



## Struggling Buca bought by Planet Hollywood

• The restaurant chain says the sour economy and past scandals forced it to sell for just a fraction of the stock's former value.

By STEVE ALEXANDER  
alex@startribune.com

Reeling from a tough economy and financial mismanagement by former executives, Minneapolis restaurant chain Buca Inc. is being acquired by Planet Hollywood in a deal valued at \$28.5 million, including debt.

The acquisition comes a month after the firm's Buca di Beppo chain of Italian restaurants celebrated 15 years in business. It went public in 1999.

Buca, with 88 restaurants in 25 states and the District of Columbia serving up its Italian family fare, has lost money for the past five years. Over the past four, it suffered from the costs of internal financial mismanagement that eventually sent some former executives to jail. Last year it lost \$16.2 million on revenue of \$245.6 million.

The \$9.7 million stock portion of the acquisition — Planet Hollywood is assuming nearly \$19 million in debt — translates into 45 cents a share, a pittance compared with what the stock was worth in the years after its public offering.

Buca continues on D5 ►

### GOING DOWNTOWN

Construction begins in fall 2009 on a new 30,000-square-foot Lunds grocery store as part of a mixed-use project being developed on Hennepin Avenue between S. 10th and 11th Streets. Lunds canceled plans for a smaller store one block away, and may sell or lease that site, at 12th Street and Hennepin Avenue.



## Lunds again plans its 2nd downtown supermarket

By SUSAN FEYDER  
sfeyder@startribune.com

Lund Food Holdings Inc. said Tuesday it plans to build a supermarket as part of a mixed-use project being developed on Hennepin Avenue between 10th and 11th streets in downtown Minneapolis.

Construction of the store will begin in fall 2009; no completion date has been set yet, according to Aaron Sorenson, spokesman for the Edina-based supermarket chain. The 30,000-square-foot store will be on the ground level of the project being developed by Alatus Management.

The other elements of that development should be determined in the next month or two, said Alatus partner Bob Lux.

Lunds continues on D5 ►

## Oil's fall, Fed's standstill aid Wall Street

• The Federal Reserve declined to raise a key interest rate, and oil fell to a three-month low Tuesday. That helped the Dow jump 331 points.

THE WALL STREET JOURNAL

Boosted by falling oil prices and a steady Federal Reserve, stocks surged on Tuesday.

The Dow Jones Industrial Average soared 331.62 points, or 2.9 percent, to 11,615.77, with about a third of the Dow's gains coming after the Fed said it would hold its key rate target at 2 percent. Twenty-nine of the benchmark's 30 components posted gains, with energy giant Chevron the sole decliner, slipping 0.4

percent because of the pullback in oil prices.

Oil closed Tuesday at \$119.17 a barrel, its lowest in three months and substantially off its trading high of \$147.27 last month.

The drop in commodities appears to have given the Fed more breathing room to let its recent rate cuts feed through the ailing broader economy before having to crank borrowing costs up again to head off any surge in inflation.

Still grappling with a yearlong

credit crisis, the central bank sought to straddle the line between rising prices and an array of troubles slowing the economy. "Although downside risks to growth remain, the upside risks to inflation are also of significant concern," the Fed said in a statement announcing its decision to leave its target for the federal funds rate, charged on overnight loans between banks, unchanged.

The Fed's language offered a more balanced assessment of the risks from growth and inflation than it did in June, underscoring expectations that a rate increase is far from imminent.

The vote for the rate decision was 10-1. Federal Reserve Bank of Dallas President Richard Fisher cast his fifth dissent of the year, preferring a rate increase. Voting with the majority was Elizabeth Duke, a former banker who was sworn in Tuesday morning as a Fed governor.

Along with turmoil in the financial sector, the Fed is facing high inflation readings and an uncertain outlook for economic growth later this year.

