (Bill) Ingram III	President and Chief Executive Officer of White Castle System, Inc., a quick-service hamburger chain, Columbus, Ohio
Cheryl L. Krueger	Chief Executive Officer of Krueger & Co., a strategic business consulting company, Columbus, Ohio
G. Robert Lucas II	Trustee of The Jeffrey Trusts, trusts for the descendants of Joseph A. Jeffrey, Columbus, Ohio
Eileen A. Mallesch	Retired; Senior Vice President, Chief Financial Officer: Nationwide Property & Casualty Insurance, Nationwide Insurance, Columbus, Ohio
Bryan G. Stockton	Chief Executive Officer of Mattel, Inc., an international toy company, El Segundo, California
Paul S. Williams	Partner, Major, Lindsey and Africa, a legal executive search firm, Chicago, Illinois

#### **ITEM 11. EXECUTIVE COMPENSATION**

Information regarding the compensation of our Board of Directors is incorporated by reference to the information contained in our 2012 Proxy Statement under “CORPORATE GOVERNANCE” under the sub-caption “Director Compensation for Fiscal 2012.”

Information regarding the compensation of our executive officers is incorporated by reference to the information contained in our 2012 Proxy Statement under “COMPENSATION DISCUSSION AND ANALYSIS,” “COMPENSATION COMMITTEE REPORT” and “EXECUTIVE COMPENSATION” (including the information appearing under the sub-captions “Summary Compensation Table for Fiscal 2012,

2011 and 2010,” “All Other Compensation Table for Fiscal 2012,” “Grants of Plan-Based Awards in Fiscal 2012,” “Outstanding Equity Awards at 2012 Fiscal Year-End,” “Option Exercises and Stock Vested in Fiscal 2012,” “Nonqualified Deferred Compensation,” “Nonqualified Deferred Compensation Table for Fiscal 2012,” “Change in Control and Severance Program,” “Employment Agreement – Steven Davis” and “Potential Payouts upon Termination or Change-in-Control”).

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

**Stock Ownership of Certain Beneficial Owners and Management**

The information required by Item 403 of Regulation S-K regarding the security ownership of certain beneficial owners and management is incorporated herein by reference to the information contained in the 2012 Proxy Statement under “STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.”

**Equity Compensation Plan Information**

In September 2010, our stockholders approved the Bob Evans Farms, Inc. 2010 Equity and Cash Incentive Plan (the “2010 Plan”). Currently, the 2010 Plan is the only plan under which we may issue equity securities to our directors, officers and employees. As of April 27, 2012, a number of awards were outstanding under the 2010 Plan and our previous equity plans, including:

- the Bob Evans Farms, Inc. Second Amended and Restated 1992 Nonqualified Stock Option Plan (the “1992 Stock Option Plan”);
- the Bob Evans Farms, Inc. First Amended and Restated 1994 Long Term Incentive Plan (the “1994 LTIP”);
- the Bob Evans Farms, Inc. Second Amended and Restated 1998 Stock Option and Incentive Plan (the “1998 Stock Option Plan”); and
- the Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan (the “2006 Plan”).

Our stockholders approved all of our previous equity plans. These plans were terminated as to new awards when our stockholders adopted the 2010 Plan. Any shares that were available for issuance under our previous equity plans at the time they were terminated became available for issuance under the 2010 Plan.

The following table shows, as of April 27, 2012, the number of shares of common stock issuable upon exercise of outstanding options, the weighted-average exercise price of those options and the number of shares of common stock remaining for future issuance under the 2010 Plan, excluding shares issuable upon exercise of outstanding options.

	(a)	(b)	(c)
	Number of Securities to be Issued Upon Exercise of Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	711,528 (1)	\$ 30.07	3,126,737 (2)
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>711,528</b>	<b>\$ 30.07</b>	<b>3,126,737</b>

(1) Includes:

7,007 common shares issuable upon exercise of options granted under the 1992 Stock Option Plan;





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1,629 common shares issuable upon exercise of options granted under the 1994 LTIP;

281,451 common shares issuable upon exercise of options granted under the 1998 Stock Option Plan; and

421,441 common shares issuable upon exercise of options granted under the 2006 Plan.

- (2) Represents shares available for issuance under the 2010 Plan, including 950,577 shares that were made available for issuance under the 2010 Plan when the 1992 Stock Option Plan, 1993 LTIP, the 1998 Stock Option Plan, and the 2006 Plan were terminated, as well as shares that became available for issuance under the 2010 Plan when outstanding awards under the 1992 Stock Option Plan, 1993 LTIP, the 1998 Stock Option Plan and the 2006 Plan expired or were otherwise forfeited. Shares available for future issuance under the 2010 Plan may be granted in the form of incentive stock options, nonqualified stock options, performance shares, performance units, restricted stock, restricted stock units, stock appreciation rights or whole shares.

In addition, as of April 27, 2012, there were 453,484 shares of restricted stock outstanding, consisting of 42,114 shares granted under the 1993 LTIP, 220,074 shares granted under the 2006 Plan, and 191,296 shares granted under the 2010 Plan.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information contained in the 2012 Proxy Statement under the captions “TRANSACTIONS WITH RELATED PERSONS” and “CORPORATE GOVERNANCE” under the sub-caption “Director Independence” is incorporated herein by reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information contained in the 2012 Proxy Statement under “PROPOSAL 4: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM” under the sub-captions “Preapproval of Services Performed by the Independent Registered Public Accounting Firm” and “Fees of the Independent Registered Public Accounting Firm” is incorporated herein by reference.

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a)(1) *Financial Statements*

The following consolidated financial statements of Bob Evans Farms, Inc. and subsidiaries are filed as part of this Annual Report on Form 10-K under Item 8 hereof:

Management’s Report on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements

Consolidated Balance Sheets at April 27, 2012, and April 29, 2011

Consolidated Statements of Income for the fiscal years ended April 27, 2012, April 29, 2011, and April 30, 2010

Consolidated Statements of Stockholders’ Equity for the fiscal years ended April 27, 2012, April 29, 2011, and April 30, 2010

Consolidated Statements of Cash Flows for the fiscal years ended April 27, 2012, April 29, 2011, and April 30, 2010

Notes to Consolidated Financial Statements

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(a)(2) Financial Statement Schedules

Financial statement schedules have been omitted because they are not required or are not applicable or because the information required to be set forth therein either is not material or is included in the financial statements or notes thereto.

(a)(3) Exhibits

The accompanying Index to Exhibits is filed as part of this Annual Report on Form 10-K. Management contracts or compensatory plans or arrangements required to be filed as exhibits to this Annual Report on Form 10-K are denoted by asterisk in the Index to Exhibits.

(b) Exhibits

The accompanying Index to Exhibits is filed as part of this Annual Report on Form 10-K.

(c) Financial Statement Schedules

Not applicable.





<u>Exhibit</u>		
<u>Number</u>	<u>Description</u>	<u>Location</u>
3.1	Restated Certificate of Incorporation of company reflecting amendments through Aug. 10, 1993. <i>[This document represents the Company's Certificate of Incorporation in restated format incorporating all amendments. This compiled document has not been filed with the Delaware Secretary of State.]</i>	Incorporated herein by reference to Exhibit 3.1 to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 30, 2010 (File No. 0-1667)
3.2	Amended and Restated By-Laws of Bob Evans Farms, Inc. (Effective November 17, 2011)	Incorporated herein by reference to Exhibit 3.1 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed November 23, 2011 (File No. 0-1667)
4.1	Note Purchase Agreement, dated as of July 28, 2004, by and among Bob Evans Farms, Inc., BEF Holding Co., Inc. and the purchasers of the notes set forth on the signature pages thereto	Incorporated herein by reference to Exhibit 4(a) to Bob Evans Farms, Inc.' s Current Report on Form 8-K dated July 29, 2004 (File No. 0-1667)
4.2	Subsidiary Guaranty, dated as of July 28, 2004, by Mimi' s Cafe, LLC	Incorporated herein by reference to Exhibit 4(b) to Bob Evans Farms, Inc.' s Current Report on Form 8-K dated July 29, 2004 (File No. 0-1667)
4.3	First Amendment, dated as of January 15, 2005, to Note Purchase Agreement, dated as of July 28, 2004, by and between Bob Evans Farms, Inc. and the purchasers named therein	Incorporated herein by reference to Exhibit 4.3 to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 24, 2009 (File No. 0-1667)
4.4	Second Amendment, dated as of February 24, 2009, to Note Purchase Agreement, dated as of July 28, 2004, by and between Bob Evans Farms, Inc. and the purchasers named therein	Incorporated herein by reference to Exhibit 4.2 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed March 2, 2009 (File No. 0-1667)
4.5	Note Purchase Agreement, dated July 28, 2008, by and among Bob Evans Farms, Inc., BEF Holding Co., Inc. and the Purchases named therein	Incorporated herein by reference to Exhibit 4.1 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed July 31, 2008 (File No. 0-1667)
4.6	Subsidiary Guaranty, dated as of July 28, 2008, by Mimi' s Café, LLC	Incorporated herein by reference to Exhibit 4.2 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed July 31, 2008 (File No. 0-1667)
4.7	First Amendment, dated as of February 24, 2009, to Note Purchase Agreement, dated as of July 28, 2008, by and between Bob Evans Farms, Inc. and the Purchasers named therein	Incorporated herein by reference to Exhibit 4.1 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed March 2, 2009 (File No. 0-1667)
4.8	\$300,000,000 Revolving Credit Facility Credit Agreement among Bob Evans Farms, Inc., an Ohio corporation, as borrower; PNC Bank, National Association, as administrative agent, PNC Capital Markets LLC, as co-lead arranger and co-bookrunner, J.P. Morgan Securities LLC, as co-lead arranger and co-bookrunner, JPMorgan Chase Bank, N.A., as syndication agent, and Bank of America N.A. and Fifth Third Bank, as co-documentation agents; and PNC Bank, National Association, JPMorgan Chase Bank, N.A., Bank of America N.A., Fifth Third Bank, U.S. Bank	Incorporated herein by reference to Exhibit 4.1 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed December 22, 2011 (File No. 0-1667)

National Association, The Huntington National Bank, Wells Fargo Bank, National Association, and The Ohio Valley Bank Company, as lenders.



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**Exhibit**

<u>Number</u>	<u>Description</u>	<u>Location</u>
4.9	Continuing Agreement of Guaranty and Suretyship by Bob Evans Farms, Inc., a Delaware corporation and Mimi's Café LLC, a Delaware limited liability company, as the guarantors	Incorporated herein by reference to Exhibit 4.2 to Bob Evans Farms, Inc.'s Current Report on Form 8-K filed December 22, 2011 (File No. 0-1667)
<b>Amended and Restated Employment Agreement</b>		
*10.1	Second Amended and Restated Employment Agreement, dated December 29, 2010, by and between Bob Evans Farms, Inc. and Steven A. Davis	Incorporated herein by reference to Exhibit 10.11 to Bob Evans Farms, Inc.'s Annual Report on Form 10-K for its fiscal year ended April 29, 2011 (File No. 0-1667)
<b>Bob Evans Farms, Inc. CEO Long-Term Performance-Based Incentive Award Program</b>		
*10.2	Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan CEO Long-Term Performance-Based Incentive Award Program (Terms and Conditions for the Five-Year Performance Period from Fiscal Year 2010 through Fiscal Year 2014)	Incorporated herein by reference to Exhibit 10.4 to Bob Evans Farms, Inc.'s Annual Report on Form 10-K for its fiscal year ended April 24, 2009 (File No. 0-1667)
*10.3	Form of Bob Evans Farms, Inc. CEO Long-Term Performance-Based Incentive Award Program Performance Share Award Agreement	Incorporated herein by reference to Exhibit 10.5 to Bob Evans Farms, Inc.'s Annual Report on Form 10-K for its fiscal year ended April 24, 2009 (File No. 0-1667)
<b>Change in Control and Severance Plan</b>		
*10.4	Bob Evans Farms, Inc. Change in Control and Severance Plan	Incorporated herein by reference to Exhibit 10 to Bob Evans Farms, Inc.'s Current Report on Form 8-K filed November 23, 2010 (File No. 0-1667)
<b>Executive Deferral Program</b>		
*10.5	Bob Evans Farms, Inc. and Affiliates Fourth Amended and Restated Executive Deferral Program	Incorporated herein by reference to Exhibit 10.1 to Bob Evans Farms, Inc.'s Current Report on Form 8-K filed June 2, 2010 (File No. 0-1667)
<b>Third Amended and Restated Supplemental Executive Retirement Plan</b>		
*10.6	Bob Evans Farms, Inc. and Affiliates Third Amended and Restated Supplemental Executive Retirement Plan (effective as of January 1, 2008)	Incorporated herein by reference to Exhibit 10.5 to Bob Evans Farms, Inc.'s Quarterly Report on Form 10-Q for its fiscal quarter ended October 26, 2007 (File No. 0-1667)
*10.7	First Amendment to the Bob Evans Farms, Inc. and Affiliates Third Amended and Restated Supplemental Executive Retirement Plan	Incorporated herein by reference to Exhibit 10 to Bob Evans Farms, Inc.'s Quarterly Report on Form 10-Q for its fiscal quarter ended July 24, 2009 (File No. 0-1667)
*10.8	Second Amendment to the Bob Evans Farms, Inc. and Affiliates Third Amended and Restated Supplemental Executive Retirement Plan (effective as of August 24, 2010)	Incorporated herein by reference to Exhibit 10.2 to Bob Evans Farms, Inc.'s Quarterly Report on Form 10-Q for its fiscal quarter ended July 30, 2010 (File No. 0-1667)
<b>Director Medical Reimbursement Program</b>		
*10.9	Bob Evans Farms, Inc. Director Medical Reimbursement Program effective as of January 1, 2008	Incorporated herein by reference to Exhibit 10.15 to Bob Evans Farms, Inc.'s Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 2009 (File No. 0-1667)

**Executive Compensation Recoupment Policy**

\*10.10 Bob Evans Farms, Inc. Executive Compensation  
Recoupment Policy Adopted February 17, 2009

Incorporated herein by reference to Exhibit 10.1 to Bob  
Evans Farms, Inc.' s Current Report on Form 8-K dated  
June 12, 2009 (File No. 0-1667)

---

**Exhibit**

<u>Number</u>	<u>Description</u>	<u>Location</u>
*10.11	Form of Executive Recoupment Policy Acknowledgement and Agreement	Incorporated herein by reference to Exhibit 10.2 to Bob Evans Farms, Inc.' s Current Report on Form 8-K dated June 12, 2009 (File No. 0-1667)
<b>2010 Director Deferral Program</b>		
*10.12	Bob Evans Farms, Inc. 2010 Director Deferral Program effective May 26, 2010	Incorporated herein by reference to Exhibit 10.2 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed June 2, 2010 (File No. 0-1667)
<b>1992 Nonqualified Stock Option Plan</b>		
*10.13	Bob Evans Farms, Inc. 1992 Nonqualified Stock Option Plan (effective for options granted prior to May 1, 2002)	Incorporated herein by reference to Exhibit 10(j) to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 24, 1992 (File No. 0-1667)
*10.14	Bob Evans Farms, Inc. First Amended and Restated 1992 Nonqualified Stock Option Plan (effective for options granted after May 1, 2002)	Incorporated herein by reference to Exhibit 10(o) to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 26, 2002 (File No. 0-1667)
*10.15	Bob Evans Farms, Inc. Second Amended and Restated 1992 Nonqualified Stock Option Plan (effective as of November 14, 2007)	Incorporated herein by reference to Exhibit 10.1 to Bob Evans Farms, Inc.' s Quarterly Report on Form 10-Q for its fiscal quarter ended October 26, 2007 (File No. 0-1667)
*10.16	First Amendment to the Bob Evans Farms, Inc. Second Amended and Restated 1992 Nonqualified Stock Option Plan effective November 18, 2008	Incorporated herein by reference to Exhibit 10.11 to Bob Evans Farms, Inc.' s Quarterly Report on Form 10-Q for its fiscal quarter ended March 4, 2009 (File No. 0-1667)
<b>1993 Long Term Incentive Plan for Managers</b>		
*10.17	Bob Evans Farms, Inc. 1993 Long Term Incentive Plan for Managers	Incorporated herein by reference to Exhibit 10.27 to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 29, 2011 (File No. 0-1667)
*10.18	Cash Award Notice and Agreement – Performance Incentive Plan (for awards on or after June 13, 2006)	Incorporated herein by reference to Exhibit 10.5 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed June 19, 2006 (File No. 0-1667)
*10.19	Restricted Stock Award Notice and Agreement – First Amended and Restated 1993 Long Term Incentive Plan for Managers (for awards on or after June 13, 2006)	Incorporated herein by reference to Exhibit 10.6 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed June 19, 2006 (File No. 0-1667)
*10.20	Bob Evans Farms, Inc. Performance Incentive Plan Notice of Eligibility and Participation Agreement (for Tier 1 participants who are not eligible to retire)	Incorporated herein by reference to Exhibit 10.1 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed June 15, 2007 (File No. 0-1667)
*10.21	Bob Evans Farms, Inc. Performance Incentive Plan Notice of Eligibility and Participation Agreement (for Tier 1 participants who are eligible to retire)	Incorporated herein by reference to Exhibit 10.2 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed June 15, 2007 (File No. 0-1667)
*10.22	Bob Evans Farms, Inc. Performance Incentive Plan Notice of Eligibility and Participation Agreement (for Tier 2 participants who are not eligible to retire)	Incorporated herein by reference to Exhibit 10.3 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed June 15, 2007 (File No. 0-1667)
*10.23	Bob Evans Farms, Inc. Performance Incentive Plan Notice of Eligibility and Participation Agreement (for Tier 2 participants who are eligible to retire)	Incorporated herein by reference to Exhibit 10.4 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed June 15, 2007 (File No. 0-1667)

