UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION

IN RE: **PICCADILLY RESTAURANTS, LLC,** ***et al.*****,** **DEBTORS.**	**CASE NO. 12-51127** **(JOINTLY ADMINISTERED)** **CHAPTER 11** **JUDGE ROBERT SUMMERHAYS**

DISCLOSURE STATEMENT FOR THE JOINT CHAPTER 11 PLAN OF PICCADILLY INVESTMENTS, LLC, PICCADILLY RESTAURANTS, LLC, AND PICCADILLY FOOD SERVICE, LLC, PROPOSED BY ATALAYA ADMINISTRATIVE, LLC, ATALAYA FUNDING II, LP, ATALAYA SPECIAL OPPORTUNITIES FUND IV, LP (TRANCHE B), ATALAYA SPECIAL OPPORTUNITIES FUND (CAYMAN) IV LP (TRANCHE B), AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS, DATED SEPTEMBER 27, 2013

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I. INTRODUCTION

A. CHAPTER 11 OF THE BANKRUPTCY CODE

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. The commencement of a chapter 11 case creates an estate comprised of all the legal and equitable interests of the debtor as of the date of filing of the bankruptcy petition. The Bankruptcy Code provides that the chapter 11 debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession." Under chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and its equity interest holders. In addition to permitting the rehabilitation of a debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated equity interest holders with respect to the distribution of a debtor's assets.

The principal objective of a chapter 11 case is the confirmation and consummation of a plan of reorganization. A plan sets forth the means for satisfying claims against and equity interests in a debtor. Confirmation of a plan binds, among others, the debtor, any issuer of securities under the plan, any entity acquiring property under the plan and any creditor or equity interest holder of the debtor. Subject to certain limited exceptions, the order approving confirmation of a chapter 11 plan discharges a debtor from any debt that arose before the date of confirmation of the plan and substitutes the obligations specified under the confirmed plan. Certain holders of allowed claims against and equity interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of a proposed plan, however, section 1125 of the Bankruptcy Code, 11 U.S.C. §1125, requires approval by the bankruptcy court of a disclosure statement containing adequate information of a kind and in sufficient detail to enable a hypothetical reasonable investor to make an informed judgment regarding the plan.

B. PROPONENTS OF THIS DISCLOSURE STATEMENT AND THE JOINT PLAN.

On October 23, 2012, the United States Trustee for Region 5 filed the Notice of Appointment of Creditors' Committee (Docket No. 238), which gave notice of the formation of the Official Committee of Unsecured Creditors (the "Committee"). On November 20, 2012, the Court entered the Order Authorizing Employment of Greenberg Traurig, LLP as Attorneys for the Official Committee of Unsecured Creditors (Docket No. 340), which authorized the Committee's retention of bankruptcy counsel. On March 11, 2013, the Court entered the Order Authorizing Employment of Protiviti, Inc. as Financial Advisor for the Official Committee of Unsecured Creditors (Docket No. 570). The Committee and its professionals have been acting to carry out their statutory duties in the Debtors' Bankruptcy Cases under, *inter alia*, sections 1102 and 1103 of the Bankruptcy Code.

On the Petition Date, the Debtors' senior secured debt was held by Atalaya Funding II, LP, Atalaya Special Opportunities Fund IV, LP (Tranche B), and Atalaya Special Opportunities Fund (Cayman) IV LP (Tranche B), and Atalaya Administrative LLC acted as Administrative Agent. These entities are defined in the Joint Plan and referred to herein collectively as "Atalaya".

The Committee and Atalaya jointly propose this Disclosure Statement and the Joint Plan and shall be referred to herein collectively as the "Proponents".

C. THE JOINT CHAPTER 11 PLAN OF REORGANIZATION

On September 27, 2013, the Proponents proposed a Joint Chapter 11 Plan of Reorganization (as the same may be amended, modified, or supplemented the "Joint Plan") for the resolution of the outstanding Claims against and equity Interests in the Debtors. The Joint Plan includes (a) with respect to Piccadilly Restaurants, LLC ("PR"), the treatment of the Claims against and equity Interests in PR (the "PR Plan"), (b) with respect to Piccadilly Food Services, LLC ("PFS"), the treatment of the Claims against and equity Interests in PFS (the "PFS Plan"), and (c) with respect to Piccadilly Investments, LLC ("PI"), the treatment of the Claims against and equity Interests in PI (the "PI Plan"). *Unless otherwise noted herein, capitalized terms used in this Disclosure Statement have the meaning ascribed to them in the Joint Plan.* The Joint Plan (attached as "Exhibit A") sets forth the manner in which Claims against and Interests in the Debtors are treated under the Joint Plan.

D. APPROVAL OF THE DISCLOSURE STATEMENT

On ________, 2013, after notice and hearing, the Bankruptcy Court approved, among other things, this Disclosure Statement as containing adequate information of a kind and in sufficient detail to enable hypothetical reasonable investors typical of the Holders of Claims against and Interests in the Debtors to make an informed judgment in voting to accept or reject the Joint Plan (the "Confirmation Procedures Order") (Docket #___). APPROVAL OF THE DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE JOINT PLAN.

E. EXHIBITS TO THE DISCLOSURE STATEMENT

Attached as exhibits to the Disclosure Statement are the following:

1. The Joint Plan and the Plan Exhibits (Exhibit A)
2. The Confirmation Procedures Order (Exhibit B)
3. Financial Projections (Exhibit C)
4. Liquidation Analysis (Exhibit D)
5. Legacy Workers' Compensation Claims (Exhibit E-1)
6. Unliquidated Tort Claims (Exhibit E-2)

The source of the information included in the Disclosure Statement is the Debtors' books, records and previously Filed disclosure statement, unless otherwise noted.

F. CONFIRMATION HEARING

Pursuant to section 1128 of the Bankruptcy Code and the Bankruptcy Court's Order, the Confirmation Hearing on the Joint Plan will commence on _______, 2013, at ______ _.m., Prevailing Central Time, before the Honorable Judge Robert Summerhays, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Western District of Louisiana, 214 Jefferson Street, Suite 100, Lafayette, Louisiana 70501-7050 (Docket #[___]). Objections, if any, to Confirmation must be served and Filed so that they are received no later than _______________, 2013. The Confirmation Hearing may be continued from time to time by the Bankruptcy Court, without further notice, except for announcement of the continuation date made at the Confirmation Hearing.

G. VOTING FOR THE JOINT PLAN

The Confirmation Procedures Order (Exhibit B) sets forth in detail the deadlines, procedures and instructions for voting to accept or reject the Joint Plan, and Filing written objections to Confirmation, the record date for voting purposes (the "Voting Record Date"), the applicable standards for tabulating Ballots, and the date of the hearing to consider Confirmation of the Joint Plan. In addition, detailed voting instructions accompany each Ballot. Before voting on the Joint Plan, each Holder of a Claim or Interest that may be entitled to vote should read in its entirety the Disclosure Statement, the Confirmation Procedures Order, including the instructions accompanying the Ballots, and other exhibits attached to the Disclosure Statement. These documents contain, among other things, important information concerning the classification of Claims and Interests, voting and the tabulation of votes. No solicitation of votes on the Joint Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. (For a full discussion of the procedures for voting and Confirmation of the Joint Plan, see the attached Confirmation Procedures Order attached hereto as Exhibit B.)

FOR THE REASONS DISCUSSED HEREIN, THE PROPONENTS URGE ALL HOLDERS OF CLAIMS AND INTERESTS IN VOTING CLASSES TO VOTE TO ACCEPT THE JOINT PLAN. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS PROVIDED FOR PURPOSES OF SOLICITING VOTES ON THE JOINT PLAN. THE INFORMATION MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE JOINT PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THE DISCLOSURE STATEMENT, REGARDING THE JOINT PLAN OR THE SOLICITATION OF VOTES ON THE JOINT PLAN.

ALL HOLDERS OF CLAIMS AND INTERESTS ARE ADVISED AND ENCOURAGED TO READ THE DISCLOSURE STATEMENT AND THE JOINT PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE JOINT PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THE DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE JOINT PLAN, THE EXHIBITS ATTACHED TO THE JOINT PLAN, AND ANY PLAN SUPPLEMENT DOCUMENTS THAT MAY BE FILED IN THE BANKRUPTCY CASES.

THE STATEMENTS CONTAINED IN THE DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED IN THE DISCLOSURE STATEMENT WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. THE DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE (THE "BANKRUPTCY RULES") AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW.

AS TO ANY CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THE DISCLOSURE STATEMENT WILL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE. THE DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING, NOR WILL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE JOINT PLAN AS TO HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTORS.

II. SUMMARY OF TREATMENT OF CLAIMS AND INTERESTS UNDER THE JOINT PLAN

A. SUMMARY OF CLAIMS AND INTERESTS IN THE PR CLASSES

The following table briefly summarizes the classification and treatment of Claims against and Interests in PR. The Proponents believe that the following chart contains a reasonable estimate of the Claims against PR:

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
Unclassified	Administrative Claims (Excluding Professional Fee Claims and Administrative Trade Claims)	Unless otherwise agreed to in writing by the Holder of an Allowed Administrative Claim, on the one hand, and the Proponents, if prior to the Effective Date, or the Reorganized Debtors, if subsequent to the Effective Date, on the other hand, each Holder of an Allowed Administrative Claim will receive Cash equal to the Allowed Amount of such Administrative Claim on the Effective Date. The estimated, approximate amount of Allowed Administrative Claims, excluding Professional Fee Claims and Administrative Trade Claims: $2,438,000. Percentage Recovery: 100% Entitled to Vote: No. Not Classified.

