BFMA HOLDING CORP
Form DFAN14A
July 19, 2002

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934
(Amendment No.)

Filed by the Registrant [ ]

Filed by a party other than the Registrant [X]

Check the appropriate box:

[ ] Preliminary Proxy Statement

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[ ] Definitive Proxy Statement

[X] Definitive Additional Materials

[ ] Soliciting Material Pursuant to Section 240.14a-12

MORTON'S RESTAURANT GROUP, INC.

(Name of Registrant as Specified In Its Charter)

BFMA HOLDING CORPORATION
MARIETTA CORPORATION

(Name of Persons(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[ ] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Aggregate number of securities to which transaction applies:

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(1) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

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(1) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

[ ] Fee paid previously with preliminary materials:

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

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(1) Form, Schedule or Registration Statement No.:

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(1) Filing Party:

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(1) Date Filed:

LETTER TO SHAREHOLDERS
OF MORTON'S RESTAURANT GROUP, INC.
FROM BFMA HOLDING CORPORATION

On July 19, 2002, BFMA Holding Corporation ("BFMA") delivered a letter to shareholders of Morton's Restaurant Group, Inc. ("Morton's"), in the form set forth below:

BFMA HOLDING CORPORATION
50 EAST SAMPLE ROAD, SUITE 400
POMPANO BEACH, FL 33064

July 19, 2002

Dear Morton's Shareholder:

TELL MORTON'S YOU WANT A FAIR PRICE RESULTING FROM A FAIR PROCESS

In this era, when attention has been focused on management abuse and director indifference to such abuse, we believe that no rule, regulation or law passed by Congress, the SEC or any stock exchange will, by itself, halt anti-shareholder practices - a company's shareholders must act where they can to influence a company to correct these corporate governance failings. We have detailed in past letters ways in which we believe Morton's management has abused its position. As a shareholder of Morton's, you have an opportunity to influence the governance and operations of the company by voting AGAINST the Allen Bernstein/Castle Harlan deal, which we believe is the product of a rigged process. We believe that the process was unfair and that the price resulting from this process is still inadequate. Vote AGAINST the Allen Bernstein/Castle Harlan deal, and tell Morton's that you want a fair price resulting from a fair process.

DON'T LET THE COMPANY BULLY YOU INTO
ACCEPTING AN INADEQUATE PRICE FOR YOUR SHARES

In a press release issued by the company on July 17, 2002 in which the company released what appeared to us to be positive quarterly results in line with those of its competitors, the company stated that Morton's "has experienced, and may continue to experience, weak revenue trends and negative comparable restaurant revenues ... [which] have, and are expected to continue to negatively impact results." Do not allow Messrs. Bernstein, Baldwin and Castle and this board of directors to use bully tactics to influence your decision to vote. We urge you to read all statements from Morton's with a jaundiced eye. Keep in mind that the proposed deal involves director John Castle's firm Castle Harlan and that Morton's has disclosed that CEO Allen Bernstein and CFO Thomas J. Baldwin will be offered the opportunity to participate as equity partners with Castle Harlan in the transaction. We don't trust them and we don't trust what they are telling us.

YOUR SHARES ARE WORTH MORE THAN $17.00 PER SHARE

We believe that the true value of the company is greater than the current $17.00 offer. The company is emerging from one of the worst periods in its history, resulting from the economic affects of the tragic events of September 11th. We view the company's second quarter financial results released on July 17, 2002 as indicating that the worst is behind us. However, we believe that the $17.00 sale price does not take this recovery into account. We have prepared an analysis of historical and expected quarterly and annual results that confirm our belief, a copy of which is attached to this letter. We hope you will review the attached analysis carefully.

Morton's second quarter results released on July 17, 2002 were not as bad as management led us to believe they would be in their prior press releases. The company's reported EBITDA (earnings before interest, taxes, depreciation and amortization, and the tip FICA tax credit(1)) of $6.5 million and $14.4 million for the second quarter of 2002 and the first half of 2002, respectively, imply a seasonally adjusted expected annual EBITDA which we have estimated to be approximately $33.2 million ("Estimated 2002 EBITDA"). Management's most recently published estimate of its 2002 EBITDA is $34.7 million ("Management's Revised Estimated 2002 EBITDA"), which was set forth in the March 26, 2002 "Revised 2002 Operating Plan" summarized in Morton's proxy materials. We believe that EBITDA could be as much as $38.2 million, or $5 million higher than Estimated 2002 EBITDA, if

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(1) The tip FICA tax credit reverses the company's charge to restaurant operating expenses of approximately $1.5 million annually for FICA taxes it does not have to pay. The company charges restaurant operating expenses and then takes a credit against taxes due, which has the effect of reducing EBITDA (as it would normally be calculated) without reducing the company's net income or earnings per share.