**Economy continues:** Falling energy prices take pressure off, but Fed still warns of tough times ahead. **D5 ►**

• Looking for a photo album got her into business, and relentless pursuit of new selling opportunities got her to the Olympics.



Jamie Flynn has built a growing business with customized "memory products" tied to national parks, the Olympics and a variety of events, locations and attractions. Her sales strategy: "Relentlessness."

## PERSISTENT PITCHER

SMALL BUSINESS  
DICK YOUNGBLOOD



If the U.S. Olympic Committee follows the pattern it set at the 2006 Winter Olympics in Turin, Italy, one wall of its headquarters at the Summer Olympics opening this week in Beijing will be covered with the familiar names and logos of its corporate sponsors and licensees.

There'll be McDonald's and Coca-Cola, Nike and Panasonic, General Electric and ... uh ... *Extended Exposure?*

No, it's not a strip club, but rather a small St. Paul company that peddles custom-designed photo albums, scrapbooks, journals and several dozen other items that founder Jamie Flynn calls "memory products."

Flynn's Olympic marketing license and a bagful of other sales coups so far this year are expected to hoist the company's 2008 revenue to



A couple of the Olympic mascot refrigerator magnets distributed by Extended Exposure.

GLEN STUBBE • Star Tribune

nearly \$500,000, up more than 30 percent from \$380,000 last year.

"And we'd have been a lot farther along if I hadn't had three kids in the past five years," said Flynn, 41, who is the company's principal sales and marketing whirlwind.

**Youngblood continues:** Flynn has broadened the lines of souvenir products she sells. **D2 ►**

## With annuity sales down, Allianz cuts 100 workers

By CHRIS SERRES  
cserres@startribune.com

Allianz Life Insurance Co. of North America has laid off about 100 employees, due in part to a decline in the sale of its annuities, some of which have come under fire in recent years.

The company, a subsidiary of German financial giant Allianz AG, said the cuts amount to 4 percent of the positions at its Golden Valley headquarters. Another 40 job openings have been eliminated, and an unspecified number of temporary jobs also were cut.

Affected employees, notified Tuesday, received severance packages based on years of service; the minimum severance was 12 weeks of pay plus unused vacation.

"We, like many companies, are being impacted by the economic slowdown and the acute downturn in financial services," said Allianz spokeswoman Juli Wall. "Basically, we're reducing our headcount to make sure we're staffed at an appropriate level to support our business in the current environment, and going forward."

This marks the second time in two years that Allianz has made significant layoffs in Golden Valley. In 2006, the company announced 200 layoffs after new rules governing how annuity products are sold through securities firms contributed to a slowdown in the sale of its equity-indexed annuities. Allianz is one of the nation's largest sellers of annuities, or contracts in which a person pays a lump-sum premium to an insurance company in return for periodic payments.

Allianz and other large insurance companies have come under scrutiny for the way they sell annuities to older people.

In February, Allianz Life paid \$10 million to settle charges that it sold unsuitable annuities to thousands of senior citizens in California. And last fall, in a settlement with Minnesota Attorney General Lori Swanson, Allianz agreed to return money to about 7,000 senior citizens who had purchased annuities since 2001. In both cases, Allianz agreed to strengthen the way it reviews annuity applications.

Allianz Life now employs about 2,300, down from 2,700 two years ago.

Chris Serres • 612-673-4308

### OTTER TAIL SEES SOME DRAMATIC DROPS

Shares of the utility took a dive after the company reported sharply lower earnings. **D2**

### GANDER MOUNTAIN SELLING ONLINE

The outdoor retailer flipped the switch to its website, and in the fall will again offer catalog sales. **D2**