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
Unclassified	Professional Fee Claims	Professionals or other Entities asserting a Professional Fee Claim for services rendered before the Effective Date must File and serve on the Reorganized Debtors, Atalaya, the Administrator, and such other Entities who are designated by the Bankruptcy Rules, the Confirmation Order, or other Order of the Bankruptcy Court, an application for final allowance of such Professional Fee Claims within sixty (60) days after the Effective Date; provided, however, that any Professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court review or approval, pursuant to the Ordinary Course Professionals Order. Fees incurred by the Administrator and its professionals after the Effective Date shall not constitute Professional Fee Claims. Percentage recovery: 100%. Entitled to Vote: No. Not Classified.
Unclassified	Ordinary Course Liabilities	Allowed Administrative Claims based on liabilities incurred by the Debtors in the ordinary course of business (including Administrative Trade Claims, Administrative Claims of governmental units for Taxes, including Allowed Administrative Claims arising from those contracts and leases of the kind described in Section 9.5 of the Joint Plan (other than Cure Amount Claims)) may be paid by the Reorganized Debtors in the discretion of the Debtors or Reorganized Debtors (as applicable) pursuant to the terms and conditions of the particular transaction giving rise to such Administrative Claims, and Allowed Cure Amount Claims will be paid in accordance with Section 9.2 of the Joint Plan, in each case without any further action by the Holders of such Administrative Claims. Holders of Administrative Claims based on liabilities incurred by any one of the Debtors in the ordinary course of their businesses that are paid by the Debtors or the Reorganized Debtors (as applicable) will not be required to File or serve any request for payment of such Administrative Claims. Percentage recovery: 100% Entitled to vote: No. Not Classified.

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
Unclassified	DIP Financing Claim	On the Effective Date, the Allowed DIP Financing Claim (other than Professional Fee Claims of Atalaya) shall be included in the Term A Note and satisfied in full thereby. The Professional Fee Claims of Atalaya as of the Effective Date shall be paid in accordance with the terms of the DIP Financing Stipulation. As of September 26, 2013, the estimated, approximate amount of the Allowed DIP Financing Claim: $2,616,882. Percentage recovery: 100%. Entitled to vote: No. Not Classified.
Unclassified	Priority Tax Claims	Unless otherwise agreed to in writing among the Proponents and Holder of an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim will be paid, (a) Cash in an amount equal to the such Holder's Allowed Priority Tax Claim on the later of the Effective Date or when such Allowed Claim becomes due, or (b) in accordance with sections 511 and 1129(a)(9)(C) of the Bankruptcy Code, equal quarterly Cash payments in arrears in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at the rate(s) specified in, and accordance with, applicable federal or state law, over a period through the fifth anniversary of the Petition Date, with the first such payment being made on the earlier of the Effective Date or when such Allowed Claim becomes due. No Holder of an Allowed Priority Tax Claim will be entitled to any payments on account of any pre-Effective Date interest accrued on or penalty arising after the Petition Date with respect to or in connection with any Allowed Priority Tax Claim. The estimated, approximate amount of the Allowed Priority Tax Claims: $237,307. Percentage recovery: 100%. Entitled to vote: No. Not Classified.
PR Class 1	Other Priority Claims	Unless otherwise agreed to in a written agreement by and among the Holder of an Other Priority Claim and the Proponents, each Holder of an Allowed Other Priority Claim shall receive, in full and final satisfaction, release and discharge it its Other Priority Claim, payment in full, in Cash, on the

<table>
<tr><th>PR CLASS</th><th>CLAIMS OR INTERESTS</th><th>SUMMARY OF TREATMENT</th></tr>
<tr><td></td><td></td><td>earlier of: (a) the Effective Date; and (b) the date upon which such Other Priority Claim becomes Allowed.

The estimated, approximate amount of the Allowed Other Priority Claims in PR Class 1: $0.00

Estimated Percentage recovery: 100%.

Entitled to Vote: No. Unimpaired.</td></tr>
<tr><td>PR Class 2</td><td>Atalaya Secured Claim</td><td>The Atalaya Secured Claim shall be satisfied as follows:

• <u>Term A Note:</u> The Reorganized Debtors shall execute and deliver to Atalaya the Term A Note, which shall be in the aggregate principal amount equal to the sum of: (1) the existing revolving loan in the amount of $6,979,341; (2) the existing letter of credit balance of $2,927,583; (3) $1,197,646.77, representing a portion of the accrued unpaid post-petition interest on the Atalaya Secured Claim as of September 26, 2013; (4) daily interest accruals in the amount of $3,151.70 for each day from September 27, 2013 through and including the Effective Date; and (5) the DIP Financing Claim in the amount of $2,616,882.72; <u>provided</u>, <u>however</u>, that the aggregate principal amount of the Term A Note shall be reduced by any corresponding reduction in the existing letter of credit balance. The terms of Term A Note shall be, inter alia, the following:

1. The Term A Note shall accrue interest at the rate of 4.75% per annum;

2. Interest payments shall be made or shall accrue monthly;

3. The Term A Note shall be subject to a paid-in-kind conversion (the “PIK Conversion”) if at any time the Reorganized Debtors are unable to timely make payment on account of the General Unsecured Claim Note. Interest shall accrue at the rate of 9% per annum on or after and during the trigger of the PIK Conversion, until such payment is made;

4. The Term A Note shall mature three years from the</td></tr>
</table>

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
		Effective Date; and 5. The Term A Note shall be in a form acceptable to the Committee and Atalaya. • Term B Note: The Reorganized Debtors shall execute and deliver to Atalaya the Term B Note, which shall be in the aggregate principal amount equal to the sum of (1) $9,050,539, representing one half of the outstanding principal balance under the existing term loan; (2) $3,024,117.05, representing a portion of the accrued unpaid post-petition interest on the Atalaya Secured Claim as of September 26, 2013; and (3) daily interest accruals in the amount of $7,958.20 for each day from September 27, 2013 through and including the Effective Date. The terms of Term B Note shall be, *inter alia*, the following: 1. The Term B Note shall accrue interest at the rate of 4.75% *per annum*; 2. Interest payments shall be made or shall accrue monthly; 3. The Term B Note shall be subject to a PIK Conversion if at any time the Reorganized Debtors are unable to timely make payment on account of the General Unsecured Claim Note. Interest shall accrue at the rate of 9% *per annum* on or after and during the trigger of the PIK Conversion, until such payment is made; 4. The Term B Note shall mature three years from the Effective Date; and 5. The Term B Note shall be in a form acceptable to the Committee and Atalaya. • Collateral Securing PR Class 2 Claims: The Term A Note and Term B Note shall be secured by first priority Liens and security interests in and to all the Reorganized Debtors' real and personal property, except for the BP Tort Claims, in which Atalaya shall hold a second priority security interest junior to the

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
		Administrator's security interest securing the General Unsecured Creditor Note. • Limitation of Exercise of Remedies: Atalaya shall not take any action or exercise any remedies against the Debtors, property of the Debtors' Estates, the Reorganized Debtors, or any property of the Reorganized Debtors, including, but not limited to foreclosure, seeking a receiver or keeper, submitting to an assignment for the benefit of creditors, or commencement of suit to recover amounts outstanding under the Term A Note, Term B Note, or Exit Facility so long as any indebtedness remains outstanding under the General Unsecured Creditor Note. The Administrator shall have any and all rights and remedies under applicable law and equity to seek redress for any breach of this paragraph in any court of competent jurisdiction, and all such rights and remedies are preserved. • Equity Conversion: Atalaya will convert the remaining amount of the existing term loan, in the amount of approximately $9,050,539, into 100% of the equity in Reorganized PI. As of the Petition Date, the estimated, approximate amount of the Atalaya Secured Claim in PR Class 2 is: $28,104,722. Estimated Percentage recovery: 100% Entitled to Vote: Yes. Impaired.
PR Class 3	Other Secured Claims	Except as otherwise agreed in writing between the Holder of an Allowed Other Secured Claim and the Proponents, each Allowed Other Secured Claim will be paid and treated in accordance with its existing contractual terms, which shall not be altered by the Joint Plan, and all Liens and security interests securing such Allowed Other Secured Claim shall remain in full force and effect as of the Effective Date to the extent they existed prior to the Petition Date. The estimated, approximate amount of the Allowed Other Secured Claims in PR Class 3: $0.00 Estimated Percentage recovery: 100%.