Morton's eliminated some of the overhead related to the restaurant holding-company structure that we believe to be unnecessary now that it has written off all of its other restaurant concepts ("Pro Forma Estimated 2002 EBITDA").

Given these expected levels of financial performance, the current offer of $17.00 per share represents only 4.8x Estimated 2002 EBITDA, 4.6x Management's Revised Estimated 2002 EBITDA and 4.2x Pro Forma Estimated 2002 EBITDA. Based on the number of outstanding shares publicly disclosed by the company and using Estimated 2002 EBITDA, Management's Revised Estimated 2002 EBITDA and Pro Forma Estimated 2002 EBITDA, we have calculated diluted EPS (earnings per share) for 2002 of $1.93, $1.76 and $2.68, respectively. See the attached "Annual Summary". The implied P/E (price-to-earnings) multiple of the Allen Bernstein/Castle Harlan offer, based on the $17.00 offer price and using Estimated 2002 EBITDA, Management's Revised Estimated 2002 EBITDA and Pro Forma Estimated 2002 EBITDA were only 8.8x, 9.7x and 6.3x, respectively. These seem more like cash flow multiples than like earnings multiples. Even with the most recent market declines, we believe that these purchase multiples are substantially below traditional market valuation averages.

IMPLIED PURCHASE MULTIPLES FOR MANAGEMENT'S OFFER

	ESTIMATED	MANAGEMENT'S REVISED ESTIMATED (1
Offer Price Per Share	$ 17.00	$ 17.00
Shares Outstanding	4,189,711	4,189,711
Implied Value of Equity	$ 71,225,087	$ 71,225,087
Estimated Cost to Terminate Warrants	2,299,000	2,299,000
Implied Cost of Equity	$ 73,524,087	$ 73,524,087
Plus: Debt (2)	99,410,000	99,410,000
Less: Cash on Balance Sheet (2)	5,163,000	5,163,000
Less: Cash Adjustment (3)	8,000,000	8,000,000
Implied Purchase Value of Enterprise	159,771,087	159,771,087
EBITDA (4)	$ 33,243,473	$ 34,700,000
Implied Multiple of Purchase Value to EBITDA	4.8x	4.6
EPS (4)	$ 1.93	$ 1.76
Implied Purchase Price P/E Ratio	8.8x	9.7

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(1) From the Company's proxy statement filed with the SEC on June 18, 2002 and is an extrapolation of a sales, EBITDA and EPS forecast, adjusted for the Tip FICA tax credit (see above).

(2) From the Company's most recent balance sheet as of June 30, 2002 as disclosed in the Company's press release dated July 17, 2002.

(3) Assumes the anticipated return to historical levels of payables and accrued expenses generating an estimated approximately $6.2 million of additional cash and the collection of an approximately $1.8 million income tax receivable.

(4) See "Annual Summary" attached.

If we simply apply conservative valuation multiples of 5.0x to 7.0x to the various expected EBITDA levels or P/E multiples of 10x to 15x, the resulting values for each of the company's shares are in the range of $20 to $40 per share. Why would you sell something for only $17 when a conservative valuation clearly indicates that it is worth much more? We believe that a fair process would result in a fair price, not the inadequate price we are forced to vote for today.

IMPLIED SHARE VALUES AT COMPARABLE MULTIPLES

EBITDA VALUATION:	ESTIMATED		MANAGEMENT'S REVISED ESTIMATED (1)	
Multiple	5.0x	7.0x	5.0x	7.0x
EBITDA (4)	33,243,473	33,243,473	34,700,000	34,700,000
Implied Enterprise Value	166,217,366	232,704,313	173,500,000	242,900,000
Less: Debt (2)	99,410,000	99,410,000	99,410,000	99,410,000
Plus: Cash on Balance Sheet (2)	5,163,000	5,163,000	5,163,000	5,163,000
Plus: Cash Adjustment (3)	8,000,000	8,000,000	8,000,000	8,000,000
Implied Equity Value	79,970,366	146,457,313	87,253,000	156,653,000
Shares Outstanding	4,182,000	4,182,000	4,182,000	4,182,000
Implied Value Per Share	$ 19.12	$ 35.02	$ 20.86	$ 37.46

P/E VALUATION:

Multiple	10.0x	15.0x	10.0x	15.0x
EPS (4)	$ 1.93	$ 1.93	$ 1.76	$ 1.76
Implied Value Per Share	$ 19.33	$ 29.00	$ 17.59	$ 26.38

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(1) From the Company's proxy statement filed with the SEC on June 18, 2002 and is an extrapolation of a sales, EBITDA and EPS forecast, adjusted for the Tip FICA tax credit (see above).

