

RYANS RESTAURANT GROUP INC

Form DEF 14A

March 04, 2005

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**SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

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

Check the appropriate box:

- Preliminary Proxy Statement Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

RYAN'S RESTAURANT GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(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)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (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:
 - (2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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RYAN S RESTAURANT GROUP, INC.
405 Lancaster Avenue (29650)
Post Office Box 100 (29652)
Greer, South Carolina
March 2, 2005

To Our Shareholders:

We cordially invite you to attend the Annual Meeting of Shareholders of Ryan s Restaurant Group, Inc. on Monday, April 11, 2005. The meeting will begin at 11:00 a.m. at the Greenville Marriott in Greenville, South Carolina.

The official Notice of Annual Meeting, Proxy Statement and Proxy Card are enclosed with this letter. The Notice of the Annual Meeting and Proxy Statement describe the formal business to be transacted at the Annual Meeting.

The vote of every shareholder is important. To ensure proper representation of your shares at the meeting, please complete, sign and date the enclosed Proxy Card and return it as soon as possible, even if you currently plan to attend the Annual Meeting. This will not prevent you from voting in person but will ensure that your vote will be counted if you are unable to attend.

Sincerely,

Janet J. Gleitz
Secretary

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RYAN S RESTAURANT GROUP, INC.
405 Lancaster Avenue (29650)
Post Office Box 100 (29652)
Greer, South Carolina

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 11, 2005**

To Our Shareholders:

Ryan s Restaurant Group, Inc. will hold its Annual Meeting of Shareholders at the Greenville Marriott, Greenville, South Carolina, on Monday, April 11, 2005, at 11:00 a.m. for the following purposes:

- (1) To elect seven (7) directors to hold office until the next annual meeting of shareholders or until their successors have been duly elected and qualified;
- (2) To consider and vote on a proposal to ratify Ryan s shareholder rights agreement;
- (3) To consider and vote on a proposal to ratify the appointment of KPMG LLP as the independent registered public accounting firm for Ryan s for the current fiscal year; and
- (4) To transact any other business properly presented at the meeting or any adjournment.

If you were a shareholder of record at the close of business on February 2, 2005, you may vote at the Annual Meeting.

By Order of the Board of Directors,

Janet J. Gleitz
Secretary

March 2, 2005
Greer, South Carolina

A Proxy Card is enclosed. To ensure that your shares will be voted at the Annual Meeting, please complete, sign and date the enclosed Proxy Card and return it as soon as possible in the enclosed, postage-paid, addressed envelope. No additional postage is required if mailed in the United States. If you return your signed Proxy Card, you retain your right to vote if you attend the meeting.

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**RYAN S RESTAURANT GROUP, INC.
405 Lancaster Avenue (29650)
Post Office Box 100 (29652)
Greer, South Carolina
(864) 879-1000**

**PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS**

The Board of Directors of Ryan s Restaurant Group, Inc. is furnishing this Proxy Statement in connection with the solicitation of proxies to be voted at the Annual Meeting of Shareholders to be held at 11:00 a.m. on Monday, April 11, 2005, at the Greenville Marriott, Greenville, South Carolina. The approximate mailing date of this Proxy Statement is March 4, 2005.

Shareholders of record at the close of business on February 2, 2005, are entitled to notice of and to vote at the Annual Meeting. On that date, 41,915,587 shares of Ryan s Common Stock, \$1.00 par value per share, were outstanding. Holders of Common Stock are entitled to one vote for each share held of record on February 2, 2005, on all matters properly presented at the Annual Meeting or any adjournment.

If you give a proxy, you may revoke it at any time before it is exercised by:

submitting a written notice of revocation (dated later than the proxy card) to the Secretary to one of the above addresses at or before the Annual Meeting;

submitting another proxy that is properly signed and dated later than the prior proxy; or

voting in person at the meeting (although attendance at the Annual Meeting will not in and of itself revoke a proxy).