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**Exhibit**

<u>Number</u>	<u>Description</u>	<u>Location</u>
<b>1994 Long Term Incentive Plan</b>		
*10.24	Bob Evans Farms, Inc. 1994 Long Term Incentive Plan (effective for options and other awards granted prior to May 1, 2002)	Incorporated herein by reference to Exhibit 10(n) to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 29, 1994 (File No. 0-1667)
*10.25	Bob Evans Farms, Inc. First Amended and Restated 1994 Long Term Incentive Plan (effective for options and other awards granted after May 1, 2002)	Incorporated herein by reference to Exhibit 10(q) to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 26, 2002 (File No. 0-1667)
<b>1998 Stock Option and Incentive Plan</b>		
*10.26	Bob Evans Farms, Inc. 1998 Stock Option and Incentive Plan (effective for options and other awards granted prior to May 1, 2002)	Incorporated herein by reference to Exhibit 4(f) to Bob Evans Farms, Inc.' s Registration Statement on Form S-8 filed March 22, 1999 (Registration No. 333-74829)
*10.27	Bob Evans Farms, Inc. First Amended and Restated 1998 Stock Option and Incentive Plan (effective for options and other awards granted after May 1, 2002)	Incorporated herein by reference to Exhibit 10(s) to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 26, 2002 (File No. 0-1667)
*10.28	Bob Evans Farms, Inc. Second Amended and Restated 1998 Stock Option and Incentive Plan (effective as of January 1, 2008)	Incorporated herein by reference to Exhibit 10.6 to Bob Evans Farms, Inc.' s Quarterly Report on Form 10-Q for its fiscal quarter ended October 26, 2007 (File No. 0-1667)
*10.29	First Amendment to the Bob Evans Farms, Inc. Second Amended and Restated 1998 Stock Option and Incentive Plan effective November 18, 2008	Incorporated herein by reference to Exhibit 10.12 to Bob Evans Farms, Inc.' s Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 2009 (File No. 0-1667)
*10.30	Form of Incentive Stock Option Notice and Agreement for the Bob Evans Farms, Inc. First Amended and Restated 1998 Stock Option and Incentive Plan	Incorporated herein by reference to Exhibit 10.23 to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 30, 2010 (File No. 0-1667)
*10.31	Form of Nonqualified Stock Option Notice and Agreement for the Bob Evans Farms, Inc. First Amended and Restated 1998 Stock Option and Incentive Plan	Incorporated herein by reference to Exhibit 10.24 to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 30, 2010 (File No. 0-1667)
*10.32	Form of Restricted Stock Award Notice and Agreement for the Bob Evans Farms, Inc. First Amended and Restated 1998 Stock Option and Incentive Plan	Incorporated herein by reference to Exhibit 10.25 to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 30, 2010 (File No. 0-1667)
*10.33	Nonqualified Stock Option Notice and Agreement – First Amended and Restated 1998 Stock Option and Incentive Plan (for awards on or after June 13, 2006)	Incorporated herein by reference to Exhibit 10.1 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed June 19, 2006 (File No. 0-1667)
*10.34	Incentive Stock Option Notice and Agreement – First Amended and Restated 1998 Stock Option and Incentive Plan (for awards on or after June 13, 2006)	Incorporated herein by reference to Exhibit 10.2 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed June 19, 2006 (File No. 0-1667)
*10.35	Restricted Stock Award Notice and Agreement (Director) – First Amended and Restated 1998 Stock Option and Incentive Plan (for awards on or after June 13, 2006)	Incorporated herein by reference to Exhibit 10.3 to Bob Evans Farms, Inc.' s Current Report on Form 8-K filed June 19, 2006 (File No. 0-1667)

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**Exhibit**

<u>Number</u>	<u>Description</u>	<u>Location</u>
*10.36	Restricted Stock Award Notice and Agreement (Employee) – First Amended and Restated 1998 Stock Option and Incentive Plan (for awards on or after June 13, 2006)	Incorporated herein by reference to Exhibit 10.4 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K filed June 19, 2006 (File No. 0-1667)

**2006 Equity and Cash Incentive Plan**

*10.37	Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan	Incorporated herein by reference to Exhibit 10 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K filed September 14, 2006 (File No. 0-1667)
*10.38	Bob Evans Farms, Inc. Amended and Restated 2006 Equity and Cash Incentive Plan (effective as of January 1, 2008)	Incorporated herein by reference to Exhibit 10.7 to Bob Evans Farms, Inc.’ s Quarterly Report on Form 10-Q for its fiscal quarter ended October 26, 2007 (File No. 0-1667)
*10.39	First Amendment to the Bob Evans Farms, Inc. Amended and Restated 2006 Equity and Cash Incentive Plan effective November 18, 2008	Incorporated herein by reference to Exhibit 10.13 to Bob Evans Farms, Inc.’ s Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 2009 (File No. 0-1667)
*10.40	Form of Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan Incentive Stock Option Award Agreement (For Employees – Performance Incentive Plan Award)	Incorporated herein by reference to Exhibit 10.1 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K filed April 25, 2007 (File No. 0-1667)
*10.41	Form of Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan Nonqualified Stock Option Award Agreement (For Employees – Performance Incentive Plan Award)	Incorporated herein by reference to Exhibit 10.2 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K filed April 25, 2007 (File No. 0-1667)
*10.42	Form of Bob Evans Farms, Inc. 2006 Annual Bonus Award Agreement (For Employees)	Incorporated herein by reference to Exhibit 10.7 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K filed April 25, 2007 (File No. 0-1667)
*10.43	Form of Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan Restricted Stock Award Agreement (For Employees – Performance Incentive Plan Award)	Incorporated herein by reference to Exhibit 10.1 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K filed May 17, 2007 (File No. 0-1667)
*10.44	Form of Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan Restricted Stock Award Agreement (For Non-Employee Directors)	Incorporated herein by reference to Exhibit 10.2 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K filed May 17, 2007 (File No. 0-1667)
*10.45	Form of Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan Whole Share Award Agreement (For Employees – General)	Incorporated herein by reference to Exhibit 10.3 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K filed May 17, 2007 (File No. 0-1667)
*10.46	Form of Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan Whole Share Award Agreement (For Employees – Performance Incentive Plan Award)	Incorporated herein by reference to Exhibit 10.4 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K filed April 25, 2007 (File No. 0-1667)
*10.47	Form of Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan Whole Share Award Agreement (For Non-Employee Directors)	Incorporated herein by reference to Exhibit 10.5 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K filed May 17, 2007 (File No. 0-1667)
*10.48	Form of Bob Evans Farms, Inc. 2006 Equity and Cash Incentive Plan Cash Based Award Agreement (For Employees – Performance Incentive Plan Award)	Incorporated herein by reference to Exhibit 10.5 to Bob Evans Farms, Inc.’ s Current Report on Form 8-K/A dated June 15, 2007 (File No. 0-1667)

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**Exhibit**

<u>Number</u>	<u>Description</u>	<u>Location</u>
<b>2010 Equity and Cash Incentive Plan</b>		
*10.50	Bob Evans Farms, Inc. 2010 Equity and Cash Incentive Plan	Incorporated herein by reference to Exhibit 10.1 to Bob Evans Farms, Inc.' s Form S-8 Registration Statement filed September 13, 2010 (333-169350) (File No. 0-1667)
*10.51	Bob Evans Farms, Inc. 2010 Equity and Cash Incentive Other Stock-Based (Whole Share) Award Agreement (For Directors)	Incorporated herein by reference to Exhibit 10.2 to Bob Evans Farms, Inc.' s Form S-8 Registration Statement filed September 13, 2010 (333-169350) (File No. 0-1667)
*10.52	Bob Evans Farms, Inc. 2010 Equity and Cash Incentive Plan Restricted Stock Award Agreement (For Directors)	Incorporated herein by reference to Exhibit 10.3 to Bob Evans Farms, Inc.' s Form S-8 Registration Statement filed September 13, 2010 (333-169350) (File No. 0-1667)
*10.53	Form of Bob Evans Farms, Inc. 2010 Equity and Cash Incentive Plan Restricted Stock and Restricted Stock Unit Award Agreement (For Employees)	Incorporated herein by reference to Exhibit 10.70 to Bob Evans Farms, Inc.' s Annual Report on Form 10-K for its fiscal year ended April 29, 2011 (File No. 0-1667)
21	Subsidiaries of Bob Evans Farms, Inc.	Filed herewith
23	Consent of Independent Registered Public Accounting Firm	Filed herewith
24	Power of Attorney	Filed herewith
31.1	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer)	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer)	Filed herewith
32.1	Section 1350 Certification (Principal Executive Officer)	Filed herewith
32.2	Section 1350 Certification (Principal Financial Officer)	Filed herewith
101.INS	XBRL Instance Document	**
101.SCH	XBRL Taxonomy Extension Schema Document	**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	**
101.PRE	XBRL Taxonomy Presentation Linkbase Document	**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	**

\* Denotes management contract or compensatory plan or agreement.

\*\* In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Annual Report on Form 10-K shall be deemed to be furnished and not filed herewith.

Direct and Indirect Subsidiaries of  
 Bob Evans Farms, Inc.  
 As of June 21, 2012

Name of Entity and Ownership Structure	Jurisdiction
Bob Evans Farms, Inc.	Delaware
- Bob Evans Farms, Inc.	Ohio
- - BEF Foods, Inc.	Ohio
- - - BEF Management, Inc.	Ohio
- - Bob Evans Holdings, Inc.	Ohio
- - Bob Evans Transportation Company, LLC	Ohio
- Mimi' s Cafe, LLC	Delaware
- - SWH Corporation	California
- - - Mimi' s Café Kansas, Inc.	Kansas
- - - Mimi' s Café of Rogers, Inc.	Arkansas
- - - SWH Too, LLC	Delaware
- - - SWH Texas, Inc.	Delaware
- - - - SWH Liquor Company	Texas
- - - SWH Oklahoma, Inc.	Oklahoma
- - - SWH Howard Maryland, Inc.	Maryland
- - - SWH Charles Maryland, Inc.	Maryland
- - - SWH Frederick Maryland, Inc.	Maryland

*The registrant has listed all of its direct and indirect subsidiaries and therefore the inclusion of any entity does not necessarily signify that it is a "significant subsidiary" of the registrant.*



## CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- Form S-8 No. 33-34149 401(k) Retirement Plan
- Form S-8 No. 33-53166 First Amended and Restated 1992 Nonqualified Stock Option Plan (formerly known as the Bob Evans Farms, Inc. Nonqualified Stock Option Plan)
- Form S-8 No. 33-69022 First Amended and Restated 1993 Long Term Incentive Plan for Managers (formerly known as the Bob Evans Farms, Inc. Long Term Incentive Plan for Managers)
- Form S-8 No. 33-55269 First Amended and Restated 1994 Long Term Incentive Plan (formerly known as the Bob Evans Farms, Inc. 1994 Long Term Incentive Plan)
- Form S-8 No. 333-74829 First Amended and Restated 1998 Stock Option and Incentive Plan (formerly known as the Bob Evans Farms, Inc. 1998 Stock Option and Incentive Plan)
- Form S-8 No. 333-106016 401(k) Retirement Plan
- Form S-8 No. 333-141139 2006 Equity and Cash Incentive Plan
- Form S-8 No. 333-169349 Bob Evans Farms, Inc. and Affiliates Fourth Amended and Restated Executive Deferral Program and the Bob Evans Farms, Inc. 2010 Director Deferral Program
- Form S-8 No. 333-169350 Bob Evans Farms, Inc. 2010 Equity and Cash Incentive Plan

of our reports dated June 21, 2012, with respect to the consolidated financial statements of Bob Evans Farms, Inc. and the effectiveness of internal control over financial reporting of Bob Evans Farms, Inc. included in this Annual Report (Form 10-K) of Bob Evans Farms, Inc. for the year ended April 27, 2012.

/s/ Ernst & Young LLP

Columbus, Ohio

June 21, 2012

**POWER OF ATTORNEY**

**KNOW ALL MEN BY THESE PRESENTS**, that the undersigned officer and/or director of Bob Evans Farms, Inc., a Delaware corporation (the “Company”), which is about to file with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities Exchange Act of 1934, as amended, the Annual Report of the Company on Form 10-K for the fiscal year ended April 27, 2012, hereby constitutes and appoints Steven A. Davis, Paul F. DeSantis, Colin M. Daly and Kevin C. O’ Neil as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign both the Annual Report on Form 10-K and any and all amendments and documents related thereto, and to file the same, and any and all exhibits, financial statements and schedules related thereto, and other documents in connection therewith, with the Securities and Exchange Commission and The NASDAQ Stock Market, granting unto each of said attorneys-in-fact and agents, and substitute or substitutes, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, and hereby ratifies and confirms all things that each of said attorneys-in-fact and agents, or either of them or his, her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

**IN WITNESS WHEREOF**, the undersigned has hereunto set his or her hand the day and year written to the right of his or her signature

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/Steven A. Davis</u> Steven A. Davis	Chairman of the Board and Chief Executive Officer (principal executive officer)	June 21, 2012
<u>/s/Larry C. Corbin</u> Larry C. Corbin	Director	June 21, 2012
<u>/s/Michael J. Gasser</u> Michael J. Gasser	Director	June 21, 2012
<u>/s/Dr. E. Gordon Gee</u> Dr. E. Gordon Gee	Director	June 21, 2012
<u>/s/E.W. (Bill) Ingram III</u> E.W. (Bill) Ingram III	Director	June 21, 2012



**Rule 13a-14(a)/15d-14(a) CERTIFICATION**

I, Steven A. Davis, certify that:

1. I have reviewed this Report on Form 10-K of Bob Evans Farms, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 21, 2012

/s/ Steven A. Davis

Steven A. Davis

Chairman and Chief Executive Officer

(Principal Executive Officer)

**Rule 13a-14(a)/15d-14(a) CERTIFICATION**

I, Paul F. DeSantis, certify that:

1. I have reviewed this Annual Report on Form 10-K of Bob Evans Farms, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 21, 2012

/s/ Paul F. DeSantis

Paul F. DeSantis

Chief Financial Officer, Treasurer and Assistant

Secretary (Principal Financial Officer)

**SECTION 1350 CERTIFICATION\***

I, Steven A. Davis, Chairman and Chief Executive Officer of Bob Evans Farms, Inc. (the "Company") certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 that:

1. The Annual Report on Form 10-K of the Company for the annual period ended April 27, 2012 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 21, 2012

/s/ Steven A. Davis

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Steven A. Davis

Chairman and Chief Executive Officer

(Principal Executive Officer)

A signed original of this written statement required by Section 906 had been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**SECTION 1350 CERTIFICATION\***

I, Paul F. DeSantis, Chief Financial Officer of Bob Evans Farms, Inc. (the "Company") certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350 that:

1. The Annual Report on Form 10-K of the Company for the annual period ended April 27, 2012 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 21, 2012

/s/ Paul F. DeSantis

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Paul F. DeSantis

Chief Financial Officer, Treasurer and Assistant

Secretary (Principal Financial Officer)

A signed original of this written statement required by Section 906 had been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Rent Expense (Details) (USD \$) In Thousands, unless otherwise specified	12 Months Ended		
	Apr. 27, 2012	Apr. 29, 2011	Apr. 30, 2010
<b><u>Rent Expense [Abstract]</u></b>			
<u>Minimum Rent</u>	\$ 34,738	\$ 30,175	\$ 27,693
<u>Contingent Rent</u>	288	388	462
<u>Total Rent</u>	\$ 35,026	\$ 30,563	\$ 28,155



**Goodwill & Other Intangible  
Assets (Details) (USD \$)  
In Thousands, unless  
otherwise specified**

**12 Months Ended**

**Apr. 27, 2012    Apr. 29, 2011**

**Indefinite-lived Intangible Assets by Major Class [Line Items]**

<u>Other Intangible Assets</u>	\$ 39,877	\$ 40,697
<u>Finite-Lived Intangible Assets, Accumulated Amortization</u>	(6,423)	(5,603)
<u>Total Intangible Assets Gross</u>	46,300	46,300
<u>Finite-Lived Intangible Assets, Useful Life</u>	15	
<u>Finite-Lived Intangible Assets, Amortization Expense</u>	820	

Restaurant Concept [Member]

**Indefinite-lived Intangible Assets by Major Class [Line Items]**

<u>Finite-Lived Intangible Assets, Gross</u>	12,300	12,300
<u>Other Intangible Assets</u>	5,877	6,697
<u>Finite-Lived Intangible Assets, Accumulated Amortization</u>	(6,423)	(5,603)

Business Trade Name [Member]

**Indefinite-lived Intangible Assets by Major Class [Line Items]**

<u>Indefinite-Lived Intangible Assets (Excluding Goodwill)</u>	\$ 34,000	\$ 34,000
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LT Debt (Details 4) (USD \$) In Thousands, unless otherwise specified	12 Months Ended		
	Apr. 27, 2012	Apr. 29, 2011	Apr. 30, 2010
<b><u>Footnote Long-Term Debt [Abstract]</u></b>			
<u>Interest Costs Incurred, Capitalized</u>	\$ 644	\$ 394	\$ 836
<u>Interest Paid</u>	8,558	9,264	10,972
<b><u>Line of Credit Facility [Abstract]</u></b>			
<u>Letters of Credit Outstanding, Amount</u>	10,849		
<u>Revolving Credit Facility Term</u>	5 years		
<u>Credit Facility Unused Capacity Commitment Fee Percentage Low End Of Range</u>	0.15%		
<u>Credit Facility Unused Capacity Commitment Fee Percentage High End Of Range</u>	0.275%		
<u>Line Of Credit Commitment Fee Amount</u>	1,000		
Libor [Member]			
<b><u>Line of Credit Facility [Line Items]</u></b>			
<u>Credit Facility Variable Rate Low End</u>	0.75%		
<u>Credit Facility Variable Rate High End</u>	2.00%		
<u>Debt Instrument, Basis Spread on Variable Rate</u>	1.00%		
Base Rate [Member]			
<b><u>Line of Credit Facility [Line Items]</u></b>			
<u>Credit Facility Variable Rate Low End</u>	0.00%		
<u>Credit Facility Variable Rate High End</u>	1.00%		
<u>Debt Instrument, Basis Spread on Variable Rate</u>	0.50%		
Revolving Credit Facility [Member]			
<b><u>Line of Credit Facility [Line Items]</u></b>			
<u>Line of Credit Facility, Maximum Borrowing Capacity</u>	\$ 300,000		

Quarterly Financial Data (Details) (USD \$) In Thousands, except Per Share data, unless otherwise specified	3 Months Ended							12 Months Ended			14 Months Ended
	Apr. 27, 2012	Jan. 27, 2012	Oct. 28, 2011	Jul. 29, 2011	Apr. 29, 2011	Jan. 28, 2011	Oct. 29, 2010	Jul. 30, 2010	Apr. 27, 2012	Apr. 29, 2011	Apr. 30, 2010

[Footnote Quarterly](#)

[Financial Data \[Abstract\]](#)

<a href="#">Net Sales</a>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	413,528	428,339	407,185	405,361	418,700	428,594	417,046	412,566	\$ 1,654,413	\$	\$	
<a href="#">Operating Income</a>	28,791	30,258	21,330	27,495	27,810	25,434	13,910	21,386	107,874	88,540	106,414	
<a href="#">Net Income</a>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	22,036	20,255	12,747	17,812	18,358	15,466	\$ 7,790	\$	12,549	\$ 72,850	\$ 54,163	\$ 70,328
<a href="#">Earnings Per Share - Basic</a>	\$ 0.76	\$ 0.69	\$ 0.42	\$ 0.59	\$ 0.61	\$ 0.51	\$ 0.26	\$ 0.41	\$ 2.45	\$ 1.79	\$ 2.29	
<a href="#">Earnings Per Share - Diluted</a>	\$ 0.76	\$ 0.69	\$ 0.42	\$ 0.59	\$ 0.60	\$ 0.51	\$ 0.26	\$ 0.41	\$ 2.45	\$ 1.78	\$ 2.28	
<a href="#">Common Stock Price High</a>	\$ 39.71	\$ 35.79	\$ 35.23	\$ 36.98	\$ 34.06	\$ 34.59	\$ 29.70	\$ 31.76				
<a href="#">Common Stock Price Low</a>	\$ 35.09	\$ 30.50	\$ 27.41	\$ 29.26	\$ 30.08	\$ 28.47	\$ 24.94	\$ 23.18				
<a href="#">Cash Dividends Paid Per Share</a>	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.18	\$ 0.95	\$ 0.78	\$ 0.68	

[Registered Stockholders](#)

19,776

[Quarterly Financial  
Information, Explanatory  
Disclosure](#)

• Quarter 4, 2012 consolidated results included the positive impact of \$2,010 as a result of eliminating a two-day early cutoff and the positive impact of \$1,200 as a result of settlements with certain taxing authorities.