(2) From the Company's most recent balance sheet as of June 30, 2002 as disclosed in the Company's press release dated July 17, 2002.

(3) Assumes the anticipated return to historical levels of payables and accrued expenses generating an estimated approximately $6.2 million of additional cash and the collection of an approximately $1.8 million income tax receivable.

(4) See "Annual Summary" attached.

YOUR VOTE COUNTS

Every vote counts. Although there is a large concentration of shares held by mutual funds and a few large blocks held by institutional shareholders, your vote can send a message. Despite the propensity for these shareholders to avoid voting against management on contentious issues, we are optimistic that the mutual funds and institutional shareholders will do the right thing in this situation - and vote AGAINST the Allen Bernstein/Castle Harlan deal. We believe that these institutions blindly trusted management to do the right thing last year when BFMA's nominees were voted down at a time when its own offer for $28.25 per share was outstanding. Their trust in management appears to have been misplaced. We believe that they are smart enough not to make the same mistake twice and are sophisticated enough to see the true value in their holdings. You, too, should see the true value of Morton's and vote AGAINST the Allen Bernstein/Castle Harlan deal.

DON'T VOTE WITH MANAGEMENT! A VOTE AGAINST THE ALLEN BERNSTEIN/CASTLE HARLAN OFFER IS A VOTE FOR SHAREHOLDER VALUE. ACT NOW - THE MEETING IS IN 4 DAYS! WE URGE YOU TO GRANT YOUR PROXY AGAINST THE CASTLE HARLAN OFFER BY SIGNING, DATING AND RETURNING YOUR PROXY CARD TODAY.

Sincerely,

/s/ Barry W. Florescue

Barry W. Florescue
Chairman and CEO
of BFMA Holding Corporation

********** IMPORTANT **********

Please vote your proxy card TODAY AGAINST the Castle Harlan offer.

IF ANY OF YOUR SHARES ARE HELD IN THE NAME OF A BANK OR BROKER OR OTHER NOMINEE, PLEASE CONTACT THE PERSON RESPONSIBLE FOR YOUR ACCOUNT AND DIRECT HIM/HER TO VOTE AGAINST THE CASTLE HARLAN OFFER.

IF YOU HAVE ANY QUESTIONS OR NEED ASSISTANCE IN VOTING YOUR SHARES, PLEASE FEEL FREE TO CONTACT:

MR. RICHARD A. BLOOM
PRESIDENT AND CHIEF OPERATING OFFICER
MARIETTA CORPORATION
37 HUNTINGTON STREET
CORTLAND, NEW YORK 13045
CALL (TOLL-FREE): (800) 431-3023
FAX: (607) 756-0657

MORTON'S RESTAURANT GROUP, INC.
QUARTERLY SUMMARY

	Q1 - 3 MONTHS ENDED			Q2 -
	ACTUAL 2-APR-00	ACTUAL 1-APR-01	ACTUAL 31-MAR-02	ACTUAL 2-JUL-00
REVENUE:				
Total Revenue	$63,595	$66,342	$61,106	$58,600
COST RESTAURANT OPERATIONS:				
Food and beverage costs	21,422	22,670	21,204	19,603
Restaurant operating expenses	26,352	27,833	27,365	25,150
Tip FICA Credit (2)	(355)	(416)	(383)	(327)
Total Cost of Restaurant Operations	47,419	50,087	48,186	44,426
RESTAURANT CONTRIBUTION	16,176	16,255	12,920	14,174
Marketing and promotional	1,876	2,199	1,188	1,669
General and administrative	5,058	4,932	3,758	4,872
Savings	0	0	0	0
Total SG&A	6,934	7,131	4,946	6,541
EBITDA (2)	9,242	9,124	7,974	7,633
Depreciation & Amortization	2,319	2,142	2,150	2,139
EBIT (OPERATING INCOME)	6,923	6,982	5,824	5,494
Pre-opening expenses	761	614	287	800
Non-recurring charges	0	0	(79)	0

