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SERVING SOUTHWEST MISSOURI

O'Reilly Hospitality signs on with Houlihan's Restaurants

North- and south-side sites are selected; deal further diversifies automotive family

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Two months after unveiling renovation plans for the 10-story Hawthorn Park Hotel at Kearney Street and Glenstone Avenue, the O'Reilly family has signed with Houlihan's Restaurants to bring two locations to town, one inside the hotel and another on the southeast side.

"It's an important market to us," said Houlihan's CEO Bob Hartnett about securing Springfield. "We're really excited to team up with the O'Reillys. They are very sophisticated businesspeople who will be great operators and do the brand proud."

Springfield, however, wasn't that easy of a sell to the upscale casual dining chain, which has 92 locations in 21 states.

O'Reilly Hospitality LLC managing member Tim O'Reilly said Houlihan's brass took some convincing that Springfield was big enough to support the concept.

"I kept talking to them consistently through this deal, trying to soften them up," said O'Reilly, a Springfield attorney who is heading the family's effort to reopen Hawthorn Park as a Doubletree hotel.

The family is best known for the \$2 billion publicly traded O'Reilly Automotive (Nasdaq: ORLY) it founded 50 years ago.

After a year of discussions, the parties came to an agreement in early October, and O'Reilly Hospitality signed a franchise agreement for the north-side hotel. O'Reilly Hospitality also signed a development agreement for the south-side location, and O'Reilly expects to sign a franchise agreement by early 2008.

O'Reilly said Houlihan's, which underwent a contemporary chainwide makeover in 2006, was the most compatible restaurant he researched for the Doubletree property. The Houlihan's Doubletree is slated to open in March, about a month after hotel renovations should be complete. The restaurant will fill about 6,000 square feet formerly used by Rembrandt's restaurant. Ginger's, a local eatery owned by the O'Reillys, will continue to operate in the hotel as a breakfast facility, but it will drop the Ginger's name.

The south-side Houlihan's is slated to open in 2009. O'Reilly Hospitality will build a 6,300-square-foot, stand-alone building on the southeast corner of Republic Road and Harvard Avenue. O'Reilly will lease land from Tom Rankin, owner of commercial real estate firm Sperry Van Ness/Rankin Co.

Rankin bought the 15-acre parcel three years ago and plans to build a roughly 20,000-square-foot strip center and lease land to other businesses. O'Reilly Hospitality is Rankin's first tenant

Double Deal

WHAT - O'Reilly Hospitality is bringing two Houlihan's Restaurants to Springfield, one in the north and one in the south.

SO WHAT - Houlihan's will complete O'Reilly Hospitality's multimillion-dollar renovation of the 10-story Hawthorn Park Hotel into a Doubletree and will add another upscale casual-dining choice.

WHAT'S NEXT - The Houlihan's Doubletree should be unveiled in March, and dirt work is under way for a 2009 opening of southeast Springfield's Houlihan's.

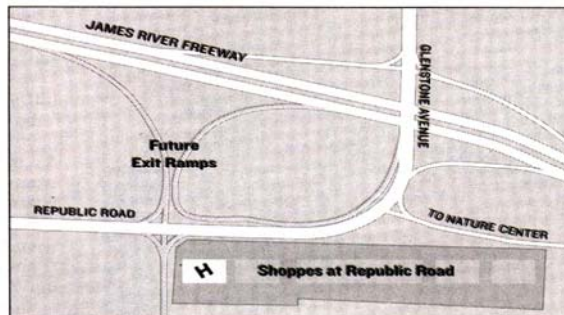
for the development, which Rankin expects to call The Shoppes at Republic Road.

"I think (Houlihan's) is going to be very well received in the Springfield market, and to have them on part of our development is very appealing," Rankin said.

O'Reilly said they picked Rankin's development site for their restaurant because planned roadway reconfigurations should funnel about 70,000 cars past the area daily. Missouri Department of Transportation and the city of Springfield plan to begin a \$5.2 million construction job in November on the confluence of Republic Road, Glenstone Avenue and James River Freeway, according to MoDOT spokesman Bob Edwards.

Leawood, Kan.-based Houlihan's, established in 1972, has eight Missouri locations, mostly in the St. Louis and Kansas City areas. CEO Hartnett said Houlihan's, where average plate prices are around \$11, is in a growth mode and should add 20 to 30 restaurants annually for the next several years.

Franchisees pay \$50,000 per restaurant for development and franchise fees and slightly more than 4 percent in royalties and marketing dues, Hartnett said, adding that more Springfield-area Houlihan's are unlikely at this point because they don't want to flood the market.



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Planned roadway reconfigurations at Glenstone Avenue and Republic Road made the area ideal for the O'Reilly family's south-side Houlihan's restaurant. The eatery is slated to open in 2009 in Tom Rankin's The Shoppes at Republic Road development.