**LT Debt (Details 2) (USD \$)**  
**In Thousands, unless**  
**otherwise specified**

**12 Months Ended**  
**Apr. 27, 2012**

**Private Placement [Line Items]**

Debt Instrument, Maturity Date Range, Start

July 2014

Debt Instrument, Maturity Date Range, End

July 2016

Senior Unsecured Fixed Rate Debt 190 Million [Member]

**Private Placement [Line Items]**

Proceeds from Issuance of Private Placement

190,000

Debt, Weighted Average Interest Rate

5.20%

Senior Unsecured Fixed Rate Debt 70 Million [Member]

**Private Placement [Line Items]**

Proceeds from Issuance of Private Placement

70,000

Debt, Weighted Average Interest Rate

6.39%

**Impairment, Restructuring  
and Severance Charges  
(Details) (USD \$)  
In Thousands, unless  
otherwise specified**

**12 Months Ended**

**Apr. 27, 2012 Apr. 29, 2011**

**Restructuring Cost and Reserve [Line Items]**

Restructuring Costs and Asset Impairment Charges \$ 2,995

Restructuring Charges 4,418

Mimi's Cafe Restaurants [Member]

**Restructuring Cost and Reserve [Line Items]**

Restructuring Charges 287 569

Foods [Member]

**Restructuring Cost and Reserve [Line Items]**

Restructuring Charges 2,995

Bob Evans Restaurants [Member]

**Restructuring Cost and Reserve [Line Items]**

Restructuring Charges \$ 854

**Goodwill and Other  
Intangible Assets (Tables)**

**12 Months Ended  
Apr. 27, 2012**

[Footnote Goodwill And  
Other Intangible Assets  
\[Abstract\]  
Intangible Assets Disclosure  
\[Text Block\]](#)

	Restaurant Concept	Business Trade Name	Total
April 27 2012, gross carrying amount	\$ 12,300\$	34,000\$	46,300
Accumulated amortization	(6,423)	-	(6,423)
April 27 2012, net carrying amount	<u>\$ 5,877\$</u>	<u>34,000\$</u>	<u>39,877</u>
April 29 2011, gross carrying amount	\$ 12,300\$	34,000\$	46,300
Accumulated amortization	(5,603)	-	(5,603)
April 29 2011, net carrying amount	<u>\$ 6,697\$</u>	<u>34,000\$</u>	<u>40,697</u>

**Stock-Based Compensation  
(Details 5) (USD \$)  
In Thousands, except Share  
data, unless otherwise  
specified**

**12 Months Ended**

**Apr. 27, 2012**

**Nonvested Shares And Units [Line Items]**

<u>Unrecognized Compensation Cost, Period for Recognition</u>	0.84
<u>Weighted Average Grant Date Fair Value, Nonvested</u>	\$ 29.27
<u>Weighted Average Grant Date Fair Value, Granted</u>	\$ 33.16
<u>Weighted Average Grant Date Fair Value, Vested</u>	\$ 29.20
<u>Weighted Average Grant Date Fair Value, Forfeited</u>	\$ 30.71
<u>Weighted Average Grant Date Fair Value, Nonvested</u>	\$ 30.42

Restricted Stock Awards [Member]

**Nonvested Shares And Units [Line Items]**

<u>Nonvested</u>	450,632
<u>Granted Shares</u>	125,207
<u>Vested Shares</u>	(155,603)
<u>Forfeited Shares</u>	(45,999)
<u>Nonvested</u>	374,237
<u>Unrecognized Compensation Cost, Period for Recognition</u>	2.55

Restricted Stock Units [Member]

**Nonvested Shares And Units [Line Items]**

<u>Nonvested</u>	0
<u>Granted Shares</u>	80,970
<u>Vested Shares</u>	0
<u>Forfeited Shares</u>	(1,176)
<u>Nonvested</u>	79,794
<u>Unrecognized Compensation Cost, Period for Recognition</u>	2.05

Restricted Stock Awards And Units [Member]

**Nonvested Shares And Units [Line Items]**

<u>Unrecognized Compensation Cost</u>	\$ 6,080
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Stock Options [Member]

**Nonvested Shares And Units [Line Items]**

<u>Unrecognized Compensation Cost</u>	\$ 325
---------------------------------------	--------

**Taxes (Details 3) (USD \$)**  
**In Thousands, unless**  
**otherwise specified**

**12 Months Ended**  
**Apr. 27, Apr. 29, Apr. 30,**  
**2012 2011 2010**

**Income Tax Expense (Benefit), Continuing Operations, Income Tax Reconciliation [Abstract]**

<u>Tax at Statutory Rate</u>	\$ 34,997	\$ 27,885	\$ 33,714
<u>State Income Tax (Net)</u>	2,461	2,791	2,983
<u>Goodwill Impairment</u>	0	0	0
<u>FICA Tip Credits</u>	(4,868)	(4,920)	(4,937)
<u>Settlement of State Income Tax Audits (Net)</u>	(2,038)	0	(2,534)
<u>Cash Surrender Value of Life Insurance</u>	(213)	(956)	(1,925)
<u>Work Oppurtunity Tax Credits</u>	(1,157)	(769)	(852)
<u>Limited Partnership Tax Credits</u>	0	(6)	(83)
<u>Reduction For Tax Positions Of Prior Years</u>	(1,178)	0	0
<u>Other Adjustments</u>	(864)	1,485	(368)
<u>Provisions for Income Taxes</u>	27,140	25,510	25,998
<b><u>Income Taxes Paid, Net [Abstract]</u></b>			
<u>Income Taxes Paid</u>	\$ 33,686	\$ 31,296	\$ 34,167



**Earnings Per Share (Details)** **12 Months Ended**  
**Apr. 27, 2012 Apr. 29, 2011 Apr. 30, 2010**

**Footnote Earnings Per Share**

<u>Basic</u>	29,679,000	30,332,000	30,775,000
<u>Effect of dilutive stock options</u>	102,000	90,000	115,000
<u>Diluted</u>	29,781,000	30,422,000	30,890,000
<u>Antidilutive Options Excluded</u>	567,698	517,151	690,952

**Other Compensation Plans  
(Details) (USD \$)  
In Thousands, unless  
otherwise specified**

**12 Months Ended**

**Apr. 27, 2012**

**Apr. 29,  
2011**   **Apr. 30,  
2010**

**Footnote Other Compensation  
Plans [Abstract]**

Description of Defined Contribution Pension and Other Postretirement Plans We have a defined contribution plan (401(k)) that is available to substantially all employees who have at least 1,000 hours of service.

<u>Employer Match Contribution</u>	\$ 1,522	\$	\$
		4,234	4,738

<u>Deferred Compensation Arrangement with Individual Employer Contribution</u>	\$ 618	\$ 654	\$ 1,751
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**LT Debt (Details 3) (USD \$)**  
**In Thousands, unless**  
**otherwise specified**

**Apr. 27, 2012**

**Long-term Debt, by Maturity [Abstract]**

<u>Long-term Debt, Maturities, Repayments of Principal in Next Twelve Months</u>	\$ 38,571
<u>Long-term Debt, Maturities, Repayments of Principal in Year Two</u>	48,571
<u>Long-term Debt, Maturities, Repayments of Principal in Year Three</u>	38,574
<u>Long-term Debt, Maturities, Repayments of Principal in Year Four</u>	5,000
<u>Long-term Debt, Maturities, Repayments of Principal in Year Five</u>	5,000
<u>Total Maturities of Long Term Debt</u>	\$ 135,716

## Long-Term Debt

12 Months Ended  
Apr. 27, 2012

### [Footnote Long-Term Debt](#)

#### [\[Abstract\]](#)

#### [Long-Term Debt](#)

#### Note 2 -- Long-Term Debt and Credit Arrangements

Long-term debt is comprised of the following:

	April 27, 2012	April 29, 2011
Unsecured senior notes issued July 28, 2004:		
Series C, due July 2014, 5.12%	\$ 40,716	\$ 54,287
Series D, due July 2016, 5.67%	25,000	25,000
Unsecured senior notes issued July 28, 2008:		
Series A, due July 2014, 6.39%	40,000	40,000
Series B, due July 2013, 6.39%	30,000	30,000
Total long-term debt	135,716	149,287
Less: current portion of long-term debt	38,571	13,571
Long-term debt less current portion	\$ 97,145	\$ 135,716

On July 28, 2004, we completed a private placement of \$190,000 in senior unsecured fixed-rate notes. The senior notes outstanding at April 27, 2012, mature over a period from July 2014 to July 2016, and carry a weighted-average interest rate of 5.2 percent, which we pay quarterly, with a mandatory prepayment of \$18,571 due on July 28, 2012.

On July 28, 2008, we completed a private placement of \$70,000 in senior unsecured fixed-rated notes. These notes were issued in two series. The \$40,000 Series A senior notes bear interest at 6.39 percent and mature on July 28, 2014, with a mandatory prepayment of \$20,000 due on July 28, 2012. The \$30,000 Series B senior notes bear interest at 6.39 percent and mature on July 28, 2013. The net proceeds from the notes we issued in fiscal 2009 were used to repay outstanding debt under existing bank credit facilities and to repay a portion of our previously outstanding senior notes.

Both of our senior note issues contain covenants customary for financings of this type that limit our ability to incur liens on assets, merge or consolidate with other entities, transfer or sell a substantial part of our assets, substantially change the nature of our business, engage in sale and leaseback transactions and enter into transactions with affiliates. We are also prohibited, subject to certain limited exceptions, from granting collateral under our credit facilities with our lenders unless such collateral is also granted to the note holders on an equal basis. The senior notes contain financial covenants that require a net worth floor limiting stock repurchases, a minimum fixed charge ratio as well as a limitation on our indebtedness.

As of April 27, 2012, we were in compliance with these covenants and restrictions. The senior notes also contain customary events of default, the occurrence of which will permit the holders of the notes to accelerate payment of the notes.

As of April 27, 2012, maturities of long-term debt are as follows:

2013	\$ 38,571
2014	48,571
2015	38,574
2016	5,000
2017	5,000
Total	\$ 135,716

During fiscal 2012, we obtained a \$300,000 revolving credit facility ("credit facility"); of which \$10,849 is reserved for certain stand-by letters of credit. The credit facility is intended to provide us with liquidity options and to support our primary growth and return initiatives. The credit facility extends over a period of five years and requires us to pay interest

on outstanding borrowings at a rate based on London Interbank Offered Rate (“LIBOR”) or the Base Rate plus a margin based on our leverage ratio, ranging from 0.75% to 2.00% per annum for LIBOR, and ranging from 0.00% to 1.00% per annum for the Base Rate. The Base Rate is the highest of (i) the Administrative Agent's prime rate (ii) the Federal Funds open rate plus 0.50% and (iii) the Daily LIBOR Rate plus 1.00%. We are also required to pay a commitment fee of 0.150% per annum to 0.275% per annum, based on our leverage ratio, on the average unused portion of the total lender commitments then in effect. At April 27, 2012, we did not have any balances outstanding on the credit facility. Our interest expense on variable rate debt may increase in future periods as the credit facility funding source is utilized. We incurred financing costs of \$1,000, which are being amortized over five years. During fiscal 2012, we did not have any balances outstanding on these arrangements.

Interest costs of \$ 644,\$ 394; and \$ 836 incurred in fiscal 2012, fiscal 2011 and fiscal 2010, respectively, were capitalized in connection with our construction activities. Interest paid in fiscal 2012, fiscal 2011 and fiscal 2010 was\$ 8,558;\$ 9,264; and \$ 10,972, respectively.

**Taxes (Details 4) (USD \$)**  
**In Thousands, unless**  
**otherwise specified**

**12 Months Ended**  
**Apr. 27, 2012 Apr. 29, 2011 Apr. 30, 2010**

**Income Tax Expense (Benefit) [Abstract]**

<u>Unrecognized Tax Benefits, Beginning Balance</u>	\$ 11,022	\$ 9,086	\$ 11,773
<u>Additons Based on Tax Positions Related to the Current Year</u>	600	2,351	752
<u>Reduction For Uncertain Tax Positions of Prior Years</u>	2,600		
<u>Reductions for Tax Positions of Prior Years</u>	(751)	0	0
<u>Reductions Due to Settlements with Taxing Authorities</u>	(1,936)	(53)	(2,862)
<u>Reductions Due to Statute of Limitations Expirations</u>	(493)	(362)	(577)
<u>Unrecognized Tax Benefits, Ending Balance</u>	\$ 11,042	\$ 11,022	\$ 9,086

**Fiscal Year (Details) (USD \$) 12 Months Ended**  
**In Thousands, unless**  
**otherwise specified Apr. 27, 2012**

Bob Evans Restaurants [Member]

[Sales Cut Off \[Line Items\]](#)

[Sales Cut Off Operating Income](#) \$ 1,803

Mimi's [Member]

[Sales Cut Off \[Line Items\]](#)

[Sales Cut Off Operating Income](#) \$ 207

**Nature Of Operations  
(Details)**

**Apr. 27, 2012**

**Nature Of Operations [Line Items]**

Number of Stores 710

Bob Evans Restaurants [Member]

**Nature Of Operations [Line Items]**

Number of Stores 565

Number of States in which Entity Operates 19

Mimi's Cafe Restaurants [Member]

**Nature Of Operations [Line Items]**

Number of Stores 145

Mimi's [Member]

**Nature Of Operations [Line Items]**

Number of States in which Entity Operates 24



Industry Segments (Details) (USD \$) In Thousands, unless otherwise specified	3 Months Ended						12 Months Ended				
	Apr. 27, 2012	Jan. 27, 2012	Oct. 28, 2011	Jul. 29, 2011	Apr. 29, 2011	Jan. 28, 2011	Oct. 29, 2010	Jul. 30, 2010	Apr. 27, 2012	Apr. 29, 2011	Apr. 30, 2010
<u>Industry Segment [Line Items]</u>											
<u>Net Sales</u>	\$ 413,528	\$ 428,339	\$ 407,185	\$ 405,361	\$ 418,700	\$ 428,594	\$ 417,046	\$ 412,566	\$ 1,654,413	\$ 1,676,906	\$ 1,726,804
<u>Intersegment Net Sales of Food Products</u>									(14,445)	(13,633)	(11,962)
<u>Net Sales Including Intersegment Sales</u>	1,668,858				1,690,539				1,668,858	1,690,539	1,738,766
<u>Operating Income</u>	28,791	30,258	21,330	27,495	27,810	25,434	13,910	21,386	107,874	88,540	106,414
<u>Depreciation and Amortization Expense</u>									82,112	83,148	83,988
<u>Capital Expenditures</u>									88,357	43,987	51,266
<u>Identifiable Assets</u>	1,065,777				1,094,321				1,065,777	1,094,321	
Bob Evans Restaurants [Member]											
<u>Industry Segment [Line Items]</u>											
<u>Net Sales</u>									973,678	976,666	1,005,094
<u>Operating Income</u>									88,810	73,426	77,456
<u>Depreciation and Amortization Expense</u>									49,082	48,396	49,460
<u>Capital Expenditures</u>									74,282	31,057	23,870
<u>Identifiable Assets</u>	719,245				734,944				719,245	734,944	696,141
Mimi's Cafe [Member]											
<u>Industry Segment [Line Items]</u>											
<u>Net Sales</u>									366,015	380,267	405,998
<u>Operating Income</u>									(1,436)	(7,657)	7,688
<u>Depreciation and Amortization Expense</u>									23,576	24,667	24,976
<u>Capital Expenditures</u>									6,493	5,248	9,485
<u>Identifiable Assets</u>	215,925				228,966				215,925	228,966	261,902
Foods [Member]											
<u>Industry Segment [Line Items]</u>											
<u>Net Sales</u>									329,165	333,606	327,674
<u>Operating Income</u>									20,500	22,771	21,270
<u>Depreciation and Amortization Expense</u>									9,454	10,085	9,552
<u>Capital Expenditures</u>									7,582	7,682	17,911
<u>Identifiable Assets</u>	90,670				91,931				90,670	91,931	116,639
General Corporate [Member]											
<u>Industry Segment [Line Items]</u>											
<u>Identifiable Assets</u>	\$ 39,937				\$ 38,480				\$ 39,937	\$ 38,480	\$ 34,207

Taxes (Details 5) (USD \$) In Thousands, unless otherwise specified	12 Months Ended	
	Apr. 27, 2012	Apr. 29, 2011    Apr. 30, 2010
<b><u>Income Tax Uncertainties [Abstract]</u></b>		
<u>Unrecognized Tax Benefits, Period Increase (Decrease)</u>	\$ 20	
<u>Unrecognized Tax Benefits that Would Impact Effective Tax Rate</u>	8,001	8,113    7,967
<b><u>Significant Change in Unrecognized Tax Benefits is Reasonably Possible [Line Items]</u></b>		
<u>Income Tax Examination, Year(s) under Examination</u>	With few exceptions, we are subject to audit by taxing authorities for fiscal years 2009 through 2011.	
<b><u>Unrecognized Tax Benefits, Income Tax Penalties and Interest Accrued [Abstract]</u></b>		
<u>Unrecognized Tax Benefits, Income Tax Penalties and Interest Accrued</u>	2,986	4,184
<b><u>Unrecognized Tax Benefits, Income Tax Penalties and Interest Expense [Abstract]</u></b>		
<u>Unrecognized Tax Benefits, Income Tax Penalties and Interest Expense</u>	\$ 668	\$ 720    \$ 761

**Allowance for Doubtful  
Accounts (Details) (USD \$)  
In Thousands, unless  
otherwise specified**

**Apr. 27, 2012 Apr. 29, 2011 Apr. 30, 2010**

**Accounts Receivable, Net [Abstract]**

**Allowance for Doubtful Accounts Receivable \$ 327 \$ 302 \$ 446**

**Inventory (Details) (USD \$)**

**In Thousands, unless  
otherwise specified**

**Apr. 27, 2012 Apr. 29, 2011**

**[Inventory Disclosure \[Abstract\]](#)**

<u><a href="#">Inventory, Raw Materials and Supplies</a></u>	\$ 15,159	\$ 16,545
<u><a href="#">Inventory, Finished Goods</a></u>	\$ 8,229	\$ 6,981

Summary of Significant  
Accounting Policies

12 Months Ended  
Apr. 27, 2012

[Accounting Policies](#)

[\[Abstract\]](#)

[Summary of Significant  
Accounting Policies](#)

**Note 1 -- Summary of Significant Accounting Policies**

**Description of Business:** As of April 27, 2012, Bob Evans Farms, Inc. ("Bob Evans") and its subsidiaries (collectively, Bob Evans and its subsidiaries are referred to as the "company," "we," "us" and "our") owned and operated 710 full-service restaurants, including 565 Bob Evans Restaurants in 19 states and 145 Mimi's Cafés, "Mimi's", in 24 states. Bob Evans Restaurants are primarily located in the Midwest, mid-Atlantic and Southeast regions of the United States. Mimi's are primarily in California and other western states. We also produce and distribute pork sausage products and a variety of complementary home-style convenience food items under the Bob Evans and Owens brand names. These food products are distributed primarily to warehouses that distribute to grocery stores throughout the United States.