Interest expense, net & other	1,448	2,032	1,997	1,354
PRE-TAX INCOME	4,714	4,336	3,619	3,340
Tip FICA Credit (2)	355	416	383	327
Income Tax Expense	1,308	1,176	971	904
NET INCOME	3,051	2,744	2,265	2,109
SHARES: BASIC	5,093	4,158	4,182	4,698
DILUTED	5,232	4,425	4,182	4,878
EPS: BASIC	$ 0.60	$ 0.66	$ 0.54	$ 0.45
DILUTED	0.58	0.62	0.54	0.43
OPERATING MARGINS				
Cost of Restaurant Operations:				
Food and beverage / revenue	33.7%	34.2%	34.7%	33.5%
Restaurant operations / revenue	41.4%	42.0%	44.8%	42.9%
Total cost of Restaurant Operations	74.6%	75.5%	78.9%	75.8%
Restaurant Contribution	25.4%	24.5%	21.1%	24.2%
Marketing and promotional / revenue	2.9%	3.3%	1.9%	2.8%
General and administrative / revenue ...	8.0%	7.4%	6.1%	8.3%
Total SG&A/Revenue	10.9%	10.7%	8.1%	11.2%
EBITDA	14.5%	13.8%	13.1%	13.0%

	Q3 - 3 MONTHS ENDED			Q
	ACTUAL 1-OCT-00	ACTUAL 30-SEP-01	ESTIMATED (1) 30-SEP-02	ACTUAL 30-DEC-00
REVENUE:				
Total Revenue	$56,314	$52,274	$57,500	$69,873
COST RESTAURANT OPERATIONS:				
Food and beverage costs	19,522	19,097	19,500	23,677
Restaurant operating expenses	25,542	26,524	25,500	28,536
Tip FICA Credit (2)	(314)	(328)	(400)	(390)
Total Cost of Restaurant Operations	44,750	45,293	44,600	51,823
RESTAURANT CONTRIBUTION	11,564	6,981	12,900	18,050
Marketing and promotional	1,342	1,759	1,350	1,992
General and administrative	4,435	3,213	3,750	5,446
Savings	0	0	0	0
Total SG&A	5,777	4,972	5,100	7,438
EBITDA (2)	5,787	2,009	7,800	10,612
Depreciation & Amortization	1,255	1,991	2,000	1,366

EBIT (OPERATING INCOME)	4,532	18	5,800	9,246
Pre-opening expenses	1,200	400	400	1,247
Non-recurring charges	0	155	0	0
Interest expense, net & other	1,696	1,924	2,100	1,929
PRE-TAX INCOME	1,636	(2,461)	3,300	6,070
Tip FICA Credit (2)	314	328	400	390
Income Tax Expense	397	(837)	986	1,703
NET INCOME	925	(1,952)	1,914	3,977
SHARES: BASIC	4,322	4,177	4,188	4,231
DILUTED	4,548	4,177	4,244	4,370
EPS: BASIC	$ 0.21	$ (0.47)	$ 0.46	$ 0.94
DILUTED	0.20	(0.47)	0.45	0.91
OPERATING MARGINS				
Cost of Restaurant Operations:				
Food and beverage / revenue	34.7%	36.5%	33.9%	33.9%
Restaurant operations / revenue	45.4%	50.7%	44.3%	40.8%
Total cost of Restaurant Operations	79.5%	86.6%	77.6%	74.2%
Restaurant Contribution	20.5%	13.4%	22.4%	25.8%
Marketing and promotional / revenue	2.4%	3.4%	2.3%	2.9%
General and administrative / revenue ...	7.9%	6.1%	6.5%	7.8%
Total SG&A/Revenue	10.3%	9.5%	8.9%	10.6%
EBITDA	10.3%	3.8%	13.6%	15.2%

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(1) Quarterly results for the 3rd and 4th quarter of FY 2002 are estimated.

(2) The Tip FICA tax credit reverses the Company's charge to restaurant operating expenses for FICA taxes the Company does not have to pay. Amounts for FY 2000 and FY 2001 are actual reported amounts distributed to each quarter proportionally based on sales. Estimated figures for FY 2002 are based on a similar % of sales.

MORTON'S RESTAURANT GROUP, INC.