Dow	Nasdaq	S&P 500	NYSE	Russell 2K	ST100	Gold (oz.)	Oil (bbl.)	3-month T-bill	10-year T-note	30-year T-bond	Prime rate	LIBOR 1 month	U.S. dollar
▲ 331.62	▲ 64.27	▲ 35.87	▲ 203.20	▲ 16.90	▲ 3.63	▼ \$25.90	▼ \$2.24	1.73%	4.02%	4.64%	5.00%	2.46%	0.6463 euro (▲ 0.0048)
11,615.77	2,349.83	1,284.88	8,471.85	721.04	166.88	\$882.00	\$119.17						108.17 yen (▼ 0.11)

# in minnesota

Eric Wieffering, assistant managing editor/business • 612-673-4237 • ewieffering@startribune.com

## Otter Tail profit off 78%; shares plunge

By H.J. CUMMINS  
hcummins@startribune.com

Electric utility Otter Tail Corp. came unplugged on Wall Street Tuesday after a late-Monday announcement that second-quarter earnings fell 78 percent, severely missing analysts' expectations.

Shares opened 15 percent lower than Monday's close and continued to fall throughout the trading session, closing at \$36.16, down 19.1 percent.

The Fergus Falls, Minn.-based utility — with diversified holdings in manufacturing, food processing and health services — reported earnings of \$3.5 million, or 11 cents a share, for the second quarter, down from \$16.1 million, or 53 cents a year ago. Analysts had been expecting 56 cents a share.

"All their businesses were

weaker than I would have expected, so it was a disappointing quarter for everyone," said analyst James Bellessa, at D.A. Davidson & Co. in Great Falls, Mont.

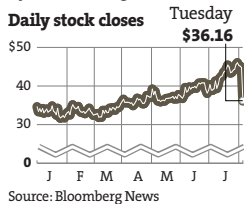
In its quarterly filing, Otter Tail Corp. dropped its projected 2008 earnings per share to a range of \$1.40 to \$1.65 from the previous \$1.75 to \$2.

"A number of factors adversely affected earnings and caused the second quarter to fall short of expectations, including challenges in our manufacturing segment and the impact of a rate-case decision," Otter Tail chief executive John Erickson said in a press release.

Otter Tail Power won a 2.9 percent rate increase from the Minnesota Public Utilities Commission in July, lower than the requested 6.7 percent increase and lower than the 5.4 percent interim rate in

### OTTER DISMAY

Otter Tail Corp. shares fell \$8.56, or 19.1 percent, Tuesday after the company released second-quarter earnings that missed analysts' expectations by a wide margin.



effect since last November. The difference, plus interest to be refunded to ratepayers, amounts to \$2.2 million, or 4 cents a share, Bellessa said.

The big run-up in Otter Tail's stock price in recent months reflected speculators' interest in the company's DMI Industries, a wind tower

manufacturer, Bellessa said. The current "growing pains" that Erickson cited in DMI, hurting output at its production facilities in Oklahoma, North Dakota and Canada, were bad news for those investors, Bellessa said.

Otter Tail reported revenue of \$323.6 million for the quarter, compared with \$305.8 million a year earlier.

H.J. Cummins • 612-673-4671

### 2ND QUARTER FY2008, 6/30

	2008	2007	% chg.
Revenue	\$323.6	\$305.8	+5.8
Income	3.5	16.1	-78.2
Net/cm	3.3	15.9	-79.1
Earn/share	0.11	0.53	-79.2

### 6 MONTHS

	2008	2007	% chg.
Revenue	\$623.8	\$607.0	+2.8
Income	11.7	26.5	-55.7
Net/cm	11.4	26.1	-56.5
Earn/share	0.38	0.88	-56.8

Figures in millions except for earnings per share.

## Gander Mountain joins world of online sales

More than 30 Gander Mountain catalogs dating back to the mid-1960s now are trading on e-Bay, a phenomenon that's not lost on company executives. Gander CEO Mark Baker spoke Tuesday of a "return to the company's roots in direct sales" as the outdoor retailer announced it had launched a long-awaited website and would follow with a catalog this fall.