Unless you revoke your proxy by following the above instructions, your proxy will be voted as you specify. If you do not specify how to vote your shares, all shares represented by a proxy that is received by Ryan s transfer agent will be voted FOR the proposal to elect as directors of Ryan s the nominees named in this Proxy Statement, FOR the proposal to ratify Ryan s shareholder rights agreement, FOR the proposal to ratify the appointment of KPMG LLP as the independent registered public accounting firm for Ryan s for the current fiscal year, and in the best judgment of the proxy holders on any other matter that may properly come before the Annual Meeting and any and all adjournments and on matters incident to the conduct of the meeting.

An automated system administered by Ryan s transfer agent tabulates the votes. Ryan s bylaws require the presence, either in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock at February 2, 2005, to constitute a quorum at the Annual Meeting. Abstentions and broker non-votes are each included in determining the number of shares present and able to vote. Each is tabulated separately. In connection with the election of directors, the proposal to ratify Ryan s shareholder rights agreement and the proposal to ratify the appointment of KPMG LLP as the independent registered public accounting firm for Ryan s, abstentions and broker non-votes are not counted.

Directors will be elected by a plurality of votes cast at the Annual Meeting. Shareholders do not have a right to cumulate their votes for directors. Ratification of Ryan s shareholder rights agreement and ratification of the appointment of KPMG LLP as the independent registered public accounting firm for Ryan s will require the affirmative vote of holders of a majority of the shares voting on the issue at the Annual Meeting.

Table of Contents**ELECTION OF DIRECTORS
(Item #1 on the Proxy)**

The following seven persons are nominees for election at the Annual Meeting as directors to serve until the next annual meeting or until their successors are duly elected and qualified: Charles D. Way, G. Edwin McCranie, Barry L. Edwards, Brian S. MacKenzie, Harold K. Roberts, Jr., James M. Shoemaker, Jr. and Vivian A. Wong. Unless you indicate otherwise, the persons named in the enclosed proxy card intend to nominate and vote for these nominees.

Management believes that all of the nominees will be available and able to serve as directors, but if any nominee is not available or able to serve, the Common Stock represented by the proxies will be voted for the substitute that the Board of Directors designates.

The following table lists for each nominee for director the name, age, principal occupation, years of service as a director, and Common Stock beneficially owned as of February 2, 2005.

Name	Age	Principal Occupation	Director Since	Aggregate Number of Shares Beneficially Owned as of February 2, 2005⁽⁹⁾	Percent of Outstanding Represented by Aggregate Number of Shares Beneficially Owned⁽¹⁰⁾
Charles D. Way	51	Chairman of the Board and Chief Executive Officer of Ryan's	1981	195,776 ⁽¹¹⁾	0.5%
G. Edwin McCranie	56	President and Chief Operating Officer of Ryan's	1991	275,097	0.7%
Barry L. Edwards ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	57	Executive Vice President and Chief Financial Officer, Sourcecorp, Incorporated	1982	56,096	0.1%
Brian S. MacKenzie ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	53	Senior Vice President, Sales and Marketing, International Surface Preparation Corporation	1993	71,500 ⁽¹²⁾	0.2%
Harold K. Roberts, Jr. ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁶⁾⁽⁸⁾	54	President and Chief Executive Officer, Statewide Title, Inc.	1988	35,000	0.1%
James M. Shoemaker, Jr. ⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁸⁾	72	Member, Wyche, Burgess, Freeman & Parham, P.A.	1982	63,004 ⁽¹³⁾	0.2%
Vivian A. Wong ⁽⁴⁾⁽⁵⁾⁽⁸⁾	65		2004		

Chairwoman, Pacific
Gateway Capital Group,
LLC

- (1) Member of the Compensation Committee. The committee met two times during fiscal 2004 to review and submit to the Board recommendations respecting the salary, bonus and option grants under Ryan s 1998 and 2002 Stock Option Plans for Ryan s executive officers and key employees.
- (2) Member of the Audit Committee. The Audit Committee met with representatives of Ryan s independent registered public accounting firm five times during fiscal 2004 to review the scope and results of their audit. All of the members of the Audit Committee are independent within the meaning of applicable standards of the Securities and Exchange Commission (the SEC) and Nasdaq.
- (3) The Board has determined that Mr. Edwards is an audit committee financial expert within the meaning of applicable SEC standards.
- (4) Director whom the Board has determined to be independent within the meaning of Nasdaq listing standards.
- (5) Member of the Executive Committee. The committee met once during fiscal 2004 to provide long-term direction for Ryan s.