ANNUAL SUMMARY

	ACTUAL FYE 31-DEC-00	ACTUAL FYE 31-DEC-01	ESTIMATED (1) FY 2002

Revenue:			
Total Revenue	$ 248,382	$ 237,111	$ 244,406
COST RESTAURANT OPERATIONS:			
Food and beverage costs	84,224	82,149	83,813
Restaurant operating expenses	105,580	107,905	108,367
Tip FICA Credit (4)	(1,386)	(1,488)	(1,583)
Total Cost of Restaurant Operations	188,418	188,566	190,597
RESTAURANT CONTRIBUTION	59,964	48,545	53,809
Marketing and promotional	6,879	6,927	5,331
General and administrative	19,811	17,201	15,235
Savings	0	--	--
Total SG&A	26,690	24,128	20,566
EBITDA (4)	33,274	24,417	33,243
Depreciation & Amortization	7,079	8,066	8,697
EBIT (OPERATING INCOME)	26,195	16,351	24,546
Pre-opening expenses	4,008	4,614	1,450
Non-recurring charges	0	2,354	922
Interest expense, net & other	6,427	7,617	8,361
PRE-TAX INCOME	15,760	1,766	13,813
Tip FICA Credit (4)	1,386	1,488	1,583
Income Tax Expense	4,312	(711)	4,025
NET INCOME	10,062	989	8,205
SHARES: BASIC	4,565	4,172	4,188
DILUTED	4,756	4,241	4,244
EPS: BASIC	$ 2.20	$ 0.24	$ 1.96
DILUTED	2.12	0.23	1.93
OPERATING MARGINS			
Cost of Restaurant Operations:			
Food and beverage / revenue	33.9%	34.6%	34.3%
Restaurant operations / revenue	42.5%	45.5%	44.3%
Total cost of Restaurant Operations	75.9%	79.5%	78.0%
Restaurant Contribution	24.1%	20.5%	22.0%
Marketing and promotional / revenue ...	2.8%	2.9%	2.2%
General and administrative / revenue ..	8.0%	7.3%	6.2%
Total SG&A/Revenue	10.7%	10.2%	8.4%
EBITDA	13.4%	10.3%	13.6%

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(1) Estimated results reflect actual reported Q1 and Q2 figures and estimates of Q3 and Q4 financial performance for FY 2002.

(2) From the Company's proxy statement filed with the SEC on June 18, 2002 and is an extrapolation of a sales, EBITDA and EPS forecast, adjusted for the Tip FICA tax credit.

(3) Assumes $5 million of additional cost savings from the elimination of overhead related to the Company's restaurant holding-company structure that we believe to be unnecessary now that it has written off all of its other restaurant concepts.

(4) The Tip FICA tax credit reverses the Company's charge to restaurant operating expenses for FICA taxes the Company doesn't have to pay. The Company charges restaurant operating expenses and then takes a credit against taxes due, which has the effect of reducing EBITDA (as it would normally be calculated).

MORTON'S RESTAURANT GROUP, INC.

WORKING CAPITAL ANALYSIS

Assets:	Q4 - FY 98 ACTUAL 3-JAN-99	Q4 - FY 99 ACTUAL 2-JAN-00	Q1 ACTUAL 2-APR-00	Q ACT 2-JU
Current assets:				
Cash & equivalents	$2,117	$5,806	$2,289	$2,
Accounts receivable	894	1,093	1,653	1,
Inventory	6,400	7,134	6,637	6,
Income taxes receivable	0	0	0	
Deferred income taxes	6,005	5,699	6,060	6,
Other current assets	3,920	2,724	2,815	4,
Total current assets	19,336	22,456	19,454	20,
Net Property, Plant & Equipment	45,811	66,715	68,480	68,
Goodwill and Intangibles	12,134	11,709	11,603	11,
Deferred taxes	8,466	7,511	6,322	5,
Other assets	9,237	5,970	6,076	5,
Total assets	$94,984	$114,361	$111,935	$112,
LIABILITIES:				
Current liabilities:				
Accounts payable	$6,553	$7,870	$5,983	$5,
Accrued expenses	19,466	22,036	19,317	19,
Sub-total	26,019	29,906	25,300	25,
Other current liabilities	372	140	369	
Total current liabilities	26,391	30,046	25,669	25,
Long-term debt:				
Total long-term debt (2)	42,055	65,392	75,064	80,