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
		Entitled to vote: No. Unimpaired.
PR Class 4	Convenience Claims	Convenience Claims shall be comprised of: (1) Allowed General Unsecured Claims of less than $2,500; and (2) Allowed General Unsecured Claims for which the Holder has elected to have its Claim treated as a Convenience Claim. Each Holder of an Allowed Convenience Claim in PR Class 4 shall receive, in full and final satisfaction, settlement, release and discharge of its Convenience Claim, Cash in the full Allowed amount of such Holder's Convenience Claim, unless the aggregate amount of Allowed Convenience Claims exceeds $500,000, in which case each Holder of an Allowed Convenience Claim shall receive its *pro rata* share of the Convenience Claim Cap. In the event Distributions on account of Allowed Convenience Claims are less than the Convenience Claim Cap, any remaining funds shall be deposited into the General Unsecured Distribution Account and distributed by the Administrator to Holders of Allowed General Unsecured Claims contemporaneously with the Administrator's Distribution of the net proceeds of the Initial Unsecured Payment. The estimated, approximate amount of Allowed Convenience Claims in PR Class 4 is: $363,971 to $500,000. Estimated Percentage recovery: 100%, or so much as is distributed by the Administrator to the Holder of such Claim if the total amount of Allowed Convenience Claims exceeds $500,000. Entitled to Vote: Yes. Impaired.
PR Class 5	General Unsecured Claims	Each Holder of an Allowed General Unsecured Claim shall receive in full satisfaction of such Claim, the following: • Each Holder's *pro rata* share of the Initial Unsecured Payment in the amount of $1,000,000, which shall be deposited by the Reorganized Debtors in Cash on the Effective Date into the General Unsecured Distribution Account, which the Administrator shall then Distribute to Holders of Allowed Unsecured Claims, net of the Administrator's expenses, plus their *pro rata* share of

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
		the Convenience Claim Excess (if any), as soon as practicable after deposit but not later than ninety (90) days after the Effective Date; and • Each Holder's *pro rata* share, based on the Allowed amount of its General Unsecured Claim, of payments made by the Reorganized Debtors under the General Unsecured Creditor Note. Payments to Holders of General Unsecured Claims based upon the General Unsecured Creditor Note shall be made by the Administrator. The General Unsecured Creditor Note and payments made thereunder shall be subject to, *inter alia*, the following terms: 1. On the Effective Date, the Reorganized Debtors shall, jointly and severally, execute and deliver to the Administrator the General Unsecured Creditor Note, which shall be in the original principal amount of $4,750,000.00; 2. On the first business day of each month, the Reorganized Debtors shall make an indefeasible payment under the General Unsecured Creditor Note into the General Unsecured Distribution Account in the principal amount of $75,000, plus monthly interest accruing at 9% *per annum*; 3. On the first business day of the first quarter that is at least ninety (90) days after the Initial Distribution Date, and on the first business day of each quarter thereafter, the Administrator shall distribute to Holders of Allowed General Unsecured Claims their *pro rata* share of the funds in the General Unsecured Distribution Account, net of both (i) the Administrator's projected expenses for the upcoming quarter, and (ii) an appropriate reserve for Disputed Claims; 4. The General Unsecured Creditor Note shall mature on the second anniversary of the Effective Date, with all amounts outstanding thereunder payable upon such date; 5. Payment under the General Unsecured Creditor

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
		Note shall be prepaid by the Excess Cash Flow Sweep and any funds collected under the BP Tort Claim, which prepayments shall be indefeasibly paid to the Administrator and thereby reduce the outstanding balance of the General Unsecured Creditor Note by the gross amount of such payments as of the time at which any such prepayments are made. The Reorganized Debtors may prepay the General Unsecured Creditor Note, in full or in part, at any time without penalty, which prepayments shall be indefeasibly paid to the Administrator and shall reduce the outstanding balance of the General Unsecured Creditor Note by the gross amount of such payments as of the time at which any such prepayments are made; 6. The General Unsecured Creditor Note shall be secured by a first priority Lien in the Debtors', and after the Effective Date, the Reorganized Debtors' rights to the BP Tort Claim, and the Administrator shall be entitled to file a UCC financing statement to perfect the same; 7. The General Unsecured Creditor Note shall be in a form satisfactory to the Committee and Atalaya; 8. All costs of the Claims reconciliation performed by the Administrator and its professionals shall be paid from the General Unsecured Distribution Account, subject to the fee cap set forth in Section 8.10 of the Joint Plan; 9. On the date of each quarterly Distribution to Holders of Allowed General Unsecured Claims (or, if no such Distribution is made to Holders of Allowed General Unsecured Claims, on the first business day of each quarter), the principal balance of the General Unsecured Creditor Note shall be reduced to the Quarterly Reconciled Unsecured Creditor Claim Amount, effective immediately as of such date; 10. Following the reconciliation of all General Unsecured Claims, after reserving for the payment

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
		of the Administrator's fees and expenses of Claims reconciliation and administration of the General Unsecured Claims, the Administrator shall make a final Distribution to each Holder of an Allowed General Unsecured Claim of the *pro rata* share of the Allowed amount of such Holder's remaining General Unsecured Claim; and 11. After such final Distribution to Holders of Allowed General Unsecured Claims, the GUC Excess Amount shall be distributed from the General Unsecured Distribution Account to the Reorganized Debtors and the Administrator's professionals in accordance with Section 7.16 of the Joint Plan. Such Distributions in accordance with Section 7.16 shall be made (subject to the fee limitations set forth in Section 8.10 of the Joint Plan) (i) first, to payment of fees and expenses of the Administrator's professionals; then (ii) second, to payment to the Reorganized Debtors. • Funds on deposit in the General Unsecured Distribution Account shall be solely available for Distribution to the Holders of General Unsecured Claims in PR Class 5, PFS Class 5, PI Class 5, and payment of associated expenses for the Administrator and Claims reconciliation process, and such funds shall not be Distributed to a Holder of any other Claim or Interest, including, but not limited to the Holders of Legacy Workers' Compensation Claims, Unliquidated Tort Claims, and Convenience Claims; and • If a Holder's General Unsecured Claim is not Allowed on or before the Effective Date, the Administrator may, to the extent there is Cash in the General Unsecured Distribution Account, make a Distribution to such Holder in the amount that such Holder is entitled on the next quarterly Distribution date that is at least fifteen (15) days after the earlier of the date on which (a) an Order allowing the General Unsecured Claim becomes a Final Order, or (b) a Stipulation Regarding the Amount and Nature of the Claim is executed between such Holder and the Administrator.

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
		The estimated, approximate amount of the General Unsecured Claims in PR Class 5 is: $4.5 to $7 million. Estimated Percentage Recovery: Approximately 100%, or so much thereof as is distributed by the Administrator on account of such Claim pursuant to the Joint Plan. Entitled to Vote: Yes. Impaired.
PR Class 6	Legacy Workers' Compensation Claims	Allowed Legacy Workers' Compensation Claims shall be paid in full by the Reorganized Debtors and/or the Reorganized Debtors' insurers in accordance with applicable workers' compensation laws and existing insurance coverage as such Claims are resolved in the ordinary course of the Reorganized Debtors' businesses. The Legacy Workers' Compensation Claims are described in more detail on the Schedule of Legacy Workers' Compensation Claims attached hereto as Exhibit E-1. Estimated Percentage Recovery: 100% Entitled to Vote: No. Unimpaired
PR Class 7	Unliquidated Tort Claims	On the Effective Date, the Reorganized Debtors shall deposit $100,000 in Cash into the Unliquidated Tort Claims Account (the "Tort Claims Payment"). The Unliquidated Tort Claims shall be liquidated by the Reorganized Debtors subsequent to the Effective Date. Once all the Unliquidated Tort Claims have been liquidated by the Reorganized Debtors such that the Allowed amount of each has been determined by either Final Order of the Bankruptcy Court or other court of competent jurisdiction or stipulation executed by the Holder of such Claim and the Reorganized Debtors, each Holder of an Allowed Unliquidated Tort Claim shall receive its *pro rata* share of the Allowed amount of its Unliquidated Tort Claim, in full and final satisfaction of its Allowed Unliquidated Tort Claim. The Unliquidated Tort Claims are described in more detail on the Schedule of Unliquidated Tort Claims attached hereto as Exhibit E-2. The amount of Unliquidated Tort Claims is disputed, and the Proponents dispute the merits of the Unliquidated Tort Claims set forth in PR Class 7. The current estimate of the total

PR CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
		amount of Allowed Unliquidated Tort Claims in PR Class 7 is between $0.00 and $1,300,000. Estimated Percentage Recovery: 8%-100% Entitled to Vote: Yes. Impaired.
PR Class 8	Interests	PI is the sole Holder of Interests in PR. The Joint Plan will not alter any of the legal, equitable or contractual rights of the Holders of Interests of PR. Notwithstanding anything herein to the contrary, any Interests held by Yucaipa in PR and/or the other Debtors shall be cancelled and extinguished pursuant to the Joint Plan, as described in greater detail in the treatment of PI Class 8. Estimated Percentage Recovery: 100% Entitled to vote: No. Unimpaired.

For a more detailed discussion of the treatment of Claims against and Interests in PR, see Article VI.B. of the Disclosure Statement, and Article IV of the Plan.

B. SUMMARY OF CLAIMS AND INTERESTS IN THE PFS CLASSES[1]

The following table briefly summarizes the classification and treatment of Claims against and Interests in PFS. The Proponents believe that the following chart contains a reasonable estimate of the Claims against PFS:

PFS CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
PFS Class 1	Other Priority Claims	Allowed Other Priority Claims against PFS in PFS Class 1 will be included within PR Class 1 and will receive the same treatment as Allowed Other Priority Claims in PR Class 1. The estimated, approximate amount of the Other Priority Claims in PFS Class 1 is: $0.00 Estimated Percentage recovery: 100% Entitled to Vote: No. Unimpaired.

[1] PFS Classes 4, 6, and 7 are intentionally omitted to maintain consistency in Class numbers with PR Classes.

PFS CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
PFS Class 2	Atalaya Secured Claim	The Atalaya Secured Claim against PFS in PFS Class 2 will be in the same amount as the Atalaya Secured Claim against PR in PR Class 2, will be included within PR Class 2, and will receive the same treatment as Holders of the Atalaya Secured Claim in PR Class 2. As of the Petition Date, the estimated, approximate amount of the Atalaya Secured Claim in PFS Class 2 is: Duplicative of PR Class 2. Estimated Percentage recovery: 100% Entitled to Vote: Yes. Impaired.
PFS Class 3	Other Secured Claims	Allowed Other Secured Claims against PFS in PFS Class 3 will be included within PR Class 3 and will receive the same treatment as Holders of Allowed Other Secured Claims in PR Class 3. The estimated, approximate amount of the Other Secured Claims in PFS Class 3 is: $0.00 Estimated Percentage recovery: 100% Entitled to Vote: No. Unimpaired.
PFS Class 5	General Unsecured Claims	Allowed General Unsecured Claims against PFS in PFS Class 5 will be included within PR Class 5 and will receive the same treatment as Holders of Allowed General Unsecured Claims in PR Class 5. The estimated, approximate amount of the General Unsecured Claims in PFS Class 5 is: $0.00 Estimated Percentage recovery: 100% Entitled to Vote: Yes. Impaired.
PFS Class 8	Interests	PR is the sole Holder of Interests in PFS. The Joint Plan will not alter any of the legal, equitable or contractual rights of the Holder of the Interests in PFS. Notwithstanding anything herein to the contrary, any Interests held by Yucaipa in PFS and the other Debtors shall be cancelled and extinguished pursuant to the Joint Plan, as described in greater detail in the treatment

PFS CLASS	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
		of PI Class 8. Estimated Percentage Recovery: 100% Entitled to vote: No. Unimpaired.