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- (6) Member of the Nominating Committee. The Nominating Committee met once during fiscal 2004 to recommend members of the Board. Ryan's Nominating Committee will consider nominees to the Board recommended by shareholders of Ryan's for the 2006 Annual Meeting of Shareholders. See Proposals of Shareholders.
- (7) Lead Director. Mr. MacKenzie has been elected by the executive session of the Board, composed of non-management Directors, to serve as Lead Director. This position serves as the primary liaison between the Board and the Chief Executive Officer.
- (8) Member of the Governance Committee. The committee met once during fiscal 2004 to review Ryan's policies and procedures.
- (9) Includes 140,000 shares for Mr. Way, 262,500 shares for Mr. McCranie, 47,500 shares for Mr. Edwards, 62,500 shares for Mr. MacKenzie, 25,000 shares for Mr. Roberts and 40,000 shares for Mr. Shoemaker that may be acquired within 60 days of February 2, 2005, through the exercise of stock options.
- (10) Under Rule 13d-3 of the Securities Exchange Act of 1934, as amended, the percentages of total outstanding shares were computed assuming that shares that can be acquired within 60 days of February 2, 2005, upon the exercise of options by a given person are outstanding, but shares others may similarly acquire are not outstanding.
- (11) Mr. Way's wife owns 5,000 of these shares. Mr. Way may be deemed to share voting and investment power regarding these shares.
- (12) A trust for the benefit of Mr. MacKenzie's minor child holds 750 of these shares.
- (13) Mr. Shoemaker's wife owns 3,000 of these shares. Mr. Shoemaker may be deemed to share voting and investment power regarding these shares.

The Board met four times during fiscal 2004. All directors attended personally or by telephone all meetings of the Board and committees on which they served. The non-employee directors met in executive session (without management present) at the end of every Board and committee meeting during 2004.

Business Experience of Nominees for Director

Charles D. Way became the Chairman of the Board and Chief Executive Officer in 2004. He became the Chairman of the Board of Ryan's in October 1992. Mr. Way became President and Chief Executive Officer of Ryan's in October 1989. From June 1988 to October 1989, he served as President. From May 1986 to June 1988, he served as Executive Vice President, Treasurer and Secretary. From January 1981 through April 1986, he served as Vice President-Finance, Treasurer and Secretary. Mr. Way joined Ryan's in June 1979 as Controller. Mr. Way is also a director of World Acceptance Corporation.

G. Edwin McCranie was promoted to President and Chief Operating Officer in August 2004. From January 1995 to August 2004 he served as Executive Vice President of Ryan's. From November 1991 to December 1994, he served as Executive Vice President-Purchasing. From January 1989 to October 1991, he served as Vice President-Purchasing. Mr. McCranie joined Ryan's in 1986 and served as Director of Purchasing through 1988.

Barry L. Edwards has served as Executive Vice President and Chief Financial Officer of Sourcecorp Incorporated, a provider of document and information outsourcing services, since August 2000. He served as Executive Vice President and Chief Financial Officer of Amresco, Inc., an asset management company, from November 1994 to March 2000. He served as Vice President and Treasurer of The Liberty Corporation, engaged primarily in the life insurance business, from 1979 to November 1994.

James M. Shoemaker, Jr. has been an attorney with Wyche, Burgess, Freeman & Parham, P.A., the law firm that is general counsel to Ryan's, since 1965.