Other long-term liabilities	3,581	6,855	6,458	5,
Shareholder's equity	22,957	12,068	4,744	1,
Total Shareholders' equity	22,957	12,068	4,744	1,
Liabilities & Shareholder's equity ...	$94,984	$114,361	$111,935	$112,
Current Assets	19,336	22,456	19,454	20,
Current Liabilities w/o debt	26,391	30,046	25,669	25,
Net Working Capital (4)	(7,055)	(7,590)	(6,215)	(4,

Assets:	Q1 ACTUAL 1-APR-01	Q2 ACTUAL 1-JUL-01	Q3 ACTUAL 30-SEP-01	Q4 - 2001 ACTUAL 30-DEC-01	Q1 - 2002 ACTUAL 31-MAR-02
Current assets:					
Cash & equivalents	$1,721	$1,685	$1,623	$6,509 (3)	$5,798
Accounts receivable	1,094	1,690	1,498	3,988	2,699
Inventory	8,142	8,111	7,608	8,061	7,616
Income taxes receivable	0	0	0	560	560
Deferred income taxes	5,497	5,784	5,772	4,616	4,854
Other current assets	2,948	2,047	2,449	2,632	2,365
Total current assets	19,402	19,317	18,950	26,366	23,892
Net Property, Plant & Equipment .	78,818	81,380	81,064	82,936	82,152
Goodwill and Intangibles	11,226	11,125	11,024	10,923	10,923
Deferred taxes	4,025	4,830	5,904	6,907	5,985
Other assets	6,782	6,985	7,234	7,582	7,675
Total assets	$120,253	$123,637	$124,176	$134,714	$130,627
LIABILITIES:					
Current liabilities:					
Accounts payable	$6,622	-	-	6,566	-
Accrued expenses	16,569	-	-	19,531	-
Sub-total	23,191	23,993	23,628	26,097	22,964
Other current liabilities	126	72	42	0	305
Total current liabilities ...	23,317	24,065	23,670	26,097	23,269
Long-term debt:					
Total long-term debt (2)	90,843	95,397	98,921	104,709	100,900
Other long-term liabilities	4,181	3,854	3,534	4,118	4,289

Shareholder's equity	1,912	321	(1,949)	(210)	2,169
Total Shareholders' equity ..	1,912	321	(1,949)	(210)	2,169
Liabilities & Shareholder's equity	$120,253	$123,637	$124,176	$134,714	$130,627
Current Assets	19,402	19,317	18,950	26,366	23,892
Current Liabilities w/o debt ...	23,317	24,065	23,670	26,097	23,269
Net Working Capital (4)	(3,915)	(4,748)	(4,720)	269	623

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(1) From the Company's most recent balance sheet as of June 30, 2002 as disclosed in the Company's press release dated July 17, 2002

(2) Includes capital leases and all debt obligations, long-term and current.

(3) Includes $1,682 of an insurance receivable.

(4) Current assets less current liabilities (excluding current portion of debt).

(5) Assumes the anticipated return to historical levels of payables and accrued expenses generating an estimated approximately $6.2 million of additional cash and the collection of an approximately $1.8 million income tax receivable.

INFORMATION CONCERNING PARTICIPANTS

BFMA, Marietta Corporation ("Marietta") and certain other persons named below may be deemed to be participants in the solicitation of proxies in respect of (1) the opposition to the sale of Morton's to an affiliate of John Castle, a director of Morton's and (2) the election of Richard A. Bloom, Barry W. Florescue and Charles W. Miersch as Directors of Morton's.

NAME	RELATIONSHIP TO BFMA OR MARIETTA
Barry W. Florescue	Chief Executive Officer and Director of BFMA and Marietta; President of BFMA and nominee for director of Morton's
Richard A. Bloom	President and Chief Operating Officer of Marietta and Director of BFMA and Marietta and nominee for director of Morton's
Philip A. Shager	Senior Vice President, Chief Financial Officer and Treasurer of BFMA and Marietta
Ronald C. DeMeo	Senior Vice President of Sales and Marketing of Marietta
David P. Hempson	Senior Vice President of Operations of Marietta
Logan D. Delany, Jr.	Director of BFMA and Marietta
Charles W. Miersch	Director of BFMA and Marietta and nominee for director of

	Morton's
Ned L. Siegel	Director of BFMA and Marietta
Charles I. Weissman	Assistant Secretary and Director of BFMA and Marietta

As of July 19, 2002, BFMA beneficially owns 488,500 shares of common stock of Morton's ("Common Stock"), which represents approximately 11.7% of issued and outstanding Common Stock (based on the number of securities contained in Morton's most recently available filing with the Securities and Exchange Commission). In addition, as of July 19, 2002, Barry Florescue ("Florescue") beneficially owns 517,600 shares of Common Stock, which represents approximately 12.4% percent of issued and outstanding Common Stock (based on the number of securities contained in Morton's most recently available filing with the Securities and Exchange Commission), which includes 488,500 shares of Common Stock for which BFMA has sole voting power and sole dispositive power and an additional 29,100 shares of Common Stock which Florescue Family Corporation ("FFC") has sole voting power and sole dispositive power.