Gander sold its rights to direct sales to Cabela's in 1996

to avoid bankruptcy. But a judge's ruling last summer finally freed St. Paul-based Gander to sell to customers online or through catalogs, giving the impression that the chain of 115 stores was late to the online party.

Baker declined to estimate how the website and forthcoming catalog would affect the company's bottom line, but he noted that when Gander "exited the catalog business" more than a decade ago,

it was doing about \$200 million in sales.

Gander quietly flipped the switch to its website (www.gandermtn.com) on Sunday after it was tested internally by employees for the past month. Baker said he hired a small team for a separate service center and diverted some resources from stores with slower sales.

Eventually, customers will be able to order items that normally would be special or-

dered in stores — such as size 16 boots or a firearm accessory, Baker said. Some marine products by Overton's, which the company bought in December, will be available at Gander's site just as some of Gander's kayaks and other goods are for sale at Overtons.com. The process should be seamless to online shoppers, Baker said, though sales figures will be kept separately.

JACKIE CROSBY

## Persistent product pitcher

### ◀ YOUNGBLOOD FROM D1

The Olympics is but the latest addition to a creative list of niche markets that Flynn has come up with since she started the company in 1998.

She began with a focus on national parks, which she figured gave her a nice, tax-deductible reason to "see the country, to visit all the national parks." Then she expanded to state parks, ski and lake resorts, zoos, aquariums and art galleries, with all of her products customized to carry the names, logos and images connected with specific events, locations and attractions.

And babies or no babies (the youngsters are 4, 2 and 1), Flynn has had her share of sales successes this year: She has added Yosemite National Park and five Caribbean resorts owned by Hospitality Purveyors Inc. to her client list and cut deals with Target.com and the Foot Locker and Champs Sports websites to carry her Olympics product line.

Oh yes, she also has signed as clients the governing bodies of a dozen Summer Olympics events ranging from swimming and diving to softball and water polo to fencing and rowing. The events organizations buy her memorabilia to sell on their websites or offer as gifts to donors and participants.

### Glacier inspiration

The brainstorm behind Extended Exposure came in 1988, when Flynn was spending the summer as a waitress at the Rising Sun Resort in Glacier National Park.

"I was looking for a photo album with the Glacier Park name on it, and I couldn't find one," she said. Subsequent visits to the Grand Canyon, Mount Rainier National Park and Canada's Banff National Park yielded similar results.

But it was 10 years before Flynn decided to take a shot at entrepreneurship. In 1998 she persuaded a friend who was a graphic designer to come up with a customized Glacier park photo album, which she proceeded to sell to five Glacier Park stores.

### EXTENDED EXPOSURE

**Business:** Designs and sells "memory products," including photo albums, scrapbooks and journals that are customized to carry names, logos and images connected with national parks, the Summer Olympics and other attractions.

**Founded:** 1998

**Headquarters:** St. Paul

**Website:** www.extendedexposure.com

**Executives:** Founder Jamie Flynn

**Employees:** 3 full-time, 2 part-time

**2007 revenue:** \$380,000, on track to reach \$500,000 this year.

**Quote:** "I was looking for a photo album with the Glacier Park name on it, and I couldn't find one." — Flynn, explaining that the inspiration behind her business came from a summer she spent as a waitress at a resort in Glacier National Park.



Sue Woller applied foil stamping to a batch of 100 percent recycled paper custom Great Smoky Mountains National Park photo albums for Extended Exposure. Owner Jamie Flynn began with a photo album featuring Glacier National Park.

GLEN STUBBE  
Star Tribune

The expansion to state parks was a natural, as was the addition of resorts and other attractions. She's even found a corporate market for her customized products, which are offered as gifts for employee recognition and similar events.

A few years ago, as she pondered potential markets that might fit her niche concept, the 2006 Winter Olympics quickly climbed to the top of her list. She paid an advertising agency \$10,000 to assem-

ble a "pitch book" showcasing her product line and demonstrating how it fit into consumer trends, then headed for U.S. Olympic Committee headquarters in Colorado Springs to present it.