Harold K. Roberts, Jr. has served as President and Chief Executive Officer of Statewide Title, Inc., a real estate title insurance agency, since 1989. Mr. Roberts was a partner in the firm of Roberts and Morgan, certified public

accountants, from October 1989 until December 1996.

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Brian S. MacKenzie has served as Senior Vice President Sales and Marketing of International Surface Preparation Corporation, a manufacturer and distributor of surface preparation and finishing equipment, supplies and services, since 2003. He served as Chief Operating Officer of Samling Strategic Corporation SDN BHD, a forest products manufacturing company, from October 1999 to 2003. He served as Chief Executive Officer of Paper Space, Inc., a distribution company, from June 2000 to December 2002. He served as Chief Operating Officer of New Hope Communications, Inc., a publishing company, from December 1998 to October 1999. He served as President and Chief Executive Officer of Builder Marts of America, Inc. from October 1993 to August 1998. From May 1991 to October 1993, he served as Builder Marts President and Chief Operating Officer after serving as President of its Building Materials Retail Division from July 1990 to May 1991. Builder Marts was a wholesale distributor of building materials and supplies.

Vivian A. Wong has served as Chairwoman of Pacific Gateway Capital Group, LLC, a company specializing in bi-lateral US-China trade and investment, since 2001 and has served as President and CEO of Wong's International Inc., a retail management company, since 1970. From 1975 to the present Mrs. Wong has managed various real estate investments, hotels, shopping centers, retail centers, and golf courses throughout the southeastern U.S.

Director Nominations

Ryan's nominating committee has a written charter, which is available on Ryan's website at www.ryans.com. All of the members of Ryan's nominating committee are independent within the meaning of Nasdaq listing standards.

The nominating committee will consider director nominees recommended by shareholders. A shareholder who wishes to recommend a person or persons for consideration as a nominee for election to the Board of Directors must send a written notice by mail, c/o Janet J. Gleitz, Secretary, Ryan's Restaurant Group, Inc., Post Office Box 100, Greer, South Carolina 29652 that sets forth (i) the name of each person whom the shareholder recommends be considered as a nominee; (ii) a business address and telephone number for each nominee (an e-mail address may also be included) and (iii) biographical information regarding such person, including the person's employment and other relevant experience. Shareholder recommendations will be considered only if received no later than the 120th calendar day before the first anniversary of the date of Ryan's proxy statement in connection with the previous year's annual meeting (no later than October 31, 2005 with respect to recommendations for nominees to be considered at the 2006 Annual Meeting of Shareholders).

Ryan's nominating committee believes that a nominee recommended for a position on Ryan's Board of Directors must meet the following minimum qualifications:

he or she must be over 21 years of age;

he or she must have experience in a position with a high degree of responsibility in a business or other organization;

he or she must be able to read and understand basic financial statements;

he or she must possess integrity and have high moral character;

he or she must be willing to apply sound, independent business judgment; and

he or she must have sufficient time to devote to Ryan's.

The nominating committee identifies potential nominees for director, other than potential nominees who are current directors standing for reelection, through business and other contacts. The nominating committee may in the future choose to retain a professional search firm to identify potential nominees for director. In addition, the nominating committee will consider potential nominees who are recommended by shareholders.

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Ryan's nominating committee evaluates a potential nominee by considering whether the potential nominee meets the minimum qualifications described above, as well as by considering the following factors:

whether the potential nominee has leadership, strategic, or policy setting experience in a complex organization, including any scientific, governmental, educational, or other non-profit organization;

whether the potential nominee has experience and expertise that is relevant to Ryan's business, including any specialized business experience, technical expertise, or other specialized skills, and whether the potential nominee has knowledge regarding issues affecting Ryan's;

whether the potential nominee is highly accomplished in his or her respective field;

whether the potential nominee has high ethical character and a reputation for honesty, integrity, and sound business judgment;

whether the potential nominee is independent, as defined by Nasdaq listing standards, whether he or she is free of any conflict of interest or the appearance of any conflict of interest with the best interests of Ryan's and its shareholders, and whether he or she is willing and able to represent the interests of all shareholders of Ryan's; and

any factor affecting the ability or willingness of the potential nominee to devote sufficient time to Board activities and to enhance his or her understanding of Ryan's business.