**Principles of Consolidation:** The consolidated financial statements include the accounts of Bob Evans and its subsidiaries. Intercompany accounts and transactions have been eliminated. Dollars are in thousands, except per share amounts.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from the estimates and assumptions used.

**Segment Information:** Beginning with our annual reporting period of fiscal 2012, we have separately disclosed results for Bob Evans Restaurants and Mimi's Café, previously reported as the restaurant segment, as the economic characteristics no longer fully supported aggregation of the two restaurant concepts. We now report results for three business segments consisting of Bob Evans Restaurants, Mimi's Café and Foods. The revenues from these segments include both net sales to unaffiliated customers and intersegment net sales, which are accounted for on a basis consistent with net sales to unaffiliated customers. Intersegment net sales and other intersegment transactions have been eliminated in the consolidated financial statements. Operating income represents earnings before interest and income taxes. Identifiable assets by segment are those assets that are used in our operations in each segment. General corporate assets consist of cash equivalents, long-term investments and deferred income tax assets.

**Fiscal Year:** Our fiscal year ends on the last Friday in April. References herein to fiscal 2012, fiscal 2011 and fiscal 2010 refer to fiscal years ended April 27, 2012; April 29, 2011; and April 30, 2010, respectively. All years presented were comprised of 52 weeks, except for fiscal 2010, which contained 53 weeks.

Prior to fiscal 2012, the consolidated operating results of Bob Evans Restaurants and Mimi's Café segments were reported based upon a two-day early cutoff. During fiscal 2012, we eliminated this two-day early cutoff, as it was no longer required to achieve a timely consolidation. The effect of this change was to reflect 367 days of operating results for Bob Evans Restaurants and Mimi's Café within our fiscal 2012 consolidated income statements. This resulted in \$1,803 and \$207 of additional operating income for Bob Evans Restaurants and Mimi's Café, respectively.

**Revenue Recognition:** Revenue is recognized for Bob Evans Restaurants and Mimi's at the point of sale, other than revenue from the sale of gift cards, which is deferred and recognized upon redemption. Revenue in the Foods segment is generally recognized when products are received by our customers. All revenue is presented net of sales tax collections.

We issue gift cards which contain no expiration dates or inactivity fees. We recognize revenue from gift cards when they are redeemed by the customer. In addition, we recognize income on unredeemed gift cards ("gift card breakage") based on historical redemption patterns. Gift card breakage is included in net sales in the Consolidated Statements of Income, and the liability for unredeemed gift cards is included in deferred revenue on the Consolidated Balance Sheets.

**Cash Equivalents:** We consider all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

**Accounts Receivable:** Accounts receivable represents amounts owed to us through our operating activities and are presented net of allowance for doubtful accounts. We evaluate the collectability of our accounts receivable based on a

combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us, we record a specific allowance for bad debts against amounts due to reduce the net recognized receivable to the amount we reasonably believe will be collected. In addition, we recognize allowances for bad debts based on the length of time receivables are past due with allowance percentages, based on our historical experiences, applied on a graduated scale relative to the age of the receivable amounts. If circumstances such as higher than expected bad debt experience or an unexpected material adverse change in a major customer's ability to meet its financial obligations to us were to occur, we estimate the recoverability of amounts due to us could change by a material amount. During fiscal 2012 we had allowance for doubtful accounts of \$327, compared to \$302 and \$446 for fiscal years 2011 and 2010, respectively.

**Concentration of Credit Risk and Major Customers:** We maintain cash depository accounts with major banks and invest in high-quality short-term liquid instruments. Such investments are made only in instruments issued or enhanced by high-quality institutions. These investments mature within three months and we have not incurred any related losses.

Accounts receivable can be potentially exposed to a concentration of credit risk with customers or in particular industries. Such credit risk is considered by management to be limited due to our many customers, none of which are considered principal in our total operations and doing business in a variety of industries throughout the world. We do have two individual customers that exceed 10 percent of total revenue. In addition, we perform ongoing credit evaluations of our customers' financial conditions and maintain reserves for credit losses. Such losses historically have been within our expectations.

**Inventories:** We value inventories at the lower of first-in, first-out cost or market. Inventory includes raw materials and supplies (\$15,159 in fiscal 2012 and \$ 16,545 in fiscal 2011) and finished goods (\$8,229 in fiscal 2012 and \$ 6,981 in fiscal 2011).

**Property, Plant and Equipment:** Property, plant and equipment are recorded at cost less accumulated depreciation. The straight-line depreciation method is used for nearly all capitalized assets, although some assets purchased prior to fiscal 1995 continue to be depreciated using accelerated methods. Depreciation is calculated at rates adequate to amortize costs over the estimated useful lives of buildings and improvements (15 to 25 years) and machinery and equipment (3 to 10 years). Improvements to leased properties are depreciated over the shorter of their useful lives or the lease terms. Total depreciation expense was \$ 81,301; \$ 82,323; and \$ 83,095 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

We sell real property via like-kind exchanges under Internal Revenue Code Section 1031 whereby gains are not recognized for federal income tax purposes. We recognize all such gains for financial reporting purposes in the period the property is sold. Consolidated results for fiscal 2012, fiscal 2011 and fiscal 2010 include net pretax gains of \$ 365; \$ 128 and \$ 1,362, respectively, on sale of assets. The gains are classified as a reduction of selling, general and administrative ("S,G&A") expenses in the Consolidated Statements of Income.

We evaluate property, plant and equipment held and used in the business for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. Impairment is determined by comparing the estimated undiscounted future operating cash flows for the asset group to the carrying amount of its assets. If impairment exists, the amount of impairment is measured as the excess of the carrying amount over the estimated discounted future operating cash flows of the asset and the expected proceeds upon sale of the asset.

During fiscal 2012, fiscal 2011 and fiscal 2010, we identified certain operating and closed locations with negative cash flows, declining net sales performance or other potential indicators of impairment. In fiscal 2012, pretax fixed asset impairment charges were recorded in Bob Evans Restaurants and Mimi's of \$3,199 and \$2,327, respectively, for three underperforming operating locations and five other properties for Bob Evans Restaurants and eight underperforming operating locations for Mimi's. The Mimi's impairments in fiscal year 2012 were predominately locations that had been previously partially impaired. In fiscal 2011, pretax fixed asset impairment charges were recorded in Bob Evans Restaurants and Mimi's of \$1,896 and \$13,070 respectively, for three underperforming Bob Evans Restaurants and eight underperforming Mimi's. In fiscal 2012, a pretax fixed asset impairment of \$87 was recorded in the Foods segment. Also in fiscal 2011, a \$1,239 pretax fixed asset impairment charge was recorded in the Foods segment for the closure of a fresh sausage operation and a food production facility. In fiscal 2010, a \$6,195 pretax fixed asset impairment charge was recorded for four underperforming Bob Evans Restaurant operating locations and 22 other properties. We did not record any fixed asset impairment charges for Mimi's in fiscal 2010. The fixed asset impairment charges are reflected in S,G&A expenses in the Consolidated Statements of Income.

In accordance with the Property, Plant and Equipment Topic of the FASB ASC, we wrote down the carrying value of the underlying assets to their estimated fair value, which resulted in the above impairment charges. The estimated fair value was determined based on independent appraisals, which we deemed to be Level 3 inputs under the Fair Value Measurements and Disclosures Topic of the FASB ASC.

**Restructuring and Severance Charges:** During fiscal 2012, we recorded restructuring and severance charges of \$287 for Mimi's Café (reflected in S,G&A). We did not record any restructuring and severance charges for Bob Evans Restaurants or Foods in fiscal 2012. During fiscal 2011, we recorded pretax restructuring and severance charges totaling \$4,418 (reflected in S,G&A). In Bob Evans Restaurants and Mimi's, this included \$854 and \$569 of severance/retirement costs, respectively. Also in fiscal 2011, we recorded pretax restructuring and severance charges of \$2,995 in the Foods segment, primarily related to the closure of our fresh sausage operations at our plant in Bidwell, Ohio, and our food production facility in Galva, Illinois. All amounts related to Bob Evans Restaurants, Mimi's and Foods segments restructuring and severance charges have been settled in fiscal 2012 and fiscal 2011. We did not record any restructuring or severance charges in Bob Evans Restaurants or Mimi's in fiscal 2010.

**Life Insurance Proceeds:** The cash receipts and payments related to life insurance proceeds are included in cash flows from operating activities on the Consolidated Statements of Cash Flows.

**Long-term Investments:** Long-term investments include assets held under certain deferred compensation arrangements, which represent the cash surrender value of company-owned life insurance policies and investments in income tax credit limited partnerships. An offsetting liability for the amount of the cash surrender value of company-owned life insurance is included in the deferred compensation liability amount on the Consolidated Balance Sheets. Investments in income tax credit limited partnerships are recorded at amortized cost. We amortized the investments to the expected residual value of the partnerships once the income tax credits are fully utilized. The amortization period of the investments matches the respective income tax credit period. The income tax credit limited partnerships became fully amortized during fiscal 2012.

**Goodwill and Other Intangible Assets:** Goodwill, which represents the cost in excess of fair market value of net assets acquired, was \$1,567 for both fiscal 2012 and fiscal 2011. Goodwill is not amortized; rather it is tested for impairment at the beginning of the fourth quarter each year or on a more frequent basis when events occur or circumstances change between the annual tests that would more likely than not reduce the fair value of the reporting unit below its carrying value. In fiscal 2012, 2011, and 2010, no indicators existed for impairment, thus no goodwill impairment charges were recorded.

Other intangible assets consist of the Mimi's business trade name and restaurant concept. The trade name intangible asset is deemed to have an indefinite economic life and is not amortized. It is tested for impairment at the beginning of the fourth quarter each year or on a more frequent basis if events or changes in circumstances indicate the asset might be impaired. The restaurant concept intangible asset is amortized on a straight-line basis over its estimated economic life of 15 years. In fiscal 2012, 2011 and 2010, there were no intangible asset impairment charges. See Note 7.

**Financial Instruments:** The fair values of our financial instruments (other than long-term debt) approximate their carrying values at April 27, 2012, and April 29, 2011. At April 27, 2012, the estimated fair value of our long-term debt approximated 142,025 compared to a carrying amount of 135,716. At April 29, 2011, the estimated fair value of our long-term debt approximated 160,466 compared to a carrying amount of 149,287. We estimate the fair value of our long-term debt based on the current interest rates offered for debt of the same maturities. We do not use derivative financial instruments for speculative purposes.

**Treasury Stock:** During fiscal 2012, fiscal 2011 and fiscal 2010, we followed a policy of issuing treasury shares to satisfy award exercises or conversions.

**Preopening Expenses:** Expenditures related to the opening of new restaurants, other than those for capital assets, are expensed when incurred.

**Advertising Costs:** We expense advertising costs as incurred. Advertising expense was \$ 51,266; \$ 49,311; and \$ 45,648 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

**Cost of Sales:** Cost of sales represents primarily food cost for Bob Evans Restaurants and Mimi's and cost of materials in the Foods segments. Cash rebates that we receive from suppliers are recorded as a reduction of cost of sales in the periods in which they are earned. The amount of each rebate is directly related to the quantity of product purchased from the supplier.

**Promotional Spending:** In our Foods segment, we engage in promotional (sales incentive) programs in the form of “off-invoice” deductions, billbacks, cooperative advertising and coupons. Costs associated with these programs are classified as a reduction of net sales in the period in which the sale occurs. Promotional spending was \$47,163, \$42,805 and \$74,020 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

**Comprehensive Income:** Comprehensive income is the same as reported net income.

**Earnings Per Share:** Basic earnings-per-share computations are based on the weighted-average number of shares of common stock outstanding during the period presented. Diluted earnings-per-share calculations reflect the assumed exercise and conversion of outstanding stock options.

The numerator in calculating both basic and diluted earnings per share for each year is reported net income. The denominator is based on the following weighted-average number of common shares outstanding (in thousands):

	2012	2011	2010
Basic	29,679	30,332	30,775
Dilutive stock options	102	90	115
Diluted	29,781	30,422	30,890

Options to purchase 567,698, 517,151 and 690,952 shares of common stock in fiscal 2012, fiscal 2011, and fiscal 2010, respectively, were excluded from the diluted earnings-per-share calculations because they were antidilutive.

**Stock-based Employee Compensation:** The Compensation – Stock Compensation Topic of the FASB ASC requires that we measure the cost of employee services received in exchange for an equity award, such as stock options or restricted stock awards, based on the fair value of the award on the grant date. The cost is recognized in the income statement over the vesting period of the award on a straight-line basis. In fiscal 2012, awards issued to retirement eligible employees, in the 2010 Plan, were no longer subject to immediate expensing in full upon grant. (See Note 4). Awards to retirement eligible employees are recognized over the vesting period of the award on a straight line basis. Compensation cost recognized includes: (1) compensation cost for all stock-based awards granted prior to, but not yet fully vested as of April 28, 2006, based on the grant date fair value estimated in accordance with the original provisions of the Compensation – Stock Compensation Topic of the FASB ASC and (2) compensation cost for all stock-based awards granted after April 28, 2006, based on the grant date fair value estimated in accordance with the Compensation – Stock Compensation Topic of the FASB ASC. Total stock-based compensation cost in fiscal 2012, fiscal 2011 and fiscal 2010 was \$5,603; \$7,259; and \$7,530, respectively. The related tax benefit recognized was \$1,671; \$2,389; and \$2,069 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. Nearly all of the expense associated with stock-based compensation is reflected in S,G&A expense.

The fair value of each option awarded in fiscal 2011 and fiscal 2010 was estimated on the date of grant using the Black-Scholes option-pricing model. We did not award any stock options in fiscal 2012. The expected term of options granted is based on the historical exercise behavior of full-term options, and the expected volatility is based on the historical volatility of our common stock. The risk-free rate is based on the U.S. Treasury zero-coupon yield curve in effect at the time of grant. Both expected volatility and the risk-free rate are based on a period commensurate with the expected option term. The expected dividend yield is based on the current dividend, the current market price of our common stock and historical dividend yields.

The following table presents the weighted-average per share fair value of options granted and the weighted-average assumptions used, based on a Black-Scholes option-pricing model:

	2011	2010
Per share fair value of options	\$ 7.60	\$ 9.73
Expected dividend yield	2.57%	2.10%
Expected volatility	45.64%	45.86%
Risk-free interest rate	1.18%	1.81%
Expected term (in years)	3.5	3.4



**Other Compensation Plans:** We have a defined contribution plan (401(k)) that is available to substantially all employees who have at least 1,000 hours of service. We also have a nonqualified deferred compensation plan, the Bob Evans Executive Deferral Plan (“BEEDP”), which provides certain executives the opportunity to defer a portion of their current income to future years. Our annual matching contributions to the plans are at the discretion of our Board of Directors. The SERP (see Note 5) provides awards in the form of nonqualified deferred cash compensation.

**Leases:** Rent expense for our operating leases, which generally have escalating rent payments over the term of the leases, is recorded on a straight-line basis over the lease term. We record the difference between the amount charged to expense and the rent paid as deferred rent in the Consolidated Balance Sheet, and begin amortizing the deferred rent upon the delivery of the lease location by the lessor, which is typically before rent payments are due under the terms of the lease. The difference between the straight-line rent calculation and rent paid is recorded as deferred rent in the Consolidated Balance Sheets. We expense all straight-line rent recorded during the build-out period for new restaurants.

Contingent rents are generally amounts due as a result of net sales in excess of amounts stipulated in certain restaurant leases and are included in rent expense as they accrue.

Rental expense in fiscal 2012, fiscal 2011 and fiscal 2010 was as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Minimum rent	\$ 34,738	\$ 30,175	\$ 27,693
Contingent rent	<u>288</u>	<u>388</u>	<u>462</u>
Total rent	<u>\$ 35,026</u>	<u>\$ 30,563</u>	<u>\$ 28,155</u>

In some instances, we have received contributions or a reduction in rent from landlords to help fund the construction of new restaurants or remodeling of existing locations. We account for landlord contributions as lease incentive obligations that are amortized as a reduction to rent expense over the applicable lease term. Lease incentive obligations are included in the Consolidated Balance Sheets as deferred rent.

**Income Taxes:** Our effective tax rate is based on income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Significant judgment is required in evaluating our tax positions, which has an impact on our effective tax rate. We establish reserves when, despite our belief that our tax return positions are fully supportable, we believe that certain positions are likely to be challenged based on technical merits. A tax benefit from an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination, including the resolution of any related appeals or litigation, based on the technical merits. The amount recognized is measured as the largest amount of tax benefit that is more than 50 percent likely to be realized upon settlement.

**Commitments and Contingencies:** We rent certain restaurant facilities under operating leases having initial terms that primarily expire approximately 20 years from inception. The leases typically contain renewal clauses of 5 to 30 years exercisable at our option. Certain of these leases require the payment of contingent rentals based on a percentage of gross revenues, as defined by the terms of the applicable lease agreement. Most of the leases also contain either fixed or inflation-adjusted escalation clauses.

We are self-insured for most casualty losses and employee health-care claims up to certain stop-loss limits per claim. We have accounted for liabilities for casualty losses, including both reported claims and incurred but not reported claims, based on information provided by independent actuaries. We have accounted for our employee health-care claims liability through a review of incurred and paid claims history. We do not believe that our calculation of casualty losses and employee health-care claims liabilities would change materially under different conditions and/or different methods. However, due to the inherent volatility of actuarially determined casualty losses and employee health-care claims, it is reasonably possible that we could experience changes in estimated losses, which could be material to both quarterly and annual net income.

We are from time-to-time involved in ordinary and routine litigation, typically involving claims from customers, employees and others related to operational issues common to the restaurant and food manufacturing industries. In addition to the class action lawsuits described above, we are involved with a number of pending legal proceedings incidental to our business. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on our financial position, cash flows or results of operations.

**Reclassifications:**

Certain prior-year amounts have been reclassified to conform to the fiscal 2012 classification. Such reclassifications had no impact on reported net income.