For a more detailed discussion of the treatment of Claims against and Interests in PFS, see Article VI.C. of the Disclosure Statement, and Article V of the Plan.

C. SUMMARY OF CLAIMS AND INTERESTS IN THE PI CLASSES[2]

The following table briefly summarizes the classification and treatment of Claims against and Interests in PI. The Proponents believe that the following chart contains a reasonable estimate of the Claims against PI:

PI	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
PI Class 1	Other Priority Claims	Allowed Other Priority Claims against PI in PI Class 1 will be included within PR Class 1 and will receive the same treatment as Allowed Other Priority Claims in PR Class 1. The estimated amount of Allowed Other Priority Claims in PI Class 1: $0.00 Estimated Percentage recovery: 100%. Entitled to vote: No. Unimpaired.
PI Class 2	Atalaya Secured Claim	The Atalaya Secured Claim against PI in PI Class 2 will be in the same amount as the Atalaya Secured Claim against PR in PR Class 2, will be included within PR Class 2, and will have the same treatment as the Atalaya Secured Claim in PR Class 2. The estimated, approximate amount of the Atalaya Secured Claim in PI Class 2 is: Duplicative of PR Class 2. Estimated Percentage recovery: 100% Entitled to Vote: Yes. Impaired.
PI Class 3	Other Secured Claims	Allowed Other Secured Claims against PI in PI Class 3 will be included within PR Class 3 and will receive the same treatment

[2] PI Classes 4, 6 and 7 are intentionally omitted to maintain consistency in Class numbers with PR Classes.

PI	CLAIMS OR INTERESTS	SUMMARY OF TREATMENT
		as Allowed Other Secured Claims in PR Class 3. The estimated amount of Allowed Other Secured Claims in PI Class 3: $0.00 Estimated Percentage recovery: 100%. Entitled to vote: No. Unimpaired.
PI Class 5	General Unsecured Claims	Allowed General Unsecured Claims against PI in PI Class 5 will be included within PR Class 5 and will receive the same treatment as Allowed General Unsecured Claims in PR Class 5. The estimated amount of Allowed General Unsecured Claims in PI Class 5: $0.00 Estimated Percentage recovery: 100% Entitled to Vote: Yes. Impaired.
PI Class 8	Interests	Yucaipa is the Holder of the majority of the Interests in PI. On the Effective Date, all pre-Effective Date Interests in PI Class 8, including, but not limited to those held by Yucaipa, shall be cancelled and extinguished. New equity in Reorganized PI shall be issued solely in favor of Atalaya in consideration for Atalaya's conversion of $9,050,539 of secured debt to equity Interests in Reorganized PI. Atalaya will be the sole owner and manager of Reorganized PI. Estimated Percentage recovery: 0% Entitled to Vote: No. Deemed to Reject

For a more detailed discussion of the treatment of Claims against and Interests in PFS, see Article VI.D. of the Disclosure Statement, and Article VI of the Plan.

D. CLAIMS RECONCILIATION PROCESS

The deadline to File Proofs of Claim was March 15, 2013 (the "Bar Date") (Docket #477). More than 450 Proofs of Claim were Filed against PR, including more than twenty Proofs of Claim that were Filed after the Bar Date. Those Proofs of Claim assert an aggregate face amount of approximately $46,250,000, including the Proof of Claim Filed by Atalaya in the amount of $28,104,722.20 (POC #398). Only one Proof of Claim remains Filed against PI, which is the

Proof of Claim Filed by the DIP Agent in the amount of $28,104,722.20 (POC #2), after an additional Proof of Claim against PI was withdrawn (POC #2-1). Only three (3) Proofs of Claim were Filed against PFS, including the Proof of Claim Filed by Atalaya in the amount of $28,104,722.20 (POC #2). Five (5) Proofs of Claims against PR, aggregating approximately $360,000, have been withdrawn or amended to zero by the Holders of the Claims.

Any Holder of a Claim against any of the Debtors in an Impaired Class who wishes to vote on the Joint Plan must have an Allowed Claim. Either the Holder of a Disputed Claim, the Proponents (if before the Effective Date), or the Reorganized Debtors or Administrator (if after the Effective Date) may seek an Order of the Bankruptcy Court estimating the Allowed amount of the Disputed Claim for voting purposes. A Holder of a Claim that was listed on the Debtors' Schedules and whose Claim was not listed as Disputed, contingent or unliquidated, is considered to have an Allowed Claim in the amount shown on the Schedules (unless such Holder Filed a Proof of Claim, in which case the Proof of Claim will supersede the scheduled Claim if an objection is not Filed). Before the Effective Date, unless otherwise agreed by the Proponents and the Holder of the Claim, a Claim that is the subject of a properly Filed Proof of Claim will be deemed Allowed in the amount shown in the Proof of Claim. Thus far, the Debtors have pending objections to certain duplicative Proofs of Claim (Docket #897).

Under the Joint Plan, after the Effective Date, the Administrator shall reconcile Disputed Claims that are General Unsecured Claims, and the Reorganized Debtors will reconcile all other Claims. The Administrator shall use reasonable efforts to reconcile General Unsecured Claims after the Effective Date. The Administrator shall have no liability or obligation with respect to objections to or reconciliations of such Claims. The Administrator is authorized to retain professionals, including counsel, to reconcile General Unsecured Claims and may pay the fees, costs and expenses incurred by such professionals in connection with reconciliation of General Unsecured Claims from the proceeds of the Initial Unsecured Payment, the General Unsecured Creditor Note and the Convenience Claim Excess. Such fees, costs and expenses may be paid without further order of the Bankruptcy Court and are subject to a maximum amount of $250,000 plus the GUC Excess Amount payable to the Administrator's professionals on account of the Administrator Professional Supplement (if any). However, no maximum shall apply if the Reorganized Debtors default in payment of the General Unsecured Creditor Note.

The Joint Plan also permits (but does not require) the Proponents, before the Effective Date, and the Administrator or Reorganized Debtors, after the Effective Date, to request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Code for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Joint Plan (including for purposes of Distributions), and the Administrator may elect to pursue any supplemental proceedings to object to any ultimate Distribution with respect to such Claim.

III. <u>STRUCTURE OF THE DEBTORS, AND DESCRIPTION AND HISTORY OF DEBTORS' BUSINESSES</u>

A. STRUCTURE OF THE DEBTORS

PR is a Delaware limited liability company, with its headquarters in Baton Rouge, Louisiana. When formed on March 1, 2004, the principal business purpose of PR was to acquire the assets of Piccadilly Cafeterias, Inc., a Louisiana corporation ("PIC"), from a bankruptcy case that was pending in the Bankruptcy Court for the Southern District of Florida, case no. 03-27976, and to operate PIC's business on a day-to-day basis. PR is the only one of the Debtors with any employees. Thomas J. Sandeman ("Sandeman") is PR's Chief Executive Officer. PI, also a Delaware limited liability company, owns 100% of the membership Interests in PR, and is the sole managing member of PR. The managing member of PI is Yucaipa Corporate Initiatives Fund I, LLC, a Delaware limited liability company, or its assignee and affiliate, California Management Associates, LLC (the "PI Managing Member"). As of the Petition Date, Yucaipa controlled the majority of the Interests in PI.

PFS, formed in 2006, is also a Delaware limited liability company. As of the Petition Date, PR owned 100% of the membership Interests in PFS. PFS operates as a division of PR. PFS has not and does not conduct business as a separate entity. Sandeman was named as one of two initial managers of PFS in the limited liability agreement for PFS, and he remains a current PFS manager. Sandeman is also the Chief Financial Officer of PFS.

B. DESCRIPTION OF THE DEBTORS' BUSINESSES

PR is one of the largest cafeteria-style restaurant chains in the United States, with operations in ten (10) states in the Southeast and Mid-Atlantic regions. PR also operates institutional foodservices to schools and other organizations, as well as emergency feedings. PR's predecessors have a history that dates back to 1944. PR offers quick and friendly service and a wide selection of quality, freshly prepared vegetables, home-style favorites, and regional specialty items at an attractive price point to its customers. The concept is particularly attractive to budget-conscious customers, families and seniors, due in part to its low average guest check (averaging $8.20, for year ended 2012).

The foodservices division, which began in 2005, provides operating and purchasing leverage to several of the Debtors' restaurants. The foodservices division operates multiple institutional, educational and retail accounts and holds emergency foodservice contracts with a number of disaster relief agencies across the Gulf Coast region. The Debtors utilize their restaurant assets to serve smaller and regional accounts that either do not have or do not want to maintain on-site kitchens. PR currently operates sixty-six (66) restaurants, and PR owns four (4) locations. PR currently employs approximately 3,000 employees.