In addition, with respect to an incumbent director whom the nominating committee is considering as a potential nominee for re-election, Ryan's nominating committee reviews and considers the incumbent director's service to Ryan's during his or her term, including the number of meetings attended, level of participation, and overall contribution to Ryan's. The manner in which the nominating committee evaluates a potential nominee will not differ based on whether the potential nominee is recommended by a shareholder of Ryan's.

Each of the nominees for director at the 2005 Annual Meeting of Shareholders is a current director standing for re-election.

Ryan's did not pay any fee to any third party to identify or evaluate or assist in identifying or evaluating potential nominees for director at the 2005 Annual Meeting of Shareholders. Ryan's independent directors did not receive, by December 1, 2004 (the 120th calendar day before the first anniversary of the date of Ryan's 2004 proxy statement), any recommended nominee from a shareholder who beneficially owns more than 5% of Ryan's stock or from a group of shareholders who beneficially own, in the aggregate, more than 5% of Ryan's stock.

Communications Between Shareholders and Board of Directors

The Board provides a process for shareholders to send communications to the Board or any of the Directors. Shareholders may send written communications to the Board or any one or more of the individual Directors to Janet J. Gleitz, Ryan's Secretary, by mail (c/o Janet J. Gleitz, Secretary, Ryan's Restaurant Group, Inc., Post Office Box 100, Greer, South Carolina 29652) or by e-mail (jjgleitz@ryansinc.com). All written communications will be compiled by Ryan's Secretary and promptly submitted to the individual Directors being addressed or to the Board (to the attention of Barry L. Edwards, the Chairman of the Audit Committee, for communications relating to financial statements, accounting matters or internal controls, or to the attention of Brian S. MacKenzie, the Lead Director, for communications relating to all other matters). Alternatively, shareholders may e-mail communications directly to the Board. E-mail communications relating to financial statements, accounting matters or internal controls should be addressed to Barry L. Edwards at barryedwards@srcp.com. E-mail communications relating to all other matters should be addressed to Brian S. MacKenzie at mackenzieb@worldnet.att.net.

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Board Member Attendance at Annual Meetings

It is Ryan's policy that all of Ryan's directors and nominees for election as directors at the Annual Meeting attend the Annual Meeting except in cases of extraordinary circumstances. All of the nominees for election at the 2004 Annual Meeting of Shareholders (who constituted all directors) attended the 2004 Annual Meeting of Shareholders excluding Ms. Wong, who was appointed to the Board in October 2004, and Ryan expects all nominees and directors to attend the 2005 Annual Meeting of Shareholders.

Code of Ethics

Ryan has adopted a Code of Financial Ethics that applies to Ryan's Chief Executive Officer, all other executive officers, and all key financial and accounting personnel. In addition, Ryan has a Code of Conduct that applies to corporate office and store management personnel. The Code of Financial Ethics and Code of Conduct are posted on Ryan's web site at www.ryans.com.

Compensation of Directors

During 2004, Ryan paid to each non-management director a quarterly retainer of \$6,250 (\$25,000 per year per director), plus \$1,500 for each Board meeting attended, \$1,000 (\$1,500 for chairman) for each committee meeting attended in person, and \$500 for each committee meeting attended by teleconference. In addition, the Chairman of the Audit Committee and the Lead Director each received a quarterly retainer of \$2,500 (\$10,000 per year per position). Under this arrangement, directors were paid as follows during fiscal 2004: Mr. Edwards, \$47,500; Mr. MacKenzie, \$51,000; Mr. Roberts, \$41,000, Mr. Shoemaker, \$35,500; and Ms. Wong, \$4,167. Directors who are also officers received no payments for attending Board or committee meetings.