**New Accounting Pronouncements:**

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820) - Fair Value Measurement (ASU 2011-04). The amendments in this update changed the wording used in the existing guidance to better align U.S. Generally Accepted Accounting Principles with International Financial Reporting Standards and to clarify the FASB's intent on various aspects of the fair value guidance. The update also required increased disclosure of quantitative information about unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy. This update was effective for our fourth quarter of fiscal 2012. Since we did not have any investments with unobservable market inputs, thus this update did not impact our consolidated financial statements. The effect of this guidance on future periods will depend on the nature and significance of any fair value measurements we subsequently make that are subject to this guidance.

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-08, Intangibles - Goodwill and Other (Topic 350), Testing Goodwill for Impairment, (ASU 2011-08), which permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that a reporting unit's fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. This update was effective for our fourth quarter of fiscal 2012. We elected to perform the Our qualitative assessment which indicated that our goodwill of \$1,567 was not impaired.

**PPE (Details) (USD \$)**  
**In Thousands, unless**  
**otherwise specified**

**12 Months Ended**

**Apr. 27, 2012 Apr. 29, 2011 Apr. 30, 2010**

**Property Plant And Equipment**

Depreciation \$ 81,301 \$ 82,323 \$ 83,095

Gain From Delayed Tax Exempt Exchange 365 128 1,362

Bob Evans Restaurants [Member]

**Asset Impairment [Line Items]**

Asset Impairment Charges 3,199 1,896 6,195

Number Of Impaired Locations three three four

Mimi's Cafe [Member]

**Asset Impairment [Line Items]**

Asset Impairment Charges 2,327 13,070

Number Of Impaired Locations eight eight

Foods [Member]

**Asset Impairment [Line Items]**

Asset Impairment Charges \$ 87 \$ 1,239

Bob Evans Restaurants - Other [Member]

**Asset Impairment [Line Items]**

Number Of Impaired Locations five 22

**Taxes (Details 1) (USD \$)**  
**In Thousands, unless**  
**otherwise specified**

**Apr. 27, 2012 Apr. 29, 2011**

**Components of Deferred Tax Assets [Abstract]**

<u>Loss on Impaired Assets</u>	\$ 7,866	\$ 7,863
<u>Self Insurance</u>	7,724	7,551
<u>Vacation Pay</u>	2,296	1,997
<u>Stock and Deferred Compensation Plans</u>	20,219	19,503
<u>Accrued Bonus</u>	715	941
<u>Deferred Rent</u>	6,503	6,549
<u>Other</u>	3,417	3,071
<u>Totoal Deferred Tax Assets</u>	48,740	47,475

**Components of Deferred Tax Liabilities [Abstract]**

<u>Accelerated Depreciation/Asset Disposals</u>	71,819	76,077
<u>Intangible Assets</u>	14,852	15,223
<u>Other Deferred Tax Liabilities</u>	2,070	2,092
<u>Total Deferred Tax Liabilities</u>	88,741	93,392
<u>Net Deferred Tax Liabilities</u>	\$ 40,001	\$ 45,917

**Commitments &  
Contingencies (Details) (USD**

**)**

**In Thousands, unless  
otherwise specified**

**12 Months Ended**

**Apr. 27, 2012**

**Footnotes Commitments And Contingencies [Abstract]**

<u>Operating Lease Initial Term</u>	20
<u>Operating Lease Minimum Renewal Term</u>	5
<u>Operating Lease Maximum Renewal Term</u>	30
<u>Commitments And Contingencies</u>	\$ 57,368
<b><u>Operating Leases, Future Minimum Payments Due [Abstract]</u></b>	
<u>Operating Leases, Future Minimum Payments Due, Current</u>	26,308
<u>Operating Leases, Future Minimum Payments, Due in Two Years</u>	26,250
<u>Operating Leases, Future Minimum Payments, Due in Three Years</u>	25,153
<u>Operating Leases, Future Minimum Payments, Due in Four Years</u>	24,135
<u>Operating Leases, Future Minimum Payments, Due in Five Years</u>	23,988
<u>Operating Leases, Future Minimum Payments, Due Thereafter</u>	188,359
<u>Operating Leases, Future Minimum Payments Due</u>	\$ 314,193

**CONSOLIDATED  
BALANCE SHEETS (USD**

**)**

**In Thousands, unless  
otherwise specified**

**Apr. 27, Apr. 29,  
2012 2011**

**Assets**

<u>Cash and equivalents</u>	\$ 35,946	\$ 57,730
<u>Accounts receivable</u>	29,850	26,043
<u>Inventories</u>	23,388	23,526
<u>Deferred income taxes</u>	11,738	10,860
<u>Prepaid expenses</u>	2,725	1,446
<u>Total Current Assets</u>	103,647	119,605
<b><u>Property Plant And Equipment</u></b>		
<u>Land</u>	250,408	245,903
<u>Buildings and improvements</u>	946,361	933,808
<u>Machinery and equipment</u>	504,586	491,426
<u>Construction in progress</u>	5,111	1,055
<u>Property, plant and equipment</u>	1,706,466	1,672,192
<u>Less accumulated depreciation</u>	823,171	771,314
<u>Net Property, Plant and Equipment</u>	883,295	900,878
<b><u>Other Assets</u></b>		
<u>Deposits and other</u>	9,259	3,954
<u>Long-term investments</u>	28,132	27,620
<u>Goodwill</u>	1,567	1,567
<u>Other Intangible Assets</u>	39,877	40,697
<u>Total Other Assets</u>	78,835	73,838
<u>Total Assets</u>	1,065,777	1,094,321
<b><u>Liabilities</u></b>		
<u>Current portion of long-term debt</u>	38,571	13,571
<u>Accounts payable</u>	26,085	30,418
<u>Federal and state income taxes</u>	12,469	10,793
<u>Accrued nonincome taxes</u>	21,251	20,519
<u>Accrued wages and related liabilities</u>	33,505	36,024
<u>Self-insurance</u>	26,079	26,058
<u>Deferred revenue</u>	15,476	16,289
<u>Other accrued expenses</u>	21,453	17,440
<u>Total Current Liabilities</u>	194,889	171,112
<b><u>Long-Term Liabilities</u></b>		
<u>Deferred compensation</u>	30,688	29,685
<u>Federal and state income taxes</u>	9,633	12,443
<u>Deferred income taxes</u>	51,739	56,777
<u>Deferred rent</u>	25,097	24,478
<u>Long-term debt less current portion</u>	97,145	135,716
<u>Total Long-Term Liabilities</u>	214,302	259,099

### Stockholders' Equity

<u>Common stock, \$.01 par value; authorized 100,000,000 shares; issued 42,638,118 shares at April 27, 2012, and April 29, 2011, at cost</u>	426	426
<u>Capital in excess of par value</u>	202,365	188,736
<u>Retained earnings</u>	863,149	818,561
<u>Treasury stock, 14,027,663 shares at April 27, 2012 and 12,409,338 shares at April 29, 2011, at cost</u>	(409,354)	(343,613)
<u>Total Stockholders Equity</u>	656,586	664,110
<u>Total Liabilities and Stockholders' Equity</u>	\$	\$
	1,065,777	1,094,321

**LT Debt (Details 1) (USD \$)****In Thousands, unless  
otherwise specified****Apr. 27, 2012 Apr. 29, 2011****Long-Term Debt [Line Items]****Principal Amount** \$ 135,716 \$ 149,287**Current portion of long-term debt** 38,571 13,571**Long-term debt less current portion** 97,145 135,716

Series C due July 2014 [Member]

**Long-Term Debt [Line Items]****Principal Amount** 40,716 54,287

Series D due July 2016 [Member]

**Long-Term Debt [Line Items]****Principal Amount** 25,000 25,000

Series A due July 2014 [Member]

**Long-Term Debt [Line Items]****Principal Amount** 40,000 40,000

Series B due July 2013 [Member]

**Long-Term Debt [Line Items]****Principal Amount** \$ 30,000 \$ 30,000



<b>Consolidated Statements of Stockholders Equity (USD \$) In Thousands, except Share data</b>	<b>Total</b>	<b>Common Stock [Member]</b>	<b>Capital in Excess of Par Value [Member]</b>	<b>Retained Earnings [Member]</b>	<b>Treasury Stock [Member]</b>
<u>Stockholders Equity at Apr. 24, 2009</u>	\$ 597,706	\$ 426	\$ 173,970	\$ 738,668	\$ (315,358)
<u>Shares Outstanding Beginning Balance at Apr. 24, 2009</u>		30,712,246			
<u>Net Income</u>	70,328			70,328	
<u>Dividends Paid</u>	20,947			(20,947)	
<u>Treasury Stock Repurchased</u>	21,123				(21,123)
<u>Treasury stock repurchased, shares</u>		(731,814)			
<u>Treasury stock reissued under employee plans</u>	11,818		6,131		5,687
<u>Treasury stock reissued under employee plans, shares</u>		391,821			
<u>Tax benefit - employee plans</u>	375		375		
<u>Stockholders Equity at Apr. 30, 2010</u>	638,157,426	426	180,476	788,049	(330,794)
<u>Shares Outstanding Ending Balance at Apr. 30, 2010</u>		30,372,253			
<u>Net Income</u>	54,163			54,163	
<u>Dividends Paid</u>	23,651			(23,651)	
<u>Treasury Stock Repurchased</u>	19,010				(19,010)
<u>Treasury stock repurchased, shares</u>		(682,835)			
<u>Treasury stock reissued under employee plans</u>	14,215		8,024		6,191
<u>Treasury stock reissued under employee plans, shares</u>		539,362			
<u>Tax benefit - employee plans</u>	236		236		
<u>Stockholders Equity at Apr. 29, 2011</u>	664,110,426	426	188,736	818,561	(343,613)
<u>Shares Outstanding Ending Balance at Apr. 29, 2011</u>		30,228,780			
<u>Net Income</u>	72,850			72,850	
<u>Dividends Paid</u>	28,262			(28,262)	
<u>Treasury Stock Repurchased</u>	70,269				(70,269)
<u>Treasury stock repurchased, shares</u>		(2,110,930)			
<u>Treasury stock reissued under employee plans</u>	17,366		12,838		4,528
<u>Treasury stock reissued under employee plans, shares</u>		492,605			

<u>Tax benefit - employee plans</u>	791	791		
<u>Stockholders Equity at Apr. 27, 2012</u>	\$ 656,586	\$ 426	\$ 202,365	\$ 863,149
<u>Shares Outstanding Ending Balance at Apr. 27, 2012</u>		28,610,455		\$ (409,354)

Advertising Expense (Details) (USD \$) In Thousands, unless otherwise specified	12 Months Ended		
	Apr. 27, 2012	Apr. 29, 2011	Apr. 30, 2010
<a href="#">Advertising Expense [Abstract]</a>			
<a href="#">Advertising Expense</a>	\$ 51,266	\$ 49,311	\$ 45,648

Taxes (Tables)

12 Months Ended  
Apr. 27, 2012

[Income Tax Disclosure](#)  
[\[Abstract\]](#)

[Deferred Tax Assets and Liabilities](#) [\[Table Text Block\]](#)

	April 27, 2012	April 29, 2011
<i>Deferred tax assets:</i>		
Loss on impaired assets	\$ 7,866	\$ 7,863
Self-insurance	7,724	7,551
Vacation pay	2,296	1,997
Stock and deferred compensation plans	20,219	19,503
Accrued bonus	715	941
Deferred rent	6,503	6,549
Other	3,417	3,071
Total deferred tax assets	<u>48,740</u>	<u>47,475</u>
<i>Deferred tax liabilities:</i>		
Accelerated depreciation/asset disposals	71,819	76,077
Intangible assets	14,852	15,223
Other	2,070	2,092
Total deferred tax liabilities	<u>88,741</u>	<u>93,392</u>
<i>Net deferred tax liabilities</i>	<u>\$ 40,001</u>	<u>\$ 45,917</u>

[Provisions for Income Taxes from Continuing Operations](#)  
[\[Table Text Block\]](#)

Significant components of the provisions for income taxes are as follows:

	2012	2011	2010
<i>Current:</i>			
Federal	\$ 28,742	\$ 31,356	\$ 23,878
State	4,314	4,600	5,429
Total current	<u>33,056</u>	<u>35,956</u>	<u>29,307</u>
<i>Deferred:</i>			
Federal	(5,388)	(10,140)	(2,470)
State	(528)	(306)	(839)
Total deferred	<u>(5,916)</u>	<u>(10,446)</u>	<u>(3,309)</u>
<i>Total tax provisions</i>	<u>\$ 27,140</u>	<u>\$ 25,510</u>	<u>\$ 25,998</u>

[Effective Income Tax Rate Reconciliation](#) [\[Table Text Block\]](#)

Our provisions for income taxes differ from the amounts computed by applying the federal statutory rate due to the following:

	2012	2011	2010
Tax at statutory rate	\$ 34,997	\$ 27,885	\$ 33,714
State income tax (net)	2,461	2,791	2,983
FICA tip credits	(4,868)	(4,920)	(4,937)
Settlement of state income tax audits (net)	(2,038)	0	(2,534)
Cash surrender value of life insurance	(213)	(956)	(1,925)
Work opportunity tax credits	(1,157)	(769)	(852)
Limited partnership tax credits	0	(6)	(83)
Reduction for uncertain tax positions of prior years	(1,178)	0	0
Other	(864)	1,485	(368)
<i>Provisions for income taxes</i>	<u>\$ 27,140</u>	<u>\$ 25,510</u>	<u>\$ 25,998</u>

[Unrecognized Tax Benefits Reconciliation](#) [\[Table Text Block\]](#)

	2012	2011	2010
Balance at beginning of fiscal year	\$ 11,022	\$ 9,086	\$ 11,773
Additions based on tax positions related to the current year	600	2,351	752

Additions for tax positions of prior years	<b>2,600</b>	0	0
Reductions for tax positions of prior years	<b>(751)</b>	0	0
Reductions due to settlements with taxing authorities	<b>(1,936)</b>	(53)	(2,862)
Reductions due to statute of limitations expiration	<b>(493)</b>	(362)	(577)
Balance at end of fiscal year	<b>\$ 11,042\$</b>	<b>11,022\$</b>	<b>9,086</b>

**Promotional Expense  
(Details) (USD \$)  
In Thousands, unless  
otherwise specified**

**Apr. 27, 2012 Apr. 29, 2011 Apr. 30, 2010**

**Promotional Expenses [Abstract]**

<b><u>Promotional Expenses</u></b>	\$ 47,163	\$ 42,805	\$ 74,020
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**Commitments and  
Contingencies (Tables)**

**12 Months Ended  
Apr. 27, 2012**

[Footnotes Commitments](#)

[And Contingencies](#)

[\[Abstract\]](#)

[Schedule of Future Minimum](#)

[Rental Payments for Operating](#)

[Leases \[Table Text Block\]](#)

2013\$	26,308
2014	26,250
2015	25,153
2016	24,135
2017	23,988
Thereafter	<u>188,359</u>
Total\$	<u><u>314,193</u></u>

Consolidated Statements of Stockholders Equity (Parentheticals) (USD \$)	3 Months Ended								12 Months Ended		
	Apr. 27, 2012	Jan. 27, 2012	Oct. 28, 2011	Jul. 29, 2011	Apr. 29, 2011	Jan. 28, 2011	Oct. 29, 2010	Jul. 30, 2010	Apr. 27, 2012	Apr. 29, 2011	Apr. 30, 2010

**Statement of Stockholders**

**Equity [Abstract]**

**Cash Dividends Paid Per Share** \$ 0.25 \$ 0.25 \$ 0.25 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.20 \$ 0.18 \$ 0.95 \$ 0.78 \$ 0.68



**CONSOLIDATED  
BALANCE SHEETS  
(Parentheticals) (USD \$)**

**Apr. 27, 2012 Apr. 29, 2011**

**Balance Sheet Paentheticals [Abstract]**

<u>Common Stock Par Value</u>	\$ 0.01	\$ 0.01
<u>Common Stock shares authorized</u>	100,000,000	100,000,000
<u>Common Stock shares issued</u>	42,638,118	42,638,118
<u>Treasury stock shares outstanding</u>	14,027,663	12,409,338

## Subsequent Events

**12 Months Ended**  
**Apr. 27, 2012**

[Subsequent Events](#)

[\[Abstract\]](#)

[Subsequent Events \[Text Block\]](#)

### *Note10 --Subsequent Events*

As of April 28, 2012, ownership of a food production facility that prepares ingredients, used in our restaurant entrees, was purchased by the Foods segment from the Mimi's segment. The sale of the food production facility will affect industry segment information, as reported in Note 9, in future fiscal periods. Intersegment net sales and other intersegment transactions will be eliminated in the consolidated financial statements.

On May 24, 2012, we announced that the Board of Directors approved a quarterly cash dividend of \$0.25 per share. The quarterly dividend will be paid on June 18, 2012 to shareholders of record at the close of business on June 4, 2012.

On May 29, 2012, we announced our plans to close our pre-cooked operations in summer of fiscal 2013 at our plants in Bidwell, Ohio and Springfield, Ohio. The decision to close the food production facilities was due to excess capacity, record sow costs and high production costs. These cooked operations will be consolidated at our food production facility in Sulphur Springs, Texas.

**Document and Entity  
Information (USD \$)**

**12 Months Ended**

**Apr. 27, 2012**

**Jun. 15, 2012 Apr. 29, 2011**

**Document and Entity Information**

<u>Document Type</u>	10-K		
<u>Document Period End Date</u>	Apr. 27, 2012		
<u>Amendment Flag</u>	false		
<u>Document Fiscal Year Focus</u>	2012		
<u>Document Fiscal Period Focus</u>	FY		
<u>Entity Registrant Name</u>	Bob Evans Farms Inc		
<u>Entity Central Index Key</u>	0000033769		
<u>Entity Current Reporting Status</u>	Yes		
<u>Entity Voluntary Filers</u>	No		
<u>Current Fiscal Year End Date</u>	--04-27		
<u>Entity Filer Category</u>	Large Accelerated Filer		
<u>Entity Well Known Seasoned Issuer</u>	Yes		
<u>Entity Common Stock Shares Outstanding</u>		28,082,491	
<u>Entity Public Float</u>			\$ 987,419,261

## Summary of Significant Accounting Policies (Policies)

12 Months Ended  
Apr. 27, 2012

### [Organization, Consolidation and Presentation of Financial Statements](#)

[\[Abstract\]](#)

[Nature of Operations \[Text  
Block\]](#)

**Description of Business:** As of April 27, 2012, Bob Evans Farms, Inc. (“Bob Evans”) and its subsidiaries (collectively, Bob Evans and its subsidiaries are referred to as the “company,” “we,” “us” and “our”) owned and operated 710 full-service restaurants, including 565 Bob Evans Restaurants in 19 states and 145 Mimi's Cafés, “Mimi's”, in 24 states. Bob Evans Restaurants are primarily located in the Midwest, mid-Atlantic and Southeast regions of the United States. Mimi's are primarily in California and other western states. We also produce and distribute pork sausage products and a variety of complementary home-style convenience food items under the Bob Evans and Owens brand names. These food products are distributed primarily to warehouses that distribute to grocery stores throughout the United States.