C. EVENTS LEADING UP TO BANKRUPTCY

During the years leading up to the Petition Date, factors beyond the Debtors' control, such as natural disasters, a severe economic recession, and an oil spill, had a significant detrimental impact on the Debtors' sales and profit margin. Specifically, the Debtors' businesses

were hit hard by hurricanes, tornadoes, and other natural disasters in the markets in which they operate. Since 2005, fifty-six (56) of the Debtors' restaurants had to close for some period of time due to these natural disasters. In addition, a number of the Debtors' restaurants in the Gulf Coast region were affected by the BP oil spill in 2010.

The severe economic recession that began in 2008 had a substantial downward effect on sales. With overall unemployment rates at historically high levels, discretionary income for customers was severely constrained, especially for seniors who live on a fixed income and who form a large percentage of the restaurants' customer base. This directly correlated with depressed restaurant sales and reduced or eliminated customer traffic. In 2011, PR reported a 3.9% decline in same-store sales year over year. Furthermore, the rising costs of commodities and transportation costs reduced profit margins in 2011, because PR could not pass all of these costs to customers in the economic environment that existed.

Management instituted a number of strategic initiatives to improve sales, including the introduction of a new marketing campaign and new building strategies and revamping the restaurant menu, to reduce costs and offset the high commodity and transportation costs, including price increases, selective in-sourcing of certain supplies, work force reductions, wage freezes, and reductions in other employee benefits. In addition, with respect to leased cafeteria locations, management began an aggressive restructuring effort that involved negotiating more favorable lease terms, where possible, and assisting owners of certain leased locations in accomplishing consensual sales of properties free of PR's lease obligations. From 2009 through the Petition Date, these efforts resulted in an estimated savings to PR of approximately $2.8 million on an annual basis.

Before the Petition Date, the Debtors also considered other restructuring options, including a possible merger with another nationally known cafeteria chain, while continuing to work with their secured lender, Atalaya's predecessor in interest. On March 14, 2012, PR received a Notice of Intention to Take Enforcement Action from its lender, which gave notice of the possible exercise of rights and remedies under the applicable loan documents in absence of an acceptable forbearance agreement by close of business on April 2, 2012. No agreement was reached by that deadline. Instead, seven (7) days later, the Debtors were informed that their secured debt had been purchased and assumed by Atalaya.

Atalaya and the Debtors were unable to reach an agreement to restructure the Debtors' loans. On September 5, 2012, Atalaya commenced a foreclosure action in the 19th Judicial District Court for the Parish of East Baton Rouge, State of Louisiana, and sought the appointment of a "keeper" of certain properties located in Jefferson Parish and East Baton Rouge Parish. The Debtors filed their Bankruptcy Cases shortly thereafter.

D. THE PRE-PETITION FINANCING

Prior to the Petition Date, the Debtors entered into the Atalaya Loan Documents, including that certain Amended and Restated Loan and Security Agreement, dated as of July 21, 2006, as amended from time to time through that certain Fifth Amendment, dated as of October 15, 2010, by and among PR, as grantor (and others). The Atalaya Collateral includes all of PR's

restaurant equipment and inventory, as well as PR's real property located in Florida, Georgia, Tennessee, and Louisiana.

Atalaya's Secured Claim is in the amount of no less than $28,104,722, as stated in each of its Proofs of Claim filed against the Debtors (the "Atalaya Proofs of Claim"). Such amount includes Atalaya's calculation of principal and interest as of the Petition Date, together with attorneys' fees and all other expenses chargeable to the Debtors in accordance with the Atalaya Loan Documents.

The Atalaya Loan Documents also provide for a letter of credit facility that was renewed from time to time (the "L/C") in order to provide financial assurances for PR's obligations related to certain legacy workers' compensation liabilities to its former workers' compensation insurer. The current L/C is in the principal amount of $2,920,000, and remains undrawn at this time. Atalaya's Proof of Claim includes an obligation for the L/C, although Atalaya did not issue the current or any former L/C. Instead, Atalaya is obligated to reimburse the L/C issuer for any draw or other liabilities related to the L/C. The undrawn principal, interest and fees directly related to the L/C are treated in the Joint Plan as part of the Atalaya Secured Claim. As set forth herein and the Joint Plan, the aggregate principal amount of the Term A Note shall be reduced by any corresponding reduction in the existing letter of credit balance.

IV. THE BANKRUPTCY CASES

On September 11, 2012, the Debtors Filed their voluntary bankruptcy petitions seeking relief under the provisions of chapter 11 of the Bankruptcy Code. The Debtors continue to operate and manage their properties as debtors-in-possession.

A. CERTAIN ADMINISTRATIVE MOTIONS FILED ON THE FIRST DAY OR SHORTLY THEREAFTER

On the Petition Date or shortly thereafter, the Debtors Filed motions in the Bankruptcy Court that were designed to minimize any disruptions of their operations and to facilitate their reorganization, as follows:

1. Joint Administration Motion

On the Petition Date, the Debtors Filed a motion to jointly administer, for procedural purposes, the Bankruptcy Cases of PR, PI, and PFS (Docket #5), which was granted on September 13, 2012 (Docket #43).

2. Cash Management Motion

On the Petition Date, the Debtors Filed a Motion For Order (I) Authorizing Continued Use Of Cash Management System, (II) Authorizing Use of Pre-Petition Bank Accounts and Business Forms, and (III) Waiving Requirements of 11 U.S.C. § 345(b) (Docket #5), which was granted on September 14, 2012 (Docket #52).

3. The Utility Motion

On September 12, 2012, the Debtors Filed a Motion for Interim and Final Orders (1) Prohibiting Utility Companies from Altering, Discontinuing or Disconnection Utility Services, and (2) Establishing Procedures for Adequate Assurance (the "Utility Motion") (Docket #6). A Final Order was entered granting the Utilities Motion on September 21, 2012 (Docket #109).

4. The Wage and Benefit Motion

On September 12, 2012, the Debtors Filed a Motion for Entry of an Order to (A) Pay All Outstanding Pre-Petition Wages, Salaries, Other Accrued Compensation, Expense Reimbursements, Benefits, and Related Amounts; and (B) Continue Specified Benefit Programs in The Ordinary Course of Business (Docket #7), which was granted on September 14, 2012 (Docket #50).

5. The Customer Programs' Motion

On September 12, 2012, the Debtors Filed a Motion for Entry of an Order Authorizing the Debtors to Honor Pre-Petition Obligations to Customers and Otherwise Continue Customer Programs in the Ordinary Course of Business (Docket #8), which was granted on September 14, 2012 (Docket #49). Pursuant to that Order, the Debtors are authorized to honor certain prepetition customer marking practices in the ordinary course of business, including gift cards, discount programs, vouchers, and various local cafeteria marketing programs, and continue to honor such customer and marketing practices after the Petition Date.

6. The PACA Procedures Motion

On September 12, 2012, the Debtors Filed a Motion for the Entry of an Order Establishing Payment Procedures for Potential PACA Claims and Granting Related Relief (Docket #9), which was granted on September 21, 2012 (the "PACA Procedures Order") (Docket #110). Pursuant to the PACA Procedures Order, the Bankruptcy Court authorized the Debtors to institute certain procedures for processing, reconciling and paying claims asserted under the Perishable Agricultural Commodities Act ("PACA").

All reconciled PACA Claims have been paid by the Debtors pursuant to the PACA Procedures Order. The Debtors have paid a total of twenty-six (26) different creditors who held valid PACA Claim a total of $512,297.70. Additionally, as reflected on the Debtors' Second PACA Report the Debtors paid certain valid PACA claims with checks that were issued by the Debtors before Petition Date, but were paid from the Debtors' bank account after the Petition Date. The aggregate amount of that portion of the reconciled PACA claim, total $44,902.08. (First PACA Reports, Docket #420 (Exhibit 3 thereto) and Second PACA Report, Docket #645.)

7. The Tax Order

On September 12, 2012, the Debtors Filed a Motion to Pay Certain Pre-Petition Taxes and Fees, and Financial Institutions to Process and Cash Related Checks and Transfers (Docket #11), which was granted on September 14, 2012 (the "Tax Order") (Docket #54). The Tax

Order, however, did not include the comprehensive relief sought in the Tax Motion, which expressly included authority to pay (but not the direction to pay) real estate and personal property taxes. Therefore, to grant this additional relief, and at the request of the Debtors, the Bankruptcy Court entered an amended Tax Order on January 31, 2013 (Docket #480).

8. Insurance and Related Practices Motion

On September 12, 2012, the Debtors Filed a Motion for Entry of an Order Authorizing the Debtors to Continue Pre-Petition Insurance Coverage and Related Practices (Docket #11), which was granted on September 14, 2012 (Docket #46).

9. Motion to Limit Notice

In September 21, 2012, the Debtors Filed a Motion to Limit Notice (Docket #106), which was granted on the same day (Docket #108).

10. Fee Order for Estate Professionals

On September 25, 2012, the Debtors Filed a Motion for an Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Committee Members (Docket #139), which was granted on October 22, 2012 (Docket #231) (the "Fee Order"). Pursuant to that Fee Order, the Bankruptcy Court authorized the Debtors to establish an orderly, regular process for the allowance and payment of compensation and reimbursement for attorneys and other Professionals utilized by the Debtors, the Creditors' Committee or paid by the Estates.

11. Debtors' Counsel, Jones Walker and Gordon Arata as Special Counsel

The Debtors' initial bankruptcy counsel was Gordon, Arata, McCollam, Duplantis & Eagan, LLC ("Gordon Arata") (Application to Employ, Docket #14). On September 19, 2012, Gordon Arata Filed a Motion to Withdraw as Counsel of Record for Debtors after Email Notice of Termination by Debtors (Docket #91). On September 21, 2012, the Debtors Filed an Application to Employ Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P. as Counsel for Debtors Nunc Pro Tunc to September 19, 2012 (Docket #104). An Interim Order granting that Application was entered on September 21, 2012 (Docket #110), and a Final Order was entered granting that Application on October 24, 2012 (Docket #245). As of September 19, 2012, Jones, Walker, Waechter, Poitevent, Carrere & Denegre, L.L.P., now known as Jones Walker LLP, has acted as the Debtors' bankruptcy counsel.