In accordance with the 2002 Stock Option Plan, on October 31, 2004, Ryan granted options for 5,000 shares of Common Stock to each of Messrs. Edwards, Shoemaker, Roberts and MacKenzie and Ms. Wong. The options had an exercise price of \$13.99 per share (the per share market value on the date of grant), were exercisable beginning six months after the grant date and expire on October 31, 2014.

Vote Required To Elect Directors

Directors will be elected by a plurality of votes cast at the Annual Meeting. Shareholders do not have a right to cumulate their votes for directors. Abstentions and broker non-votes are not counted in determining the votes cast for directors.

The Board of Directors unanimously recommends a vote FOR the election of each nominee listed in this Proxy Statement.

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To the extent known to Ryan's, the only persons or groups that beneficially owned 5% or more of the outstanding shares of Ryan's Common Stock as of February 2, 2005 are shown in the following table:

Name and Address of Beneficial Owner	Amount of Beneficial Ownership	Percent of Class
Private Capital Management, Inc. ⁽¹⁾ Bruce S. Sherman ⁽¹⁾ Gregg J. Powers ⁽¹⁾ 8889 Pelican Bay Boulevard Naples, FL 34108	5,043,874	12.0%
FMR Corp. ⁽²⁾ Edward C. Johnson 3d ⁽²⁾ Abigail P. Johnson ⁽²⁾ 82 Devonshire Street Boston, MA 02109	4,205,650	10.0%
Barclays Global Investors, NA ⁽³⁾ Barclays Global Fund Advisors ⁽³⁾ 45 Fremont Street San Francisco, CA 94105	2,981,724	7.1%
Royce & Associates LLC ⁽⁴⁾ 1414 Avenue of the Americas New York, NY 10019	2,756,900	6.6%
First Manhattan Co. ⁽⁵⁾ 437 Madison Avenue New York, NY 10022	2,237,979	5.3%

(1) Private Capital Management, L.P. (PCM) reported on February 14, 2005 that it has shared voting and dispositive power as to 5,043,874 shares of Common Stock. Bruce S. Sherman, Chief Executive Officer of PCM, and Gregg J. Powers, President of PCM, each has shared voting and dispositive power as to these shares of Ryan's Common Stock owned by PCM's clients and managed by PCM, but disclaims beneficial ownership of these shares and disclaim the existence of a group.

(2) FMR Corp. (FMR), together with Edward C. Johnson 3d, Chairman of FMR, and Abigail P. Johnson, a director of FMR, reported on September 10, 2004 that FMR's wholly-owned subsidiary, Fidelity Management & Research Company (Fidelity) is the beneficial owner of 4,205,650 shares of Common Stock as a result of acting as investment adviser to various investment companies. None of FMR, Mr. Johnson, nor Fidelity has sole voting power as to any shares of Common Stock, which power resides with the Funds' Board of Trustees. Each of FMR, Mr. Johnson and the funds has sole power to dispose of 4,205,650 shares. Fidelity Low Priced Stock Fund, one of the investment companies for which Fidelity serves as investment adviser, owns 3,922,900 shares or 9.4% of Ryan's Common Stock. Mr. Johnson owns 12% and Ms. Johnson owns 24.5% of the aggregate outstanding voting

stock of FMR, and members of the Johnson family are the predominant owners of Class B shares of common stock of FMR (representing approximately 49% of the voting power of FMR Corp.) and may be deemed to form a control group with respect to FMR.