[Consolidation Policy \[Text  
Block\]](#)

**Principles of Consolidation:** The consolidated financial statements include the accounts of Bob Evans and its subsidiaries. Intercompany accounts and transactions have been eliminated. Dollars are in thousands, except per share amounts.

[Use of Estimates](#)

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from the estimates and assumptions used.

[Segment Reporting Policy  
\[Text Block\]](#)

**Segment Information:** Beginning with our annual reporting period of fiscal 2012, we have separately disclosed results for Bob Evans Restaurants and Mimi's Café, previously reported as the restaurant segment, as the economic characteristics no longer fully supported aggregation of the two restaurant concepts. We now report results for three business segments consisting of Bob Evans Restaurants, Mimi's Café and Foods. The revenues from these segments include both net sales to unaffiliated customers and intersegment net sales, which are accounted for on a basis consistent with net sales to unaffiliated customers. Intersegment net sales and other intersegment transactions have been eliminated in the consolidated financial statements. Operating income represents earnings before interest and income taxes. Identifiable assets by segment are those assets that are used in our operations in each segment. General corporate assets consist of cash equivalents, long-term investments and deferred income tax assets.

[Fiscal Period \[Text Block\]](#)

**Fiscal Year:** Our fiscal year ends on the last Friday in April. References herein to fiscal 2012, fiscal 2011 and fiscal 2010 refer to fiscal years ended April 27, 2012; April 29, 2011; and April 30, 2010, respectively. All years presented were comprised of 52 weeks, except for fiscal 2010, which contained 53 weeks.

Prior to fiscal 2012, the consolidated operating results of Bob Evans Restaurants and Mimi's Café segments were reported based upon a two-day early cutoff. During fiscal 2012, we

eliminated this two-day early cutoff, as it was no longer required to achieve a timely consolidation. The effect of this change was to reflect 367 days of operating results for Bob Evans Restaurants and Mimi's Café within our fiscal 2012 consolidated income statements. This resulted in \$1,803 and \$207 of additional operating income for Bob Evans Restaurants and Mimi's Café, respectively.

[Revenue Recognition Policy](#)  
[\[Text Block\]](#)

**Revenue Recognition:** Revenue is recognized for Bob Evans Restaurants and Mimi's at the point of sale, other than revenue from the sale of gift cards, which is deferred and recognized upon redemption. Revenue in the Foods segment is generally recognized when products are received by our customers. All revenue is presented net of sales tax collections.

[Revenue Recognition Gift Card Policy](#)

We issue gift cards which contain no expiration dates or inactivity fees. We recognize revenue from gift cards when they are redeemed by the customer. In addition, we recognize income on unredeemed gift cards (“gift card breakage”) based on historical redemption patterns. Gift card breakage is included in net sales in the Consolidated Statements of Income, and the liability for unredeemed gift cards is included in deferred revenue on the Consolidated Balance Sheets.

[Cash and Cash Equivalents, Policy](#) [\[Text Block\]](#)

**Cash Equivalents:** We consider all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

[Accounts Receivable, Policy](#)  
[\[Policy Text Block\]](#)

**Accounts Receivable:** Accounts receivable represents amounts owed to us through our operating activities and are presented net of allowance for doubtful accounts. We evaluate the collectability of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us, we record a specific allowance for bad debts against amounts due to reduce the net recognized receivable to the amount we reasonably believe will be collected. In addition, we recognize allowances for bad debts based on the length of time receivables are past due with allowance percentages, based on our historical experiences, applied on a graduated scale relative to the age of the receivable amounts. If circumstances such as higher than expected bad debt experience or an unexpected material adverse change in a major customer's ability to meet its financial obligations to us were to occur, we estimate the recoverability of amounts due to us could change by a material amount. During fiscal 2012 we had allowance for doubtful accounts of \$327, compared to \$302 and \$446 for fiscal years 2011 and 2010, respectively.

[Concentration Risk, Other Risk](#)

**Concentration of Credit Risk and Major Customers:** We maintain cash depository accounts with major banks and invest in high-quality short-term liquid instruments. Such investments are made only in instruments issued or enhanced by high-quality institutions. These investments mature within three months and we have not incurred any related losses. Accounts receivable can be potentially exposed to a concentration of credit risk with customers or in particular industries. Such credit risk is considered by management to be limited due to our many customers, none of which are considered principal in our total operations and doing business in a variety of industries throughout the world. We do have two individual customers that exceed 10 percent of total revenue. In addition, we perform ongoing credit evaluations of our customers' financial conditions and

maintain reserves for credit losses. Such losses historically have been within our expectations.

[Inventory, Policy \[Policy Text Block\]](#)

**Inventories:** We value inventories at the lower of first-in, first-out cost or market. Inventory includes raw materials and supplies (\$15,159 in fiscal 2012 and \$ 16,545 in fiscal 2011) and finished goods (\$8,229 in fiscal 2012 and \$ 6,981 in fiscal 2011).

[Property, Plant and Equipment, Basis of Valuation](#)

**Property, Plant and Equipment:** Property, plant and equipment are recorded at cost less accumulated depreciation.

[Property, Plant and Equipment, Depreciation Methods](#)

The straight-line depreciation method is used for nearly all capitalized assets, although some assets purchased prior to fiscal 1995 continue to be depreciated using accelerated methods. Total depreciation expense was \$ 81,301; \$ 82,323; and \$ 83,095 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

[Property, Plant and Equipment, Estimated Useful Lives](#)

Depreciation is calculated at rates adequate to amortize costs over the estimated useful lives of buildings and improvements (15 to 25 years) and machinery and equipment (3 to 10 years). Improvements to leased properties are depreciated over the shorter of their useful lives or the lease terms.

[Property, Plant and Equipment, Dispositions](#)

We sell real property via like-kind exchanges under Internal Revenue Code Section 1031 whereby gains are not recognized for federal income tax purposes. We recognize all such gains for financial reporting purposes in the period the property is sold. Consolidated results for fiscal 2012, fiscal 2011 and fiscal 2010 include net pretax gains of \$ 365; \$ 128 and \$ 1,362, respectively, on sale of assets. The gains are classified as a reduction of selling, general and administrative (“S,G&A”) expenses in the Consolidated Statements of Income.

[Property, Plant and Equipment, Impairment \[Policy Text Block\]](#)

We evaluate property, plant and equipment held and used in the business for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable. Impairment is determined by comparing the estimated undiscounted future operating cash flows for the asset group to the carrying amount of its assets. If impairment exists, the amount of impairment is measured as the excess of the carrying amount over the estimated discounted future operating cash flows of the asset and the expected proceeds upon sale of the asset.

During fiscal 2012, fiscal 2011 and fiscal 2010, we identified certain operating and closed locations with negative cash flows, declining net sales performance or other potential indicators of impairment. In fiscal 2012, pretax fixed asset impairment charges were recorded in Bob Evans Restaurants and Mimi's of \$3,199 and \$2,327, respectively, for three underperforming operating locations and five other properties for Bob Evans Restaurants and eight underperforming operating locations for Mimi's. The Mimi's impairments in fiscal year 2012 were predominately locations that had been previously partially impaired. In fiscal 2011, pretax fixed asset impairment charges were recorded in Bob Evans Restaurants and Mimi's of \$1,896 and \$13,070 respectively, for three underperforming Bob Evans Restaurants and eight underperforming Mimi's. In fiscal 2012, a pretax fixed asset impairment of \$87 was recorded in the Foods segment. Also in fiscal 2011, a \$1,239 pretax fixed asset impairment charge was recorded in the Foods segment for the closure of a fresh sausage operation and a food production facility. In fiscal 2010, a \$6,195 pretax fixed asset impairment charge was recorded for four underperforming Bob Evans Restaurant operating locations and 22 other properties. We did not record any fixed asset impairment charges for

Mimi's in fiscal 2010. The fixed asset impairment charges are reflected in S,G&A expenses in the Consolidated Statements of Income.

In accordance with the Property, Plant and Equipment Topic of the FASB ASC, we wrote down the carrying value of the underlying assets to their estimated fair value, which resulted in the above impairment charges. The estimated fair value was determined based on independent appraisals, which we deemed to be Level 3 inputs under the Fair Value Measurements and Disclosures Topic of the FASB ASC.

[Costs Associated with Exit or Disposal Activities or Restructurings, Policy](#)

**Restructuring and Severance Charges:** During fiscal 2012, we recorded restructuring and severance charges of \$287 for Mimi's Café (reflected in S,G&A). We did not record any restructuring and severance charges for Bob Evans Restaurants or Foods in fiscal 2012. During fiscal 2011, we recorded pretax restructuring and severance charges totaling \$4,418 (reflected in S,G&A). In Bob Evans Restaurants and Mimi's, this included \$854 and \$569 of severance/retirement costs, respectively. Also in fiscal 2011, we recorded pretax restructuring and severance charges of \$2,995 in the Foods segment, primarily related to the closure of our fresh sausage operations at our plant in Bidwell, Ohio, and our food production facility in Galva, Illinois. All amounts related to Bob Evans Restaurants, Mimi's and Foods segments restructuring and severance charges have been settled in fiscal 2012 and fiscal 2011. We did not record any restructuring or severance charges in Bob Evans Restaurants or Mimi's in fiscal 2010.

[Life Insurance Policy](#)

**Life Insurance Proceeds:** The cash receipts and payments related to life insurance proceeds are included in cash flows from operating activities on the Consolidated Statements of Cash Flows.

[Long Term Investments Policy](#)

**Long-term Investments:** Long-term investments include assets held under certain deferred compensation arrangements, which represent the cash surrender value of company-owned life insurance policies and investments in income tax credit limited partnerships. An offsetting liability for the amount of the cash surrender value of company-owned life insurance is included in the deferred compensation liability amount on the Consolidated Balance Sheets. Investments in income tax credit limited partnerships are recorded at amortized cost. We amortized the investments to the expected residual value of the partnerships once the income tax credits are fully utilized. The amortization period of the investments matches the respective income tax credit period. The income tax credit limited partnerships became fully amortized during fiscal 2012.

[Goodwill and Intangible Assets, Intangible Assets, Indefinite-Lived, Policy \[Policy Text Block\]](#)

**Goodwill and Other Intangible Assets:** Goodwill, which represents the cost in excess of fair market value of net assets acquired, was \$1,567 for both fiscal 2012 and fiscal 2011. Goodwill is not amortized; rather it is tested for impairment at the beginning of the fourth quarter each year or on a more frequent basis when events occur or circumstances change between the annual tests that would more likely than not reduce the fair value of the reporting unit below its carrying value. In fiscal 2012, 2011, and 2010, no indicators existed for impairment, thus no goodwill impairment charges were recorded.

Other intangible assets consist of the Mimi's business trade name and restaurant concept. The trade name intangible asset is deemed to have an indefinite economic life and is not amortized. It is tested for impairment at the beginning of the fourth quarter each year or on a more frequent basis if events or changes in circumstances indicate the asset might be impaired.

[Intangible Assets, Finite-Lived, Policy \[Policy Text Block\]](#)

The restaurant concept intangible asset is amortized on a straight-line basis over its estimated economic life of 15 years. In fiscal 2012, 2011 and 2010, there were no intangible asset impairment charges. See Note 7.

[Fair Value of Financial Instruments, Policy](#)

**Financial Instruments:** The fair values of our financial instruments (other than long-term debt) approximate their carrying values at April 27, 2012, and April 29, 2011. At April 27, 2012, the estimated fair value of our long-term debt approximated 142,025 compared to a carrying amount of 135,716. At April 29, 2011, the estimated fair value of our long-term debt approximated 160,466 compared to a carrying amount of 149,287. We estimate the fair value of our long-term debt based on the current interest rates offered for debt of the same maturities. We do not use derivative financial instruments for speculative purposes.

[Stock-Based Compensation Policy \[Text Block\]](#)

**Treasury Stock:** During fiscal 2012, fiscal 2011 and fiscal 2010, we followed a policy of issuing treasury shares to satisfy award exercises or conversions.

**Stock-based Employee Compensation:** The Compensation – Stock Compensation Topic of the FASB ASC requires that we measure the cost of employee services received in exchange for an equity award, such as stock options or restricted stock awards, based on the fair value of the award on the grant date. The cost is recognized in the income statement over the vesting period of the award on a straight-line basis. In fiscal 2012, awards issued to retirement eligible employees, in the 2010 Plan, were no longer subject to immediate expensing in full upon grant. (See Note 4). Awards to retirement eligible employees are recognized over the vesting period of the award on a straight line basis. Compensation cost recognized includes: (1) compensation cost for all stock-based awards granted prior to, but not yet fully vested as of April 28, 2006, based on the grant date fair value estimated in accordance with the original provisions of the Compensation – Stock Compensation Topic of the FASB ASC and (2) compensation cost for all stock-based awards granted after April 28, 2006, based on the grant date fair value estimated in accordance with the Compensation – Stock Compensation Topic of the FASB ASC. Total stock-based compensation cost in fiscal 2012, fiscal 2011 and fiscal 2010 was \$5,603; \$7,259; and \$7,530, respectively. The related tax benefit recognized was \$1,671; \$2,389; and \$2,069 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively. Nearly all of the expense associated with stock-based compensation is reflected in S,G&A expense.

The fair value of each option awarded in fiscal 2011 and fiscal 2010 was estimated on the date of grant using the Black-Scholes option-pricing model. We did not award any stock options in fiscal 2012. The expected term of options granted is based on the historical exercise behavior of full-term options, and the expected volatility is based on the historical volatility of our common stock. The risk-free rate is based on the U.S. Treasury zero-coupon



yield curve in effect at the time of grant. Both expected volatility and the risk-free rate are based on a period commensurate with the expected option term. The expected dividend yield is based on the current dividend, the current market price of our common stock and historical dividend yields.

The following table presents the weighted-average per share fair value of options granted and the weighted-average assumptions used, based on a Black-Scholes option-pricing model:

[Preopening Costs \[Policy\]](#)

**Preopening Expenses:** Expenditures related to the opening of new restaurants, other than those for capital assets, are expensed when incurred.

[Cost of Sales, Policy \[Policy Text Block\]](#)

**Cost of Sales:** Cost of sales represents primarily food cost for Bob Evans Restaurants and Mimi's and cost of materials in the Foods segments. Cash rebates that we receive from suppliers are recorded as a reduction of cost of sales in the periods in which they are earned. The amount of each rebate is directly related to the quantity of product purchased from the supplier.

[Promotional Spending \[Policy\]](#)

**Promotional Spending:** In our Foods segment, we engage in promotional (sales incentive) programs in the form of "off-invoice" deductions, billbacks, cooperative advertising and coupons. Costs associated with these programs are classified as a reduction of net sales in the period in which the sale occurs. Promotional spending was \$47,163, \$42,805 and \$74,020 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

[Earnings Per Share Policy \[Text Block\]](#)

**Earnings Per Share:** Basic earnings-per-share computations are based on the weighted-average number of shares of common stock outstanding during the period presented. Diluted earnings-per-share calculations reflect the assumed exercise and conversion of outstanding stock options.

The numerator in calculating both basic and diluted earnings per share for each year is reported net income. The denominator is based on the following weighted-average number of common shares outstanding (in thousands):

Options to purchase 567,698, 517,151 and 690,952 shares of common stock in fiscal 2012, fiscal 2011, and fiscal 2010, respectively, were excluded from the diluted earnings-per-share calculations because they were antidilutive.

[Lease, Policy \[Policy Text Block\]](#)

**Leases:** Rent expense for our operating leases, which generally have escalating rent payments over the term of the leases, is recorded on a straight-line basis over the lease term. We record the difference between the amount charged to expense and the rent paid as deferred rent in the Consolidated Balance Sheet, and begin amortizing the deferred rent upon the delivery of the lease location by the lessor, which is typically before rent payments are due under the terms of the lease. The difference between the straight-line rent calculation and rent paid is recorded as deferred rent in the Consolidated Balance Sheets. We expense all straight-line rent recorded during the build-out period for new restaurants.

Contingent rents are generally amounts due as a result of net sales in excess of amounts stipulated in certain restaurant leases and are included in rent expense as they accrue.

Rental expense in fiscal 2012, fiscal 2011 and fiscal 2010 was as follows:

In some instances, we have received contributions or a reduction in rent from landlords to help fund the construction of new restaurants or remodeling of existing locations. We account for landlord contributions as lease incentive obligations that are amortized as a reduction to rent expense over the applicable lease term. Lease incentive obligations are included in the Consolidated Balance Sheets as deferred rent.

#### [Taxes Policy \[Text Block\]](#)

**Income Taxes:** Our effective tax rate is based on income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Significant judgment is required in evaluating our tax positions, which has an impact on our effective tax rate. We establish reserves when, despite our belief that our tax return positions are fully supportable, we believe that certain positions are likely to be challenged based on technical merits. A tax benefit from an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination, including the resolution of any related appeals or litigation, based on the technical merits. The amount recognized is measured as the largest amount of tax benefit that is more than 50 percent likely to be realized upon settlement.

#### [Other Compensation Plans \[Policy\]](#)

**Other Compensation Plans:** We have a defined contribution plan (401(k)) that is available to substantially all employees who have at least 1,000 hours of service. We also have a nonqualified deferred compensation plan, the Bob Evans Executive Deferral Plan (“BEEDP”), which provides certain executives the opportunity to defer a portion of their current income to future years. Our annual matching contributions to the plans are at the discretion of our Board of Directors. The SERP (see Note 5) provides awards in the form of nonqualified deferred cash compensation.

#### [Commitments and Contingencies Policy Text Block](#)

**Commitments and Contingencies:** We rent certain restaurant facilities under operating leases having initial terms that primarily expire approximately 20 years from inception. The leases typically contain renewal clauses of 5 to 30 years exercisable at our option. Certain of these leases require the payment of contingent rentals based on a percentage of gross revenues, as defined by the terms of the applicable lease agreement. Most of the leases also contain either fixed or inflation-adjusted escalation clauses.

We are self-insured for most casualty losses and employee health-care claims up to certain stop-loss limits per claim. We have accounted for liabilities for casualty losses, including both reported claims and incurred but not reported claims, based on information provided by independent actuaries. We have accounted for our employee health-care claims liability through a review of incurred and paid claims history. We do not believe that our calculation of casualty losses and employee health-care claims liabilities would change materially under different conditions and/or different methods. However, due to the inherent volatility of actuarially determined casualty losses and employee health-care claims, it is

reasonably possible that we could experience changes in estimated losses, which could be material to both quarterly and annual net income.

We are from time-to-time involved in ordinary and routine litigation, typically involving claims from customers, employees and others related to operational issues common to the restaurant and food manufacturing industries. In addition to the class action lawsuits described above, we are involved with a number of pending legal proceedings incidental to our business. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on our financial position, cash flows or results of operations.