On September 25, 2012, the Debtors Filed an Application for Order Authorizing the Employment of Gordon, Arata, McCollam, Duplantis & Eagan, LLC and Peter A. Kopfinger as Special Counsel, Nunc Pro Tunc, to the Petition Date, Pursuant to Section 327(e) of the Bankruptcy Code (Docket #140). An Interim Order granting that Application was entered on September 26, 2012 (Docket #148), and a Final Order was entered granting that Application on October 22, 2012 (Docket #230).

B. THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

Pursuant to section 1102 of the Bankruptcy Code, as soon as possible after the commencement of a chapter 11 case, the Office of the U.S. Trustee must appoint an official committee of unsecured creditors. On October 23, 2012, the following members were appointed to the Creditors' Committee: Peter A. Mayer Advertising, Inc.; Crescent Business Machines; The Coca-Cola Company; Chandler's Parts & Service; Andrews Sport Co., Inc.; Calcasieu Mechanical Contractors; and New & Associates. The Creditors' Committee is represented by David B. Kurzweil and Shari L. Heyen of Greenberg Traurig, LLP.

On January 8, 2013, the Committee Filed an application (Docket #453) to retain, effective November 16, 2012, Protiviti, LLC ("Protiviti"), as a financial consultant to the Committee, for a monthly fee of $25,000 for the first two months, and $20,000 a month thereafter. The Bankruptcy Court granted the application (Docket #574), and Protiviti has acted as the financial advisor to the Committee since November 2012. On July 16, 2013, the Committee moved to amend Protiviti's engagement to increase its monthly fee to $75,000 per month and reimburse Protiviti $50,000 of the approximately $142,000 overage it incurred since the Petition Date. This application is set to be heard by the Court on October 29, 2013.

C. DIP FINANCING FACILITY

1. Obtaining Court Approval

On the Petition Date, the Debtors Filed an Emergency Motion for an Order (I) Authorizing the Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 364(c) and 364(d), (II) Authorizing the Debtors' Use of Case Collateral Pursuant to 11 U.S.C. § 363(c); (III) Granting Adequate Protection Pursuant to 11 U.S.C. § 361; and (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001(c) (Docket #15) (the "DIP Financing and Cash Collateral Motion"), pursuant to which the Debtors would borrow money, on a priming and priority basis, from CB Investments, LLC ("CB Investments"). As stated in the DIP Financing and Cash Collateral Motion, CB Investments is an affiliate of the PI Managing Member.

Atalaya objected to the DIP Financing and Cash Collateral Motion, and offered (acting as a proposed DIP Agent) to provide the post-petition financing up to $3.0 million (the "DIP Financing Facility"). On September 18, 2012, the Bankruptcy Court entered an Order (Docket #84) that granted, on an interim basis, the DIP Financing and Cash Collateral Motion, as modified, to provide (among other things) that Atalaya (acting as DIP Agent) would provide the DIP Financing Facility, pursuant to that certain Stipulation and Order (a) Authorizing Post-Petition Financing, (b) Authorizing Use of Cash Collateral, (c) Granting Superpriority Security Interests and Administrative Claims Pursuant to 11 U.S.C. § 364, (d) Granting Adequate Protection to Pre-Petition Lenders, (e) Granting Limited Relief from the Automatic Stay and (f) Granting Related Relief (the "Interim DIP Stipulation") (Docket #83).

2. *DIP Financing Final Stipulation*

The Court entered a Final Order on December 19, 2012 (the "DIP Financing Final Stipulation") (Docket #418) that finally approved the DIP Financing Facility by Atalaya, as DIP Agent. Under the DIP Financing Final Stipulation, the Debtors may only use cash collateral pursuant to an "Approved DIP Cash Projection," which means 13-week cash flow projections, "in form and substance satisfactory to the DIP Agent in its sole discretion, which set forth the Debtors' projected cash receipts, cash balances, and operating disbursements, payroll disbursements, non-operating disbursements; provided, however, if the Creditors' Committee does not approve the cash flow projections, such projections will only become Approved DIP Cash Projections upon further order of the Bankruptcy Court."

The DIP Financing Final Stipulation also provides that "[a]s of the last day of each week during the period of the Approved DIP Cash Projections, aggregate cash receipts actually received, calculated on a cumulative basis, will not be less than 75% of cumulative cash receipts projected to be received on or before such date, except as set forth herein and the Final Order; and . . . [a]s of the last day of each week during the period of the Approved DIP Cash Projections, aggregate cash outlays actually made, calculated on a cumulative basis, will not be more than 125% of cumulative cash outlays projected to be received on or before such date." The DIP Financing Final Stipulation terminates on the earlier of the effective date of a plan or September 11, 2013.

3. *Borrowings Under the DIP Financing Facility*

Shortly after entry of the Interim DIP Stipulation, the Debtors borrowed $500,000 (the minimum draw permitted under the DIP Financing Facility) under the DIP Financing Facility. The first 13-Week "Approved DIP Cash Projections" Filed on December 7, 2012 (Docket #380) projected that the Debtors would borrow an additional $750,000 on January 29, 2012, as well as an additional $750,000 on February 19, 2013. However, the Debtors did not borrow any additional funds from the DIP Agent during the first 13-Week "Approved Cash Projections." On February 22, 2013, the Debtors Filed a new "Approved DIP Cash Projections" for the 13-Week period ending May 21, 2013 (the "Second 13-Week Projections") (Docket #504). The Second 13-Week Projections showed that the Debtors would not borrow any money under the DIP Financing Facility for that 13-week period. Consistent with the Second 13-Week Projections, during that period, the Debtors did not borrow any money under the DIP Financing Facility. Rather, the Debtors applied proceeds from the sale of the Debtors' Ocala, Florida property to reduce the outstanding balance of the DIP Financing Facility to $39,000. On May 21, 2013, the Debtors Filed a new "Approved DIP Cash Projections" for the 13-Week period ending August 20, 2013 (the "Third 13-Week Projections") (Docket #826). The Third 13-Week Projections show that the Debtors will borrow approximately $1,850,00 under the DIP Financing Facility for that 13-week period. As of the date hereof, the balance due on the DIP Financing Facility is $2,616,882, including principal and interest.

D. THE DEBTORS' PRIOR PROPOSED PLAN AND DISCLOSURE STATEMENT AND TERMINATION OF EXCLUSIVITY

1. The Plan and Disclosure Statement Proposed by the Debtors and Yucaipa

On July 8, 2013, the Debtors and Yucaipa jointly Filed their Joint Chapter 11 Plan of Reorganization of Piccadilly Restaurants, LLC, Piccadilly Food Service, LLC, and Piccadilly Investments, LLC, Proposed by the Debtors and Yucaipa Corporate Initiatives Fund I, L.P., dated July 8, 2013 (the "Yucaipa Plan") (Docket #921) and accompanying Disclosure Statement (the "Yucaipa Disclosure Statement") (Docket #920).

The Yucaipa Plan and Yucaipa Disclosure Statement provided for a "boot strap plan." In summary, the Debtors and Yucaipa proposed to fund all plan payments with debt to be repaid by the post-confirmation cash flow of the Reorganized Debtors. The Proponents viewed the Debtors' Plan as unconfirmable under the Bankruptcy Code and the Debtors' Disclosure Statement as both informationally and substantively deficient for multiple reasons.

On September 6, 2013, Yucaipa filed its Notice of Withdrawal of the Yucaipa Plan and Yucaipa Disclosure Statement [Docket No. 1066], which gave notice of Yucaipa's withdrawal of the Yucaipa Plan and Yucaipa Disclosure Statement.

2. Termination of Plan Exclusivity

On July 26, 2013, the Debtors Filed their Third Motion to Increase the Exclusive Period in which a Plan must be accepted in Order to Maintain the Exclusive Period (the "Third Extension Motion") (Docket #949), by which the Debtors sought to extend their exclusive period to gain acceptance of the Yucaipa Plan up to and including November 12, 2013. The Committee and Atalaya filed oppositions to the Third Extension motion. On August 20, 2013, the Court entered the Order Denying Debtors' Motion to Extend Exclusivity Period (Docket #1045), denying the Third Extension Motion. Accordingly, the Debtors' plan exclusivity period terminated on September 10, 2013.

E. OTHER MATTERS RELATED TO THE ADMINISTRATION OF THE BANKRUPTCY CASES

1. Employee-Related Matters

The Debtors Filed motions requesting authorization with respect to a variety of employee-related matters, including a Wage and Benefit Motion (Docket ##11 and 46) and the Insurance and Related Practices Motion (Docket ##7 and 50).

Before the Petition Date, PR had an incentive plan for certain eligible participants (the "Incentive Plan"), as more fully described in the Debtors' Motion for Authority, in Accordance with Local Bankruptcy Rule 2016-2, (1) to Pay Incentive Compensation, as Part of the Debtors' Established Pre- Petition Incentive Plan, to Certain Eligible Participants, and (2) to Continue to Pay Base Compensation and Benefits to the same Eligible Participants, Nunc Pro Tunc to the Petition Date (Docket #481) (the "Incentive Plan Motion"). Under the Incentive Plan, certain

participants are eligible to receive incentive compensation on a semi-annual basis if and only if PR meets certain pre-set EBITDA targets. After the Petition Date, PR's EBITDA target called for a doubling of EBITDA from 2011. Because the actual results exceeded the EBITDA target for the six month period after the Petition Date, the Bankruptcy Court granted the Incentive Plan Motion. (Docket #505.) For next six-month period, however, PR failed to meet the EBITDA target and no incentive compensation will be paid under the Incentive Plan for that six-month period.