- (3) Barclays Global Investors, NA (Barclays Investors), together with Barclays Global Fund Advisors and a number of other Barclays entities reported on February 14, 2005 that they have an aggregate beneficial ownership of 2,981,724 shares of Common Stock. Of these, Barclays Investors has sole voting power with respect to 1,499,409 shares and sole dispositive power with respect to 1,895,250 shares, and Barclays Global Fund Advisors has sole voting and dispositive power with respect to 1,086,474 shares. All shares reported are held by the company in trust accounts for the economic benefit of the beneficiaries of those accounts.
- (4) Royce & Associates LLC reported on February 2, 2005 that it beneficially owns 2,756,900 shares of Common Stock, with sole voting and dispositive power as to all of those shares.
- (5) First Manhattan Co. reported on February 9, 2005 that it beneficially owns 2,237,979 shares of Common Stock, including 189,365 shares owned by family members of Senior Managing Directors of First Manhattan Co. which were reported for informational purposes. First Manhattan Co. disclaims dispositive power as to 40,500 such shares and beneficial ownership as to 148,865 of such shares. First Manhattan Co. has sole voting power as to 57,750 shares, shared voting power as to 2,123,279 shares, sole dispositive power as to 57,750 shares, and shared dispositive power as to 2,180,229 shares of Common Stock.

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The following table provides the name, age, position with Ryan's, years of service as an officer of Ryan's and Common Stock beneficially owned as of February 2, 2005, by each executive officer of Ryan's and all executive officers and directors as a group. The executive officers are appointed by and serve at the pleasure of the Board of Directors. Unless otherwise indicated in the footnotes to the table, each executive officer has sole voting and investment power with respect to the shares indicated.

Name	Age	Company Offices Currently Held	Company Officer Since	Aggregate Number of Shares Beneficially Owned as of February 2, 2005⁽¹⁾	Percent of Outstanding Represented by Aggregate Number of Shares Beneficially Owned⁽²⁾
Charles D. Way	51	Chairman of the Board, and Chief Executive Officer	1981	195,776 ⁽³⁾	0.5%
G. Edwin McCranie	56	President, Chief Operating Officer and Director	1989	275,097	0.7%
Fred T. Grant, Jr.	49	Senior Vice President - Finance, Treasurer and Assistant Secretary	1990	111,497	0.3%
Janet J. Gleitz	62	Secretary	1988	57,400 ⁽⁴⁾	0.1%
Morgan A. Graham	68	Vice President - Construction	1991	207,370	0.5%
James R. Hart	56	Vice President - Human Resources	1988	125,715	0.3%
Michael Rick Kirk	45	Vice President - Operations	2004	32,500	0.1%
Richard D. Sieradzki	50	Vice President - Accounting and Corporate Controller	2003	11,065	*
Edward R. Tallon, Sr.	61	Vice President - Internal Audit and Loss Prevention	2003	9,661	*
Ilene T. Turbow	54	Vice President - Marketing	1995	87,508	0.2%
All executive officers and directors as a group (15 persons)				1,339,189	3.1%

* Less than 0.1% of the outstanding shares of Common Stock as of February 2, 2005.

- (1) Includes 140,000 shares for Mr. Way, 262,500 shares for Mr. McCranie, 100,000 shares for Mr. Grant, 52,000 shares for Ms. Gleitz, 172,500 shares for Mr. Graham, 112,000 shares for Mr. Hart, 31,150 shares for Mr. Kirk, 10,375 shares for Mr. Sieradzki, 9,061 for Mr. Tallon, 80,500 shares for Ms. Turbow, and 1,145,086 shares for all executive officers and directors as a group that may be acquired within 60 days of February 2, 2005 through the exercise of stock options.
- (2) Under Rule 13d-3 of the Exchange Act, percentages of total outstanding shares are computed assuming that shares that can be acquired within 60 days of February 2, 2005 upon the exercise of options by a given person or group are outstanding, but shares others may similarly acquire are not outstanding.
- (3) Mr. Way's wife owns 5,000 of these shares. Mr. Way may be deemed to share voting and investment power regarding these shares.
- (4) The pension plan of Acro International Inc., a company owned by Ms. Gleitz's husband, holds 3,750 of these shares.

In 1996, Ryan's implemented a policy to encourage executive officers to own more of Ryan's Common Stock, which would more closely align the personal financial interests of executive officers with shareholders' interests. The policy provides that, over 13 years, the value of an executive officer's Common Stock ownership should increase so that by the end of 2008 the value of an individual's stock holdings of

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Ryan's Common Stock equals 100% of his or her base salary. If an executive officer does not meet the target ownership value in a year, up to one-half of any bonus payable to that officer for that year will be paid in Ryan's Common Stock.