The resulting license agreement, of course, meant that she had to climb on an airliner to spend six days in Turin networking at the Winter Olympics. And it appears to have paid off, given her quick acceptance as a 2008 Summer Games licensee. The license cov-

ers sale of her products at the games, where she will spend six days starting Saturday, and sanctions her use of the Olympic logo on products sold into retail outlets.

Over the years, Flynn has expanded her offerings to nearly 40 lines that go well beyond the original photo albums, scrapbooks and journals to include everything from coasters, clocks and coffee mugs to trivets, cutting boards and picture frames with laser-engraved words and images, all customized for the clients.

And then, for the Summer Olympics line, she applied the Olympics symbol to a lineup that includes water bottles, travel mugs, tote bags and even Frisbees and pandas.

Flynn markets her products at trade shows and through trade associations, plus "a lot of cold calling," which she said she enjoys "because of the challenge and the action." She has one other sales technique going for her, however: relentlessness.

For example, she spent five years pushing her products at Yellowstone National Park officials, who finally capitulated in 2003; one of her contacts told her that "I've never seen anyone with so much persistence." And it took her seven years to sign Hospitality Purveyors, the Caribbean resorts owner.

Flynn honed her sales skills as a rep for Kraft Foods' food service division, calling on restaurants in the St. Paul area. In five years there she won the company's "Trailblazer" award twice for adding the most new customers.

Then her first husband was killed in an auto accident in 1996. Unable to face the attention of sympathetic clients, she resigned to take a job as coordinator of volunteers at Catholic Charities.

Two years later she was in business for herself.

Dick Youngblood • 612-673-4439 • yblood@startribune.com

## regional stock spotlight

**Target Corp.** **+\$2.98** **\$47.99**

Large retail chains surged Tuesday as the price of oil fell and an industry association said weekly retail sales rose the most since December. Target gained 6.6 percent. (Ticker: TGT)

## figuratively speaking

**54** Percentage of senior-level executives who say they would accept a pay cut for the "right" position.

**38** Percentage who would take up to an 18 percent pay cut.

Source: Impact Hiring Solutions

## NEWS IN BRIEF

### Winona auto plant to lay off 100 workers

Automotive giant TRW plans to cut the workforce at its Winona, Minn., factory by about 100 employees, many of them from assembly lines. The state's Dislocated Workers Program has begun assisting affected workers, program director Anthony Alongi said. He confirmed a report that TRW Automotive, based in Livonia, Mich., is preparing layoffs. The site, part of TRW's body control systems unit, employs more than 800 workers.

ROCHESTER POST-BULLETIN

## company roundup

### DEBT AND EQUITIES

**Alliant Techsystems (ATK)**, Eden Prairie, said its board of directors has decided to keep ATK's stockholder-rights plan in effect without any modifications. The rights plan, which was adopted by the board in May 2002, is intended to assure that ATK stockholders receive fair and equal treatment if efforts are made to gain control of the company without paying all stockholders a premium value.

**Lakes Entertainment Inc.**, Minnetonka, has filed a petition with the Ohio secretary of state containing more than 750,000 signatures from the requisite number of counties to place a referendum permitting one casino in Ohio on the Nov. 4 statewide ballot.

**Pentair Inc.**, Golden Valley, announced that its cash tender offer for all of its 7.85 percent senior notes due 2009 expired Monday. The tender offer was made pursuant to an offer to purchase and related letter of transmittal dated July 8 as amended by Pentair's press release dated July 17. Pentair also announced that a \$116.1 million principal amount (of a total outstanding principal of \$250 million) of notes had been validly tendered in connection with the tender offer. Holders who validly tendered their notes in the tender offer will receive \$1,040.48 per \$1,000 principal amount of notes, plus accrued interest.