[Reclassifications Policy Text Block](#)

**Reclassifications:**

Certain prior-year amounts have been reclassified to conform to the fiscal 2012 classification. Such reclassifications had no impact on reported net income.

[New Accounting Pronouncements Policy \[Text Block\]](#)

**New Accounting Pronouncements:**

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (Topic 820) - Fair Value Measurement (ASU 2011-04). The amendments in this update changed the wording used in the existing guidance to better align U.S. Generally Accepted Accounting Principles with International Financial Reporting Standards and to clarify the FASB's intent on various aspects of the fair value guidance. The update also required increased disclosure of quantitative information about unobservable inputs used in a fair value measurement that is categorized within Level 3 of the fair value hierarchy. This update was effective for our fourth quarter of fiscal 2012. Since we did not have any investments with unobservable market inputs, thus this update did not impact our consolidated financial statements. The effect of this guidance on future periods will depend on the nature and significance of any fair value measurements we subsequently make that are subject to this guidance.

In September 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2011-08, Intangibles - Goodwill and Other (Topic 350), Testing Goodwill for Impairment, (ASU 2011-08), which permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying value before applying the two-step goodwill impairment model that is currently in place. If it is determined through the qualitative assessment that a reporting unit's fair value is more likely than not greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to go directly to the quantitative assessment. This update was effective for our fourth quarter of fiscal 2012. We elected to perform the Our qualitative assessment which indicated that our goodwill of \$1,567 was not impaired.

**CONSOLIDATED  
STATEMENTS OF  
INCOME (USD \$)**  
In Thousands, except Per  
Share data, unless otherwise  
specified

**12 Months Ended**

**Apr. 27, 2012 Apr. 29, 2011 Apr. 30, 2010**

**CONSOLIDATED STATEMENTS OF INCOME**

<u>Net Sales</u>	\$ 1,654,413	\$ 1,676,906	\$ 1,726,804
<u>Cost of sales</u>	509,816	509,849	516,667
<u>Operating wage and fringe benefit expenses</u>	535,069	559,193	599,664
<u>Other operating expenses</u>	268,799	270,694	276,521
<u>Selling, general and administrative expenses</u>	150,743	165,482	143,550
<u>Depreciation and amortization expense</u>	82,112	83,148	83,988
<u>Operating Income</u>	107,874	88,540	106,414
<u>Net interest expense</u>	7,884	8,867	10,088
<u>Income Before Income Taxes</u>	99,990	79,673	96,326
<u>Provisions for Income Taxes</u>	27,140	25,510	25,998
<u>Net Income</u>	\$ 72,850	\$ 54,163	\$ 70,328
<u>Earnings Per Share - Basic</u>	\$ 2.45	\$ 1.79	\$ 2.29
<u>Earnings Per Share - Diluted</u>	\$ 2.45	\$ 1.78	\$ 2.28
<u>Cash Dividends Paid Per Share</u>	\$ 0.95	\$ 0.78	\$ 0.68

## Other Compensation

12 Months Ended  
Apr. 27, 2012

[Footnote Other  
Compensation Plans](#)

[\[Abstract\]](#)

[Other Compensation Plans](#)

### Note 5 -- Other Compensation Plans

We have a defined contribution plan (401(k)) that is available to substantially all employees who have at least 1,000 hours of service. We also have a nonqualified deferred compensation plan, the Bob Evans Executive Deferral Plan ("BEEDP"), which provides certain executives the opportunity to defer a portion of their current income to future years. Our annual matching contributions to the plans are at the discretion of our Board of Directors. Expenses related to matching contributions to these plans in fiscal 2012, fiscal 2011 and fiscal 2010 were \$1,522; \$4,234; and \$4,738, respectively.

The SERP (see Note 4) provides awards in the form of nonqualified deferred cash compensation. Our expense related to cash contributions to the SERP was \$618; \$654; and \$1,751 in fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

## Stock-Based Compensation Plans

12 Months Ended  
Apr. 27, 2012

### [Footnote Stock Based Compensation Plans](#)

#### [\[Abstract\]](#)

### [Stock-Based Compensation Plans](#)

#### Note 4 -- Stock-Based Compensation Plans

On September 13, 2010, our stockholders approved the Bob Evans Farms, Inc. 2010 Equity and Cash Incentive Plan (the "2010 Plan"). Upon approval, the 2010 Plan became our only plan under which new stock-based compensation can be granted. At April 27, 2012, there were awards outstanding under the 2010 Plan, as well as previous equity plans adopted in 2006, 1998, 1994, and 1992.

The types of awards that may be granted under the 2010 Plan include: stock options, stock appreciation rights, restricted stock, restricted stock units, cash incentive awards, performance shares, performance units, and other awards. The Compensation Committee of the Board of Directors administers the 2010 Plan, including establishing the terms and conditions of the awards. The 2010 Plan allows the Compensation Committee to make awards to any of our employees, consultants, or non-employee directors. The 2010 Plan imposes various restrictions on awards, including a maximum life of 10 years for stock options and stock appreciation rights and a minimum exercise price equal to the grant date stock price for stock options and stock appreciation rights. The remaining shares available for issue under the 2006 Equity and Cash Incentive Plan (the "2006 Plan") became available for issuance under the 2010 Plan effective September 13, 2010.

The 1998 plan provided that the option price for: (1) incentive stock options may not be less than the fair market value of the stock at the grant date and (2) nonqualified stock options shall be determined by the Compensation Committee of the Board of Directors. The 1994 plan prohibited option prices less than the fair market value of the stock at the grant date.

The 1993 plan provided for the award of restricted stock to mid-level managers and administrative personnel as incentive compensation to attain growth in the net income of the company, as well as to help attract and retain management personnel. Shares awarded are restricted until certain vesting requirements are met. Participants in the 1993 plan are entitled to receive cash dividends and to vote their respective shares, including those not yet vested. Restrictions generally limit the sale, pledge or transfer of the shares until they are vested.

The 1992 plan was adopted in connection with our supplemental executive retirement plan ("SERP"), which provides retirement benefits to certain key management employees. In the past, SERP participants could elect to have their awards allocated to their accounts in cash or, when permitted by the Compensation Committee, they could receive an equivalent value of nonqualified stock options. The 1992 plan provided that the option price could not be less than 50 percent of the fair market value of the stock at the date of grant. The last grant of stock options under the 1992 plan was in fiscal 2003. Since fiscal 2003, all SERP awards have been allocated to participants' accounts in cash.

In 2006, we adopted a performance incentive plan ("PIP") designed to align the compensation of executive officers and senior management with our financial and operational performance. The PIP provides for awards of cash, whole shares, restricted shares and stock options, generally vesting over three years. All stock-based awards made under the PIP prior to September 11, 2006, were awarded out of, and in accordance with, the 1998 plan. All PIP stock-based awards made from the period September 12, 2006 to June 22, 2010, were awarded out of, and in accordance with, the 2006 Plan. All PIP stock-based awards made subsequent to that date have been awarded out of, and in accordance with, the 2010 Plan.

In fiscal 2010, we amended the terms of the employment agreement with the chief executive officer ("CEO"). The amended agreement provides for a one-time Long-Term Performance-Based Incentive (the "LTPBI"). The purpose of the LTPBI is to increase stockholder value by establishing additional compensation incentives linked directly to our performance over the five-year period which began in fiscal 2010 and goes through fiscal 2014. The CEO may earn performance shares based on our performance during this five-year period relative to goals set by the Compensation Committee for net income growth and total stockholder return. The number of shares ultimately earned by the CEO will be determined by the Compensation Committee at the end of the five-year period based on the terms of the LTPBI award agreement.

In fiscal 2012, we began issuing restricted stock units to key management employees. Restricted stock units generally vest over three years and are issued shares of restricted stock immediately upon vesting.

The following table summarizes option-related activity for fiscal 2012:

Options	Shares Subject to Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, April 29, 2011	1,181,805	\$ 29.87		
Exercised	(450,998)	29.60		
Forfeited or expired	(19,279)	29.19		
<b>Outstanding, April 27, 2012</b>	<b>711,528</b>	<b>\$ 30.07</b>	<b>4.62</b>	<b>\$ 6,119</b>
Vested and expected to vest, April 27, 2012	711,528	\$ 30.07	4.62	\$ 6,119
Exercisable, April 27, 2012	601,695	\$ 30.45	4.09	\$ 4,944

As of April 27, 2012, there was \$325 of unrecognized compensation cost related to nonvested stock options. That cost is expected to be recognized over a weighted-average period of 0.84 years. The total intrinsic value of options exercised during fiscal 2012, fiscal 2011 and fiscal 2010 was \$2,907; \$2,140; and \$1,644, respectively. Cash received from the exercise of options was \$13,347; \$7,132; and \$3,588 for fiscal 2012, fiscal 2011 and fiscal 2010, respectively. The actual tax benefit realized for tax deductions from the exercise of options totaled \$700; \$404; and \$417 for fiscal 2012, fiscal 2011 and fiscal 2010, respectively.

Cash flows resulting from the tax benefits of tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) are classified as financing cash flows. In fiscal 2012, fiscal 2011 and fiscal 2010, excess tax benefits of \$791; \$236; and \$375, respectively, were classified as financing cash flows in the Consolidated Statements of Cash Flows.

In addition to the shares subject to outstanding options, approximately 3,127,000 shares were available for grant under the 2010 Plan at April 27, 2012.

A summary of the status of our nonvested restricted shares and units as of April 27, 2012, and changes during fiscal 2012 is presented below:

Restricted Stock Awards	Shares	Weighted-Average Grant Date Fair Value
Nonvested, April 29, 2011	450,632	\$ 29.27
Granted	125,207	33.16
Vested	(155,603)	29.20
Forfeited	(45,999)	30.71
<b>Nonvested, April 27, 2012</b>	<b>374,237</b>	<b>\$ 30.42</b>
<b>Restricted Stock Units</b>		
Nonvested, April 29, 2011	0	
Granted	80,970	
Forfeited	(1,176)	
<b>Nonvested, April 27, 2012</b>	<b>79,794</b>	

At April 27, 2012, there was \$6,080 of unrecognized compensation cost related to nonvested restricted shares and units. This cost is expected to be recognized over a weighted-average period of 2.55 and 2.05 years for nonvested restricted shares and units, respectively. The total fair value of shares that vested during fiscal 2012, fiscal 2011 and fiscal 2010 was \$4,999; \$5,973; and \$7,004, respectively.



**Stock-Based Compensation  
(Tables)**

**12 Months Ended  
Apr. 27, 2012**

[Footnote Stock Based Compensation Plans \[Abstract\]](#)  
[Schedule of Share-based Payment Award, Employee Stock Purchase Plan, Valuation Assumptions \[Table Text Block\]](#)

	2011	2010
Per share fair value of options	\$ 7.60	\$ 9.73
Expected dividend yield	2.57%	2.10%
Expected volatility	45.64%	45.86%
Risk-free interest rate	1.18%	1.81%
Expected term (in years)	3.5	3.4

[Schedule of Share-based Compensation, Stock Options Activity \[Table Text Block\]](#)

The following table summarizes option-related activity for fiscal 2012:

Options	Shares Subject to Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, April 29, 2011	1,181,805	\$ 29.87		
Exercised	(450,998)	29.60		
Forfeited or expired	(19,279)	29.19		
<b>Outstanding, April 27, 2012</b>	<b>711,528</b>	<b>\$ 30.07</b>	<b>4.62</b>	<b>\$ 6,119</b>
Vested and expected to vest, April 27, 2012	711,528	\$ 30.07	4.62	\$ 6,119
Exercisable, April 27, 2012	601,695	\$ 30.45	4.09	\$ 4,944

[Schedule of Share-based Compensation, Restricted Stock Units Award Activity \[Table Text Block\]](#)

Restricted Stock Awards	Shares	Weighted-Average Grant Date Fair Value
Nonvested, April 29, 2011	450,632	\$ 29.27
Granted	125,207	33.16
Vested	(155,603)	29.20
Forfeited	(45,999)	30.71
<b>Nonvested, April 27, 2012</b>	<b>374,237</b>	<b>\$ 30.42</b>
Restricted Stock Units	Shares	
Nonvested, April 29, 2011	0	
Granted	80,970	
Forfeited	(1,176)	
<b>Nonvested, April 27, 2012</b>	<b>79,794</b>	

**Earnings Per Share (Tables)**

**12 Months Ended**

**Apr. 27, 2012**

[Footnote Earnings Per Share](#)

[Schedule Of Weighted](#)

[Average Number Of Shares](#)

[\[Table Text Block\]](#)

	2012	2011	2010
Basic	29,679	30,332	30,775
Dilutive stock options	102	90	115
Diluted	<u>29,781</u>	<u>30,422</u>	<u>30,890</u>

**Quarterly Financial Data  
(Unaudited)**

**12 Months Ended  
Apr. 27, 2012**

[Footnote Quarterly  
Financial Data \[Abstract\]](#)  
[Quarterly Financial Data](#)

**Note 8 -- Quarterly Financial Data (Unaudited)**

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2012	2011	2012	2011	2012	2011	2012	2011
Net sales	\$ 405,361	\$ 412,566	\$ 407,185	\$ 417,046	\$ 428,339	\$ 428,594	\$ 413,528	\$ 418,700
Operating Income	27,495	21,386	21,330	13,910	30,258	25,434	28,791	27,810
Net income	17,812	12,549	12,747	7,790	20,255	15,466	22,036	18,358
Earnings per share:								
Basic	\$ 0.59	\$ 0.41	\$ 0.42	\$ 0.26	\$ 0.69	\$ 0.51	\$ 0.76	\$ 0.61
Diluted	0.59	0.41	0.42	0.26	0.69	0.51	0.76	0.60
Common stock sale prices:								
High	\$ 36.98	\$ 31.76	\$ 35.23	\$ 29.70	\$ 35.79	\$ 34.59	\$ 39.71	\$ 34.06
Low	29.26	23.18	27.41	24.94	30.50	28.47	35.09	30.08
Cash dividends paid	\$ 0.20	\$ 0.18	\$ 0.25	\$ 0.20	\$ 0.25	\$ 0.20	\$ 0.25	\$ 0.20

- Total quarterly earnings per share may not equal the annual amount because earnings per share are calculated independently for each quarter.
- Stock prices are high and low sale prices for our common stock as reported on the NASDAQ Stock Market (trading symbol - BOBE), which is the principal market for our common stock.
- The number of registered stockholders of our common stock at June 15, 2012, was 19,776.
- Quarter 4, 2012 consolidated results included the positive impact of \$2,010 as a result of eliminating a two-day early cutoff and the positive impact of \$1,200 as a result of settlements with certain taxing authorities.

**Commitments and  
Contingencies**

**12 Months Ended  
Apr. 27, 2012**

[Footnotes Commitments  
And Contingencies  
\[Abstract\]  
Commitments and  
Contingencies](#)

**Note 6 -- Commitments and Contingencies**

We rent certain restaurant facilities under operating leases having initial terms that primarily expire approximately 20 years from inception. The leases typically contain renewal clauses of 5 to 30 years exercisable at our option. Certain of these leases require the payment of contingent rentals based on a percentage of gross revenues, as defined by the terms of the applicable lease agreement. Most of the leases also contain either fixed or inflation-adjusted escalation clauses. Future minimum rental payments on operating leases are as follows:

2013\$	26,308
2014	26,250
2015	25,153
2016	24,135
2017	23,988
Thereafter	<u>188,359</u>
Total\$	<u><u>314,193</u></u>

At April 27, 2012, we had contractual commitments of approximately \$ 57,368 for purchases of inventory, restaurant construction and plant equipment additions.

**Goodwill and Other  
Intangible Assets**

**12 Months Ended  
Apr. 27, 2012**

[Footnote Goodwill And  
Other Intangible Assets  
\[Abstract\]](#)

[Goodwill and Other Intangible  
Assets](#) **Note 7 -- Goodwill and Other Intangible Assets**

At the beginning of the fourth quarter, we complete our annual impairment test required under the provisions of the Intangibles – Goodwill and Other Topic of the FASB ASC. In addition, we are required to assess the carrying value of our goodwill and other intangible assets annually or whenever circumstances indicate that a decline in value may have occurred. The carrying amount of goodwill as of the end of fiscal 2012, fiscal 2011 and fiscal 2010 is \$1,567 and is included within the Foods segment.

Intangible assets consist of the Mimi's restaurant concept that is amortized over a 15-year life and the Mimi's business trade name that is not amortized. We reviewed the restaurant concept and business trade name for impairment. The estimated fair value of the restaurant concept and business trade name, calculated using a relief-from-royalty method, exceeded the carrying value. Therefore, no impairment charges were recorded related to the Mimi's restaurant concept and business trade name in fiscal 2012, fiscal 2011 or fiscal 2010.

Intangible assets are summarized below:

	Restaurant Concept	Business Trade Name	Total
April 27 2012, gross carrying amount	\$ 12,300\$	34,000\$	46,300
Accumulated amortization	(6,423)	-	(6,423)
April 27 2012, net carrying amount	<u>\$ 5,877\$</u>	<u>34,000\$</u>	<u>39,877</u>
April 29 2011, gross carrying amount	\$ 12,300\$	34,000\$	46,300
Accumulated amortization	(5,603)	-	(5,603)
April 29 2011, net carrying amount	<u>\$ 6,697\$</u>	<u>34,000\$</u>	<u>40,697</u>

The amortization expense related to these intangible assets was \$ 820 in each fiscal 2012, fiscal 2011 and fiscal 2010. Amortization expense related to intangible assets for the next five years is expected to be \$820 each year.

## Industry Segments

12 Months Ended  
Apr. 27, 2012

[Industry Segment \[Abstract\]](#)

[Industry Segments](#)

### Note 9 -- Industry Segments

As mentioned in Note 1, beginning with our annual period of fiscal 2012, we have separately disclosed results for Bob Evans Restaurants and Mimi's Café, previously reported as the restaurant segment, as the economic characteristics no longer fully supported aggregation of the two restaurant concepts. We now report results for three business segments consisting of Bob Evans Restaurants, Mimi's Café and Foods.

Our operations include restaurant operations and the processing and sale of food products. The revenues from our three segments, Bob Evans Restaurants, Mimi's Cafes' and Foods include both net sales to unaffiliated customers and intersegment net sales, which are accounted for on a basis consistent with net sales to unaffiliated customers. Intersegment net sales and other intersegment transactions have been eliminated in the consolidated financial statements.

Operating income represents earnings before interest and income taxes. Identifiable assets by segment are those assets that are used in our operations in each segment. General corporate assets consist of cash equivalents, long-term investments and deferred income tax assets.