Background of Executive Officers

Below is a summary of the backgrounds of Ryan's executive officers who are not also directors of Ryan's.

Fred T. Grant, Jr., a certified public accountant, joined Ryan's in January 1990 as Director of Finance. He served in that position until April 1990, when he became Vice President Finance. Mr. Grant served as Vice President Finance, Treasurer and Assistant Secretary from January 1994 to November 2000, when he was named Senior Vice President Finance, Treasurer and Assistant Secretary.

Janet J. Gleitz joined Ryan's in 1981 and served as Corporate Relations Administrator until June 1988, when she became Secretary.

Morgan A. Graham has been Vice President-Construction since November 1991. After joining Ryan's in July 1987 as a Construction Superintendent, he served in several construction-related positions, including Project Manager, Architectural Coordinator, Procurement Manager and Director of Construction, until assuming his present position.

James R. Hart joined Ryan's in 1979 and served as a store manager until September 1983. From that time, he served as Director of Human Resources until April 1988, when he became Vice President Human Resources.

Michael Rick Kirk joined Ryan's in 1986 and served as a store manager until being promoted to Supervisor in 1988, in which position he served until 1993. From 1993 to 1994 he served as a Director of Franchise Operations. He became Regional Director of Operations in 1994 and was promoted to Regional Vice-President Operations in 1999. In September 2004 he was promoted to Vice-President Operations.

Richard D. Sieradzki, a certified public accountant, joined Ryan's in October 1988 as Controller. He served in that position until October 2003 when he was promoted to Vice President Accounting and Corporate Controller.

Edward R. Tallon, Sr., joined Ryan's in the Internal Audit Department in July 1991. In June 1995, he became the Director of Internal Audit and Security. In October 2003, Mr. Tallon was promoted to the position of Vice President Internal Audit and Loss Prevention.

Ilene T. Turbow joined Ryan's in April 1993 as Director of Marketing. She served in that position until August 1995, when she became Vice President Marketing.

Table of Contents**EXECUTIVE COMPENSATION AND OTHER INFORMATION****Summary of Cash and Certain Other Compensation**

The following table shows for the fiscal years 2004, 2003 and 2002 the cash compensation paid by Ryan's and its subsidiaries, as well as certain other compensation paid or accrued for those years, to the chief executive officer and the four other executive officers with the highest total salaries and bonuses in 2004, as well as one former executive (collectively the Named Executive Officers):

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation Awards	All Other Compensation (\$) ⁽⁴⁾
		Salary (\$)	Bonus (\$) ⁽¹⁾	Other Annual Compensation (\$) ⁽²⁾	Securities Underlying Options (#) ⁽³⁾	
Charles D. Way Chairman of the Board and Chief Executive Officer	2004	458,857	94,200	3,422	0	52,779 ⁽⁵⁾
	2003	425,203	129,200	4,591	40,000	56,458
	2002	402,703	199,640	4,799	40,000	87,706
G. Edwin McCranie President and Chief Operating Officer	2004	281,972	64,368	4,673	0	24,554 ⁽⁶⁾
	2003	245,203	65,170	5,232	25,000	43,849
	2002	235,203	101,990	4,994	25,000	43,477
Fred T. Grant, Jr. Senior Vice President Finance, Treasurer and Assistant Secretary	2004	234,626	50,420	1,393	0	18,572 ⁽⁷⁾
	2003	218,203	57,988	1,300	20,000	36,673
	2002	209,203	90,706	1,306	20,000	39,777
James R. Hart Vice President - Human Resources	2004	182,645	38,628	1,856	0	18,511 ⁽⁸⁾
	2003	172,203	39,216	3,168	15,000	17,117
	2002	165,203	61,380	3,090	15,000	43,291
Morgan A. Graham	2004	176,530	27,836	&n		