**ProUroCare Medical Inc.**, Golden Valley, closed a private placement of \$175,000 of units consisting of unsecured, subordinated, convertible promissory notes and common stock purchase warrants. The net proceeds will be used to pay certain existing obligations and for general corporate purposes. This closing completes ProUroCare's planned private placement fundraising goal.

### NEW BUSINESS

**TCF Financial Corp.**, Wayzata, has created a new subsidiary called TCF Inventory Finance, Inc. Headquartered in Hoffman Estates, Ill., it will specialize in the inventory floor-plan finance business in the United States and Canada, with an initial focus on the consumer electronics and household appliance industries.

**Ameriprise Financial**, Minneapolis, and **RiverSource Investments** announced the introduction of two new mutual funds in the United States from its subsidiary Threadneedle International Limited. The new funds are Threadneedle Global Equity Income Fund and Threadneedle Global Extended Alpha Fund.

### PERSONNEL

**U.S. Bancorp**, Minneapolis, named Ralph Bernstein senior vice president of healthcare solutions at U.S. Bank. Bernstein worked for U.S. Bank from 1996 to 1999 and was most recently vice president of card solutions for Exante Financial Services, a division of UnitedHealth Group, and as principal of RS3 Solutions, Inc., a healthcare, banking and payments consulting firm.

**Zareba Systems Inc.**, Plymouth, elected Michael Bochart to its board of directors. Bochart is an independent investment banker and a former executive vice president of corporate strategy and finance of the John Ryan Co., a managing director of investment banking of Cherry Tree Securities, and a principal with the Stonehill Group.

## earnings

**CARIBOU COFFEE CO. INC.** (CBOU) Operates specialty coffeehouses.

### 2ND QUARTER FY2008, 6/29

	2008	2007	% chg.
Revenue	\$63.2	\$62.8	+0.5
Income	-2.4	-3.9	-
Earn/share	-0.13	-0.20	-

### 6 MONTHS

	2008	2007	% chg.
Revenue	\$124.9	\$124.7	+0.2
Income	-8.8	-7.1	-
Earn/share	-0.46	-0.37	-

Figures in millions except for earnings per share.

### MOCON INC.

(MOCO) Makes packaging and materials testing instrumentation.

### 2ND QUARTER FY2008, 6/30

	2008	2007	% chg.
Revenue	\$7.4	\$6.7	+10.8
Income	1.1	0.9	+12.8
Earn/share	0.18	0.16	+12.5

### 6 MONTHS

	2008	2007	% chg.
Revenue	\$14.8	\$13.5	+9.7
Income	1.9	1.8	+9.7
Earn/share	0.34	0.31	+9.7

Figures in millions except for earnings per share.

**COMPELLENT TECHNOLOGIES INC.** (CML) Enterprise-class network storage solutions.

### 2ND QUARTER FY2008, 6/30

	2008	2007	% chg.
Revenue	\$21.0	\$12.1	+74.0
Income	-0.6	-1.9	-
Earn/share	-0.02	-0.45	-

### 6 MONTHS

	2008	2007	% chg.
Revenue	\$39.3	\$20.9	+87.8
Income	-2.2	-4.1	-
Earn/share	-0.07	-0.95	-

Figures in millions except for earnings per share.

### TECHNE CORP.

(TECH) Makes hematology controls and biotechnology products for research scientists.

### 4TH QUARTER FY2008, 6/30

	2008	2007	% chg.
Revenue	\$67.8	\$58.4	+16.0
Income	27.3	22.9	+18.9
Earn/share	0.70	0.58	+20.7

### 12 MONTHS

	2008	2007	% chg.
Revenue	\$257.4	\$223.5	+15.2
Income	103.6	85.1	+21.7
Earn/share	2.64	2.15	+22.8

Figures in millions except for earnings per share.

# Monthly Parking

## Low Rates

Convenient Downtown Location, 4th Street and Portland Avenue  
Close to Metrodome Events  
Call Today  
**(612) 673-7470**