As of July 19, 2002, Florescue and Ned S. Siegel are deemed to be the joint beneficial owners of 56,300 shares of Common Stock, which represents approximately 1.3% percent of issued and outstanding Common Stock (based on the number of securities contained in Morton's most recently available filing with the Securities and Exchange Commission).

As of July 19, 2002, Richard A. Bloom beneficially owns 10,000 shares of Common Stock, which represents less than one percent of issued and outstanding Common Stock of Morton's (based on the number of securities contained in Morton's most recently available filing with the Securities and Exchange Commission).

As of July 19, 2002, Charles W. Miersch beneficially owns 1,000 shares of Common Stock, which represents less than one percent of issued and outstanding Common Stock of the Morton's (based on the number of securities contained in the Morton's most recently available filing with the Securities and Exchange Commission).

As of July 19, 2002, Marietta does not beneficially own any shares of Common Stock of Morton's.

No other person listed above (or their associates, other than BFMA) currently directly or indirectly own any securities of Morton's, either beneficially or of record, except indirectly through their ownership of securities of BFMA. BFMA owns 100% of Marietta common stock. Collectively, the directors and executive officers of BFMA beneficially own approximately 83% of the outstanding shares of BFMA common stock.

SECURITIES LAW LEGEND

ON JUNE 19, 2002, BFMA HOLDING CORPORATION AND MARIETTA CORPORATION FILED A DEFINITIVE PROXY STATEMENT CONTAINING INFORMATION ABOUT BFMA AND MARIETTA, BFMA'S AND MARIETTA'S OPPOSITION TO THE SALE OF MORTON'S TO AN AFFILIATE OF JOHN CASTLE, A DIRECTOR OF MORTON'S (THE "CASTLE HARLAN OFFER") AND

RELATED MATTERS. BFMA AND MARIETTA INTEND TO SOLICIT PROXIES IN OPPOSITION TO THE CASTLE HARLAN OFFER.

IN ADDITION, MORTON'S PUBLIC STATEMENTS SUGGESTS THAT IT WILL ONLY HOLD A MEETING TO ELECT DIRECTORS IN THE EVENT THAT THE STOCKHOLDERS REJECT THE CASTLE HARLAN OFFER. NEITHER BFMA NOR MARIETTA IS SOLICITING PROXIES TO ELECT DIRECTORS AT THIS TIME. IN THE EVENT THAT MORTON'S CHOOSES OR IS REQUIRED TO HOLD A MEETING TO ELECT DIRECTORS, BFMA AND MARIETTA ALSO CURRENTLY INTENDS TO SOLICIT PROXIES TO ELECT ITS SLATE OF DIRECTORS. IN THAT EVENT, BFMA AND MARIETTA WILL CAUSE A PROXY STATEMENT AND THE RELATED FORM OF PROXY TO BE MAILED TO YOU.

YOU SHOULD READ THE PROXY STATEMENT(S) TO OBTAIN INFORMATION ABOUT BFMA, MARIETTA, THEIR RESPECTIVE OFFICERS AND DIRECTORS, INCLUDING RICHARD A. BLOOM, BARRY W. FLORESCUE AND CHARLES W. MIERSCH, MORTON'S AND THE CASTLE HARLAN OFFER. A COPY OF THE PROXY STATEMENT(S) AND OTHER RELATED DOCUMENTS PREPARED BY OR ON BEHALF OF BFMA AND MARIETTA AND FILED WITH THE SEC ARE AVAILABLE FOR FREE, EITHER AT THE WEB SITE OF THE SEC (http://www.sec.gov) OR FROM BFMA BY WRITING TO: BFMA HOLDING CORPORATION, 50 EAST SAMPLE ROAD, SUITE 400, POMPANO BEACH, FL 33064, ATTENTION: SECRETARY.