On March 5, 2013, the Debtors Filed a Motion for Authority to (1) Assume the Amended and Restated Employment Agreement, as Modified, with Sandeman, Pursuant to Section 365(a) of the Bankruptcy Code, and (2) Pay Incentive Compensation that Has Been Earned Thereunder, Pursuant to Section 365(a) of the Bankruptcy Code and Local Bankruptcy Rule 2016-2 (the "Sandeman Motion") (Docket #524). Pursuant to the Sandeman Motion, the Debtors sought and were granted authority to pay Sandeman, PR's Chief Executive Officer, incentive compensation based on the fact that PR exceeded the same EBITDA target established for the 2012 Incentive Plan. Under the formula established in the employment agreement with Sandeman, Sandeman's incentive compensation for the six month period was $68,750. The Debtors also sought and were granted authority to assume an employment agreement with Sandeman. Sandeman, on the other hand, waived any right to assert an administrative expense claim under section 503 of the Bankruptcy Code for compensation based on the "change of control" provisions contained in Section 3 of the employment agreement, and instead reserved only the right to File an unsecured non-priority Claim based on these provisions of his employment agreement. (Docket #673.) The Sandeman employment agreement expires on February 8, 2014. Under the employment agreement, Sandeman was granted, as part of his overall compensation package, an option to acquire up to 3.5% of the Interests in PI, subject to the terms and conditions of an equity incentive plan. Sandeman has not earned the right to acquire any Interests in PI under the employment agreement, and is not likely to do so before the expiration of his employment agreement.

With the exception of Sandeman, none of the Debtors entered into any retention agreements with any employees, officers or directors before the Petition Date. None of the Debtors have entered into any retention agreements with any employees, officers or directors since the Petition Date. The Proponents do not have any current intention of entering into any such agreements as part of the consummation of the Joint Plan.

2. *Merchants Food Service*

The Merchants Company d/b/a Merchants Foodservice, and its affiliates ("Merchants"), is the supplier of approximately ninety percent (90%) of the Debtors' food and supplies. On the Petition Date, Merchants operated without a written agreement with the Debtors.

On December 3, 2012, the Debtors Filed their Emergency Motion for an Order, Pursuant to Sections 503(b)(9), 363(b), and 105(a) of the Bankruptcy Code, (1) Granting Critical Vendor Status, (2) Authorizing Debtors to Enter Into a Distribution Agreement with the Merchants Company, d/b/a Merchants Foodservice, and its Affiliates, (3) Authorizing the Immediate Cash Payment of a Portion of the Pre-Petition Claim of Merchants, (4) Authorizing the Reapplication of Certain of the Debtors' Post-Petition Payments to Certain Pre-Petition Invoices of the

Merchants Company, (5) Allowing Merchants' Section 503(b)(9) Claim and PACA Claims, and (6) Granting Related Relief (Docket #365), which was granted by Order entered on December 19, 2013 (Docket #412) (the "Merchants' Order").

Pursuant to the Merchants' Order, Merchants and the Debtors entered into a distribution agreement that governs the sale and delivery of food and supplies at prices that are generally equal to or lower than the pre-petition prices charged by Merchants to the Debtors, (a) is for a term of two years from the effective date, (b) is terminable by the Debtors on 120-days' notice to Merchants, and (c) gives the Debtors' credit line of up to $1.4 million, pursuant to Section 15.02 of the distribution agreement.

As of the Effective Date, the outstanding balance on the Merchants' credit line is estimated to be $1.4 million. Pursuant to the Merchants Order, the Bankruptcy Court recognized the Allowed Merchants 503(b)(9) Claim in the amount of $2,323,585, referred to herein as the Allowed Merchants 503(b)(9) Claim. The Allowed Merchants 503(b)(9) Claim is an Allowed Administrative Claim and will be paid on in full, in Cash on the Effective Date with proceeds of the Exit Facility.

3. PR's Cafeteria Leases

Section 365 of the Bankruptcy Code provides generally that a debtor may assume, assume and assign, or reject an executory contract or unexpired lease at any time before the confirmation of a plan of reorganization, but the Bankruptcy Code, on the request of a party in interest, may order the debtor to determine whether to assume or reject a particular executory contract within a specified period of time. As a debtor in possession, the Debtors have the right under section 365 of the Bankruptcy Code, subject to approval of the Bankruptcy Court, to assume, assume and assign, or reject Executory Contracts and Unexpired Leases.

PR is a lessee under numerous nonresidential real property leases for its cafeterias. Since the Petition Date, as part of their ongoing restructuring efforts, PR worked diligently to identify those nonresidential real property leases that are not necessary to its ongoing business operations and beneficial to its estate. To assist in this process, after the Petition Date, on December 6, 2012 (Docket #377), the Debtors obtained Bankruptcy Court authority to engage the services of a real estate advisor, GA Keen & Company (the "Consulting Company"), a company with significant experience in commercial real estate matters, to assist PR in evaluating the real property leases and renegotiating those leases. Among other factors, PR and the Consulting Company considered: (a) the suitability of each leased property to PR's anticipated future business needs; (b) the rent and other material terms of each lease; (c) the market rent for similar properties; and (d) other miscellaneous consideration. As part of the evaluation process, the Debtors and the Consulting Company contacted certain lessors and obtained consensual extensions of the deadline to assume or reject, and continued to engage in negotiations to obtain lease concessions, such as rent reductions, contributions to capital improvements, and in some instances extensions to the terms of the leases.

a. Restructuring of the Circus Master Leases

On August 20, 2013, the Debtors filed the Motion for (I) Final Order Approving and Authorizing the Debtor's Execution of the Master Agreement Governing the Restructuring of

Certain Master Leases with Circus Property I, LLC and Circus Property II, LLC, (II) Subject to the Conditions Contained Therein Being Satisfied, Approving and Authorizing the Execution of All Documents Contemplated Therein, (III) Subject to and Effective as of the Closing of the Transactions Contemplated in the Master Agreement, Authorizing and Approving the Assumption of the Circus I Lease, as Amended, and the Rejection of the Circus II Lease, as Amended, and (IV) Granting Related Relief (the "Circus Lease Restructuring Motion") (Docket #1001), which the Court granted by Final Order on August 21, 2013 (Docket # 1044).

The Circus Lease Restructuring Motion and Order approved the restructuring of two master leases (the "Circus Leases") between PR and Circus Property I, LLC, PR and Circus Property II, LLC, which, covered leases of a total of fifteen (15) different cafeteria locations. While some of these cafeterias were profitable, others were extremely unprofitable. After lengthy negotiations, the Debtors and other parties in interest to the Circus Leases agreed to place the profitable cafeterias under one lease to be assumed, and the unprofitable cafeterias under the other lease to be rejected. Once this transaction is closed, the Debtors anticipate a significant cost savings and improvement in overall financial performance. The Debtors anticipate closing in September of 2013.

Additional information regarding this transaction is available in the Circus Lease Restructuring Motion and Order approving it, as well as upon request to counsel for the Proponents.

b. The Assumed Cafeteria Leases

In addition to the transactions contemplated in the Circus Lease Restructuring Motion, as of the Filing of this Disclosure Statement, the Debtors have Filed six (6) motion to assume Unexpired Leases of nonresidential properties, including its headquarters' lease.

The first such motion was the Debtors' Motion for an Order, Pursuant to Section 365 of the Bankruptcy Code, Authorizing the Debtors to (1) Assume Certain Unexpired Leases of Nonresidential Real Property, and (2) Satisfy Cure Amounts in Respect Thereof (Docket #532) (the "First Assumption Motion"). An Order authorizing the assumption of twenty-one (21) cafeteria leases and the Debtors' headquarters lease, and granting the First Assumption Motion, was entered (Docket #684).

The second was the Debtors' Second Motion for an Order, Pursuant to Section 365 of the Bankruptcy Code, Authorizing the Debtors to (1) Assume Certain Unexpired Leases of Nonresidential Real Property, and (2) Satisfy Cure Amounts in Respect Thereof (Docket #676) (the "Second Assumption Motion"). An Order authorizing the assumption of six cafeteria leases, as prayed for in the Second Assumption Motion was entered (Docket #677).

The third was the Debtors' Third Motion for an Order, Pursuant to Section 365 of the Bankruptcy Code, Authorizing the Debtors to (1) Assume Certain Unexpired Leases of Nonresidential Real Property, and (2) Satisfy Cure Amounts in Respect Thereof (the "Third Assumption Motion") (Docket #733). Orders authorizing the assumption of six (6) additional cafeteria leases, and granting the Third Assumption Motion were entered (Docket ##816 and 817).

The fourth was the Debtors' Fourth Motion for an Order, Pursuant to Section 365 of the Bankruptcy Code, Authorizing the Debtors to (1) Assume Unexpired Leases of Nonresidential Real Property, and (2) Satisfy Cure Amounts in Respect Thereof (the "Fourth Assumption Motion") (Docket #803). An Order authorizing the assumption of two (2) additional leases, and granting the Fourth Assumption Motion, was entered (Docket #872).

The fifth was the Debtors' Fifth Motion for an Order, Pursuant to Section 365 of the Bankruptcy Code, Authorizing the Debtors to (1) Assume Unexpired Leases of Nonresidential Real Property, and (2) Satisfy Cure Amounts in Respect Thereof (the "Fifth Assumption Motion") (Docket #803). The Court entered Orders authorizing the assumption of six (6) additional leases, and granting the Fifth Assumption Motion (Docket ##893, 894 and 895).