Information on our industry segments is summarized as follows:

	2012	2011	2010
<i>Net sales</i>			
Bob Evans Restaurants	\$ 973,678\$	976,666\$	1,005,094
Mimi's Café	366,015	380,267	405,998
Foods	329,165	333,606	327,674
	<u>1,668,858</u>	<u>1,690,539</u>	<u>1,738,766</u>
Intersegment net sales of food products	(14,445)	(13,633)	(11,962)
<b>Total</b>	<u>\$ 1,654,413\$</u>	<u>1,676,906\$</u>	<u>1,726,804</u>
<i>Operating Income (Loss)</i>			
Bob Evans Restaurants	\$ 88,810\$	73,426\$	77,456
Mimi's Café	(1,436)	(7,657)	7,688
Foods	20,500	22,771	21,270
<b>Total</b>	<u>\$ 107,874\$</u>	<u>88,540\$</u>	<u>106,414</u>
<i>Depreciation and Amortization Expense</i>			
Bob Evans Restaurants	\$ 49,082\$	48,396\$	49,460
Mimi's Café	23,576	24,667	24,976
Foods	9,454	10,085	9,552
<b>Total</b>	<u>\$ 82,112\$</u>	<u>83,148\$</u>	<u>83,988</u>
<i>Capital Expenditures</i>			
Bob Evans Restaurants	\$ 74,282\$	31,057\$	23,870
Mimi's Café	6,493	5,248	9,485
Foods	7,582	7,682	17,911
<b>Total</b>	<u>\$ 88,357\$</u>	<u>43,987\$</u>	<u>51,266</u>
<i>Identifiable Assets</i>			
Bob Evans Restaurants	\$ 719,245\$	734,944\$	696,141
Mimi's Café	215,925	228,966	261,902
Foods	90,670	91,931	116,639
	<u>1,025,840</u>	<u>1,055,841</u>	<u>1,074,682</u>
General corporate assets	39,937	38,480	34,207

**Total**

\$	<u>1,065,777</u>	<u>1,094,321</u>	<u>1,108,889</u>
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**Financial Instruments  
(Details) (USD \$)  
In Thousands, unless  
otherwise specified**

**Apr. 27, 2012 Apr. 29, 2011**

**Financial Instrument [Abstract]**

<u>Long Term Debt Fair Value</u>	\$ 142,025	\$ 160,466
<u>Debt Long Term And Short Term Combined Amount</u>	\$ 135,716	\$ 149,287



**Stock-Based Compensation  
(Details 6) (USD \$)  
In Thousands, except Share  
data, unless otherwise  
specified**

**12 Months Ended**

**Apr. 27, 2012 Apr. 29, 2011 Apr. 30, 2010**

**Footnote Stock Based Compensation Plans [Abstract]**

<u>Total Intrinsic Value of Options</u>	\$ 2,907	\$ 2,140	\$ 1,644
<u>Cash Received from Exercise of Stock Options</u>	13,347	7,132	3,588
<u>Tax Benefit Realized from Exercise of Stock Options</u>	1,671	2,389	2,069
<u>Share-based Compensation Expense</u>	5,603	7,259	7,530
<u>Total Excess Tax Benefits</u>	791	236	375
<u>Number of Shares Available for Grant</u>	3,127,000		
<u>Total Fair Value of Vested Shares</u>	4,999	5,973	7,004
<u>Actual Tax Benefit Realized For Tax Deductions</u>	\$ 700	\$ 404	\$ 417

**Long-Term Debt (Tables)****12 Months Ended  
Apr. 27, 2012**[Footnote Long-Term Debt](#)[\[Abstract\]](#)[Schedule of Long-Term Debt](#)[\[Table Text Block\]](#)

	<u>April 27, 2012</u>	<u>April 29, 2011</u>
Unsecured senior notes issued July 28, 2004:		
Series C, due July 2014, 5.12%	\$ 40,716	54,287
Series D, due July 2016, 5.67%	25,000	25,000
Unsecured senior notes issued July 28, 2008:		
Series A, due July 2014, 6.39%	40,000	40,000
Series B, due July 2013, 6.39%	<u>30,000</u>	<u>30,000</u>
Total long-term debt	135,716	149,287
Less: current portion of long-term debt	<u>38,571</u>	<u>13,571</u>
Long-term debt less current portion	<u>\$ 97,145</u>	<u>135,716</u>

[Schedule of Maturities of  
Long-term Debt \[Table Text  
Block\]](#)

2013	\$ 38,571
2014	48,571
2015	38,574
2016	5,000
2017	<u>5,000</u>
Total	<u>\$ 135,716</u>

Quarterly Financial Data  
(Tables)

12 Months Ended  
Apr. 27, 2012

[Footnote Quarterly  
Financial Data \[Abstract\]](#)  
[Schedule of Quarterly  
Financial Information \[Table  
Text Block\]](#)

Note 8 -- Quarterly Financial Data (Unaudited)

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2012	2011	2012	2011	2012	2011	2012	2011
Net sales	\$ 405,361	\$ 412,566	\$ 407,185	\$ 417,046	\$ 428,339	\$ 428,594	\$ 413,528	\$ 418,700
Operating Income	27,495	21,386	21,330	13,910	30,258	25,434	28,791	27,810
Net income	17,812	12,549	12,747	7,790	20,255	15,466	22,036	18,358
Earnings per share:								
Basic	\$ 0.59	\$ 0.41	\$ 0.42	\$ 0.26	\$ 0.69	\$ 0.51	\$ 0.76	\$ 0.61
Diluted	0.59	0.41	0.42	0.26	0.69	0.51	0.76	0.60
Common stock sale prices:								
High	\$ 36.98	\$ 31.76	\$ 35.23	\$ 29.70	\$ 35.79	\$ 34.59	\$ 39.71	\$ 34.06
Low	29.26	23.18	27.41	24.94	30.50	28.47	35.09	30.08
Cash dividends paid	\$ 0.20	\$ 0.18	\$ 0.25	\$ 0.20	\$ 0.25	\$ 0.20	\$ 0.25	\$ 0.20

**Stock-Based Compensation  
(Details 4) (USD \$)  
In Thousands, except Share  
data, unless otherwise  
specified**

**12 Months Ended**

**Apr. 27, 2012**

**Shares Subject to Options [Roll Forward]**

<u>Outstanding</u>	1,181,805
<u>Granted</u>	0
<u>Exercised</u>	(450,998)
<u>Forfeited or expired</u>	(19,279)
<u>Outstanding</u>	711,528
<u>Vested and Expected to Vest</u>	711,528
<u>Exercisable</u>	601,695
<u>Weighted Average Exercise Price, Outstanding</u>	\$ 29.87
<u>Weighted Average Exercise Price, Granted</u>	\$ 0.00
<u>Weighted Average Exercise Price, Exercised</u>	\$ 29.60
<u>Weighted Average Exercise Price, Forfeited or Expired</u>	\$ 29.19
<u>Weighted Average Exercise Price, Outstanding</u>	\$ 30.07
<u>Weighted Average Exercise Price, Vested and Expected to Vest</u>	\$ 30.07
<u>Weighted Average Exercise Price, Exercisable</u>	\$ 30.45
<u>Weighted Average Remaining Contractual Term, Outstanding</u>	4.62
<u>Weighted Average Remaining Contractual Term, Vested and Expected to Vest</u>	4.62
<u>Weighted Average Remaining Contractual Term, Exercisable</u>	4.09
<u>Aggregate Intrinsic Value, Outstanding</u>	\$ 6,119
<u>Aggregate Intrinsic Value, Vested and Expected to Vest</u>	6,119
<u>Aggregate Intrinsic Value, Exercisable</u>	\$ 4,944

**Taxes (Details 2) (USD \$)**  
**In Thousands, unless**  
**otherwise specified**

**12 Months Ended**

**Apr. 27, 2012 Apr. 29, 2011 Apr. 30, 2010**

**Current Income Tax Expense (Benefit) [Abstract]**

<u>Federal</u>	\$ 28,742	\$ 31,356	\$ 23,878
<u>State</u>	4,314	4,600	5,429
<u>Total Current</u>	33,056	35,956	29,307

**Deferred Income Tax Expense (Benefit) [Abstract]**

<u>Federal</u>	(5,388)	(10,140)	(2,470)
<u>State</u>	(528)	(306)	(839)
<u>Total Deferred</u>	(5,916)	(10,446)	(3,309)

**Income Tax Expense (Benefit) [Abstract]**

<u>Provisions for Income Taxes</u>	\$ 27,140	\$ 25,510	\$ 25,998
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**CONSOLIDATED  
STATEMENTS OF CASH  
FLOW (USD \$)  
In Thousands, unless  
otherwise specified**

**12 Months Ended**

	<b>Apr. 27, 2012</b>	<b>Apr. 29, 2011</b>	<b>Apr. 30, 2010</b>
<b><u>Operating activities:</u></b>			
Net Income	\$ 72,850	\$ 54,163	\$ 70,328
<b><u>Adjustments to reconcile net income to net cash provided by operating activities:</u></b>			
<u>Depreciation and Amortization Expense</u>	82,112	83,148	83,988
<u>Goodwill and other intangibles impairment</u>	0	0	0
<u>Loss (gain) on disposal/impairment of assets</u>	5,331	17,238	5,146
<u>(Gain) loss on long-term investments</u>	(34)	(2,364)	(5,328)
<u>Deferred compensation</u>	1,003	3,289	6,446
<u>Stock Option Plan Expense</u>	5,610	7,402	7,530
<u>Deferred Income Tax Expense (Benefit)</u>	(5,916)	(10,446)	(3,309)
<u>Deferred rent</u>	619	205	624
<b><u>Cash provided by (used for) current assets and current liabilities:</u></b>			
<u>Accounts receivable</u>	(3,807)	(6,186)	3,188
<u>Inventories</u>	138	2,133	5,167
<u>Prepaid expenses</u>	(1,279)	723	(858)
<u>Accounts payable</u>	(4,333)	1,364	(12,053)
<u>Federal and state income taxes</u>	(1,043)	4,310	(4,714)
<u>Accrued wages and related liabilities</u>	(2,519)	(3,521)	1,959
<u>Self-insurance</u>	21	1,893	332
<u>Accrued nonincome taxes</u>	732	(566)	(1,585)
<u>Deferred revenue</u>	(813)	1,842	344
<u>Other accrued expenses</u>	4,013	1,810	(6,205)
<u>Net cash provided by operating activities</u>	152,685	156,437	151,000
<b><u>Investing activities:</u></b>			
<u>Purchase of property, plant and equipment</u>	(88,357)	(43,987)	(51,266)
<u>Proceeds from sale of property, plant and equipment</u>	19,308	6,407	3,743
<u>Purchase of long-term investments</u>	(469)	(2,229)	(1,841)
<u>Deposits</u>	(4,305)	(84)	713
<u>Net cash used in investing activities</u>	(73,823)	(39,893)	(48,651)
<b><u>Financing activities:</u></b>			
<u>Cash dividends paid</u>	(28,262)	(23,651)	(20,947)
<u>Repayments of Lines of Credit</u>	0	(14,000)	(53,000)
<u>Payments of debt issuance costs</u>	(1,000)	0	0
<u>Proceeds from debt issuance</u>			0
<u>Principal payments on long-term debt</u>	(13,571)	(26,905)	(26,904)
<u>Purchase of treasury stock</u>	(70,269)	(19,010)	(21,123)
<u>Proceeds from issuance of treasury stock</u>	13,103	8,239	4,430
<u>Cash proceeds from exercise of stock-based compensation awards</u>	(1,347)	(1,426)	0

<u>Excess tax benefits from stock-based compensation</u>	700	404	375
<u>Net cash used in financing activities</u>	(100,646)	(76,349)	(117,169)
<u>(Decrease) increase in cash and equivalents</u>	(21,784)	40,195	(14,820)
<u>Cash and equivalents at beginning of the period</u>	57,730	17,535	32,355
<u>Cash and equivalents at end of the period</u>	\$ 35,946	\$ 57,730	\$ 17,535

Taxes

12 Months Ended  
Apr. 27, 2012

[Income Tax Disclosure](#)  
[\[Abstract\]](#)  
[Income Taxes](#)

**Note 3-- Income Taxes**

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax liabilities and assets as of April 27, 2012, and April 29, 2011, were as follows:

	<u>April 27, 2012</u>	<u>April 29, 2011</u>
<i>Deferred tax assets:</i>		
Loss on impaired assets	\$ 7,866	\$ 7,863
Self-insurance	7,724	7,551
Vacation pay	2,296	1,997
Stock and deferred compensation plans	20,219	19,503
Accrued bonus	715	941
Deferred rent	6,503	6,549
Other	3,417	3,071
Total deferred tax assets	<u>48,740</u>	<u>47,475</u>
<i>Deferred tax liabilities:</i>		
Accelerated depreciation/asset disposals	71,819	76,077
Intangible assets	14,852	15,223
Other	2,070	2,092
Total deferred tax liabilities	<u>88,741</u>	<u>93,392</u>
<i>Net deferred tax liabilities</i>	<u>\$ 40,001</u>	<u>\$ 45,917</u>

Significant components of the provisions for income taxes are as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<i>Current:</i>			
Federal	\$ 28,742	\$ 31,356	\$ 23,878
State	4,314	4,600	5,429
Total current	<u>33,056</u>	<u>35,956</u>	<u>29,307</u>
<i>Deferred:</i>			
Federal	(5,388)	(10,140)	(2,470)
State	(528)	(306)	(839)
Total deferred	<u>(5,916)</u>	<u>(10,446)</u>	<u>(3,309)</u>
<i>Total tax provisions</i>	<u>\$ 27,140</u>	<u>\$ 25,510</u>	<u>\$ 25,998</u>

Our provisions for income taxes differ from the amounts computed by applying the federal statutory rate due to the following:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tax at statutory rate	\$ 34,997	\$ 27,885	\$ 33,714
State income tax (net)	2,461	2,791	2,983
FICA tip credits	(4,868)	(4,920)	(4,937)
Settlement of state income tax audits (net)	(2,038)	0	(2,534)
Cash surrender value of life insurance	(213)	(956)	(1,925)
Work opportunity tax credits	(1,157)	(769)	(852)
Limited partnership tax credits	0	(6)	(83)
Reduction for uncertain tax positions of prior years	(1,178)	0	0
Other	(864)	1,485	(368)
<i>Provisions for income taxes</i>	<u>\$ 27,140</u>	<u>\$ 25,510</u>	<u>\$ 25,998</u>



Taxes paid during fiscal 2012, fiscal 2011 and fiscal 2010 were \$33,686; \$31,296; and \$34,167, respectively.

In fiscal 2012, the amount of our unrecognized tax benefits increased by \$20, primarily due to additions for prior year tax positions offset by reductions for settlements with taxing authorities. A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of April 27, 2012, April 29, 2011 and April 30, 2010, was \$8,001, \$8,113 and \$7,967, respectively. The remaining unrecognized tax benefits relate to tax positions for which ultimate deductibility is highly certain, but for which there is uncertainty as to the timing of such deductibility. Recognition of these tax benefits would not affect our effective tax rate. We do not reasonably expect to resolve any tax audits in the next 12 months which could result in the recognition of previously unrecognized tax benefits and would affect the effective tax rate. It is reasonably possible that the amount of unrecognized tax benefits may increase or decrease within the next 12 months for reasons other than the settlement of tax audits. However, we do not presently anticipate that any increase or decrease in unrecognized tax benefits will be material to our consolidated financial statements.

We recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense in the Consolidated Statements of Income. During fiscal 2012, fiscal 2011 and fiscal 2010, we recognized approximately \$668, \$720 and \$761, respectively, of interest and penalties in tax expense. As of April 27, 2012, and April 29, 2011, we had accrued approximately \$2,986 and \$4,184, respectively, in interest and penalties related to unrecognized tax benefits.

We file United States federal and various state and local income tax returns. With few exceptions, we are subject to audit by taxing authorities for fiscal years 2009 through 2011. Our federal and state income tax return filings generally are subject to a three-year statute of limitations from the date of filing. However, we may grant waivers to taxing authorities to extend the statute of limitations for prior tax years. Based on the status of current audits and the protocol of finalizing audits by relevant tax authorities, it is not possible to estimate the impact of changes, if any, to previously recorded unrecognized tax benefits.

## Industry Segments (Tables)

12 Months Ended  
Apr. 27, 2012

[Industry Segment \[Abstract\]](#)

[Schedule Of Industry](#)

[Segments \[Text Block\]](#)

	2012	2011	2010
<i>Net sales</i>			
Bob Evans Restaurants	\$ 973,678\$	976,666\$	1,005,094
Mimi's Café	366,015	380,267	405,998
Foods	329,165	333,606	327,674
	<u>1,668,858</u>	<u>1,690,539</u>	<u>1,738,766</u>
Intersegment net sales of food products	(14,445)	(13,633)	(11,962)
<b>Total</b>	<u>\$ 1,654,413\$</u>	<u>1,676,906\$</u>	<u>1,726,804</u>
<i>Operating Income (Loss)</i>			
Bob Evans Restaurants	\$ 88,810\$	73,426\$	77,456
Mimi's Café	(1,436)	(7,657)	7,688
Foods	20,500	22,771	21,270
<b>Total</b>	<u>\$ 107,874\$</u>	<u>88,540\$</u>	<u>106,414</u>
<i>Depreciation and Amortization Expense</i>			
Bob Evans Restaurants	\$ 49,082\$	48,396\$	49,460
Mimi's Café	23,576	24,667	24,976
Foods	9,454	10,085	9,552
<b>Total</b>	<u>\$ 82,112\$</u>	<u>83,148\$</u>	<u>83,988</u>
<i>Capital Expenditures</i>			
Bob Evans Restaurants	\$ 74,282\$	31,057\$	23,870
Mimi's Café	6,493	5,248	9,485
Foods	7,582	7,682	17,911
<b>Total</b>	<u>\$ 88,357\$</u>	<u>43,987\$</u>	<u>51,266</u>
<i>Identifiable Assets</i>			
Bob Evans Restaurants	\$ 719,245\$	734,944\$	696,141
Mimi's Café	215,925	228,966	261,902
Foods	90,670	91,931	116,639
	<u>1,025,840</u>	<u>1,055,841</u>	<u>1,074,682</u>
General corporate assets	39,937	38,480	34,207
<b>Total</b>	<u>\$ 1,065,777\$</u>	<u>1,094,321\$</u>	<u>1,108,889</u>

**Stock- Based Compensation  
(Details 3) (USD \$)**

**12 Months Ended  
Apr. 29, 2011 Apr. 30, 2010**

**Footnote Stock Based Compensation Plans [Abstract]**

<u>Per share fair value of options</u>	\$ 7.60	\$ 9.73
<u>Expected Dividend Yield</u>	2.57%	2.10%
<u>Expected Volatility</u>	45.64%	45.86%
<u>Risk-free Interest Rate</u>	1.18%	1.81%
<u>Expected Term (in years)</u>	3.5	3.4

**Rent Expense (Tables)**

**12 Months Ended  
Apr. 27, 2012**

[Rental Expense \[Abstract\]](#)  
[Rental Expense \[Table Text Block\]](#)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Minimum rent	\$ <b>34,738</b>	\$ 30,175	\$ 27,693
Contingent rent	<b>288</b>	388	462
Total rent	\$ <b><u>35,026</u></b>	\$ <b><u>30,563</u></b>	\$ <b><u>28,155</u></b>