The sixth was the Debtors' Sixth Motion for an Order, Pursuant to Section 365 of the Bankruptcy Code, Authorizing the Debtors to (1) Assume Unexpired Leases of Nonresidential Real Property, and (2) Satisfy Cure Amounts in Respect Thereof (the "Sixth Assumption Motion") (Docket #899). The Court entered an Order authorizing the assumption of one (1) additional lease pursuant to the Sixth Assumption Motion on August 1, 2013 (Docket No. 956).

c. Rejected Leases and Closed Cafeterias After the Petition Date

In addition to the transactions contemplated in the Circus Lease Restructuring Motion, since the Petition Date, PR has rejected a number of leased cafeterias and closed a number of underperforming cafeterias. On October 2, 2012 PR Filed its first such motion with respect to nine (9) then open and underperforming cafeterias, when PR Filed its Motion for an Order Approving the Rejection of Certain Unexpired Leases of Nonresidential Real Property for Certain Closed or Underperforming Cafeterias, and the Rejection of Certain Unexpired Leases of Personal Property, Executory Contracts and One Unexpired Sublease Related to those Closed or Underperforming Cafeterias (Docket #167). Since then, the Debtors have Filed four additional motions to reject, as follows: (i) the Motion for an Order Approving the Rejection of an Unexpired Lease of Nonresidential Real Property of an Underperforming Cafeteria Filed on December 23, 2012 (Docket #438), which was granted by Order entered on January 31, 2013 (Docket #478); (ii) the Motion for an Order (I) Approving the Rejection of an Unexpired Lease of Nonresidential Real Property of an Underperforming Cafeteria Located in Jacksonville, Florida, and (2) the Rejection of One Executory Contract Related Thereto Filed on January 30, 2013 (Docket #470), which was granted by Order entered on March 1, 2013 (Docket #513); and (iii) the Motion for an Order Approving the Rejection of an Unexpired Lease of Nonresidential Real Property of an Underperforming Cafeteria Located in Miami, Florida Filed on February 28, 2013 (Docket #512), which was granted by Order entered on March 28, 2013 (Docket #681). PR has rejected, therefore, twelve (12) leases of nonresidential real property that were operating cafeterias since the Petition Date. PR has also closed one additional cafeteria that is leased from Circus under one of the Circus Master Leases, as discussed above.

Additionally, on August 13, 2013, PR also Filed its Motion for an Order Approving the Rejection of Personal Property Lease and Food Supply Contract Insofar as they Relate to a Cafeteria that the Debtors are Closing (Docket No. 997), by which the Debtors sought authority to reject a personal property lease to the extent it related to certain equipment located at a

cafeteria that the Debtors plan to close. The Court granted this Motion pursuant to an Order entered on August 21, 2013 (Docket No. 1043).

Based on the previous and contemplated assumptions and rejections, on or near the Effective Date, the Debtors anticipate that PR will operate sixty-one (61) cafeterias, four (4) of which PR owns.

F. SALES OF REAL ESTATE, PENDING OR CONCLUDED

After the Petition Date, the Debtors continued their efforts to sell three (3) properties that were formerly operated as cafeterias. The Debtors obtained Orders that authorize the sales of these properties to purchasers, each of which were encumbered by first ranked Liens and security Interests in favor of Atalaya as of the Petition Date (Docket #378, 513 and 573). Two of these properties are located in Florida, including a property in Ocala, Florida (the "Ocala Property"), and a property in Tamarac, Florida (the "Tamarac Property"). Another is located in Warner Robins, Georgia (the "Warner Robins Property").

The sales of the Ocala Property and Warner Robins Property have closed, and the net proceeds were paid to Atalaya on account of the DIP Financing Facility pursuant to Order of the Bankruptcy Court. The Debtors have sold the Ocala Property, and the net proceeds were paid to Atalaya on account of the DIP Financing Facility, as ordered by the Bankruptcy Court (Docket ## 378, 391 and 517). The net proceeds from sale of the Ocala Property were in the approximate amount of $480,000. The net proceeds from sale of the Warner Robins Property were in the approximate amount of $876,871.05.

Sale of the Tamarac Property has been approved by the Court but not yet closed. The Debtors anticipate closing to occur in mid-October of 2013, in the gross amount of approximately $1.75 million. The Debtors anticipate sale of the Tamarac Property to generate net proceeds in the amount of approximately $1.6 million. If the sale closes prior to the Effective Date, net proceeds will be applied to pay down the DIP Financing Facility. If the closing occurs after the Effective Date, net proceeds will be used to pay down the revolving line of credit established by the Exit Facility.

V. **LITIGATION AGAINST THE DEBTORS AND CLAIMS HELD BY THE DEBTORS**

A. NON-BANKRUPTCY CLAIMS AGAINST THE DEBTORS

1. PR's Disputed Workers' Compensation Litigation Claims

PR is the only Debtor with any employees and, therefore, is the only Debtor that carries any workers' compensation insurance coverage. The current workers' compensation policy is based on a "loss retro" premium, with the insurer obligated to cover 100% of the loss, and PR being obligated to reimburse the insurer up to $250,000 per claim. After thirty (30) months, however, the total incurred losses are adjusted by a factor of 1.25. If at the time of the first audit, the total incurred losses times the 1.25 development factor and PR's base premium are less than $1,276,396, PR will be due a refund from the insurer. If the audit is higher, on the other hand, an

additional premium will be due to the insurer. The program will be audited annually until all claims are closed. In addition to the premium, there is an annual claim handling surcharge of $64,586. Only one workers' compensation Proof of Claim against PR was Filed under the current workers' compensation program, in the amount of $13,000. Under the Joint Plan, this Proof of Claim is treated as an Unliquidated Tort Claim in PR Class 7 and will be liquidated by the Reorganized Debtors.

PR's former workers' compensation program (the "Legacy Workers' Compensation Program") had a $250,000 obligation to the insurer per claim, with eight (8) workers' compensation claims remaining outstanding as of this date (collectively, the "Legacy Workers' Compensation Claims"). To insure PR's financial obligations with respect to the Legacy Workers' Compensation Program, the insurer required PR to arrange for the issuance of a letter of credit in the face amount of $2,920,000. The Legacy Workers' Compensation Claims are included within PR Class 6 and are described in greater detail in Exhibit E-1 attached hereto. The Legacy Workers' Compensation Claims will be liquidated and paid by the Reorganized Debtors in the ordinary course of their businesses in accordance with the applicable insurance policies and applicable law.

2. PR's Disputed General Liability Litigation Claims

There are also various general liability litigation Claims asserted against PR, which are included within the schedule of Unliquidated Tort Claims attached as Exhibit E-2. These Claims are treated in PR Class 7, are Impaired by the Joint Plan, and will be liquidated by the Reorganized Debtors. The total amount of the Proofs of Claim Filed against PR that assert Litigation Claims is approximately $7,550,000. PR disputes all the Unliquidated Tort Claims.

PR represented that it assessed these general liability litigation Claims and projects its ultimate liability (net of insurance coverage) to be less than or equal to $1.3 million, including (a) the workers' compensation claims above, and (b) the employment discrimination Claim discussed below. PR's analysis was conducted by its Vice President of Risk Management and Vice President of Benefits and Human Resources, with the assistance of various outside litigation counsel, and is not warranted by the Proponents.

3. PR's Disputed Employment Discrimination Litigation Claim

One Disputed employment discrimination Litigation Claim was Filed (POC #202), in the amount of $1,000,000. The Proof of Claim was Filed by Vernon Watson ("Watson"), a *pro se* plaintiff who was terminated from PR's employment in 2009 after he was arrested on PR's premises and incarcerated. During his incarceration, Watson failed to contact PR regarding his inability to return to work in accordance with the PR's written policies. It was Watson's failure to follow PR policy that lead Piccadilly to his termination. Watson filed a charge with the EEOC, claiming that PR terminated his employment because of his race, and in retaliation of a prior EEOC charge that he had filed against PR. The first EEOC charge was amicably resolved through EEOC mediation. Upon receipt of his Notice of Rights from the EEOC, Watson filed suit against PR in the United States District Court for the Western District of Tennessee, again claiming that PR terminated his employment on account of his race and in retaliation of his prior EEOC charge, and in violation of Title VII. PR successfully achieved the stay of this federal suit

on the grounds that Mr. Watson had signed a binding arbitration agreement as a condition of his employment with PR.

Since the stay of the federal suit, and until the Bankruptcy Cases were Filed, PR and Watson were engaged in arbitration under the auspices of the American Arbitration Association. In the arbitration, PR filed a Motion for Summary Judgment seeking the dismissal of Watson's race discrimination claim, which was granted. Therefore, at the present time, the only claim remaining is Watson's allegation that PR terminated his employment in retaliation of his prior EEOC charge.

B. TAX DISPUTES

PR has two sales tax disputes pending at this time. The dispute with the Florida Department of Revenue (POC #244-1) relates to a Proof of Claim Filed in the approximate amount of $69,600 for the alleged underpayment of sales and use taxes, based on a field audit. PR is in the process of appealing the audit, and disputes the claim. The Georgia Department of Revenue Filed a Proof of Claim (POC #221-1) that totals approximately $357,000 for sales and use taxes, interest and penalties. PR also disputes that Proof of Claim (the "Georgia Tax Dispute"). An audit is currently being conducting with respect to the Georgia Tax Dispute. At the conclusion of that audit, PR anticipates that the Georgia Department of Revenue will find that PR owes no more than $30,000 in sales and use taxes. Finally, the Internal Revenue Service Filed various Proofs of Claim. The most recent Proof of Claim, however, reflects that the Debtors owe nothing to the IRS (POC #115-1).

C. THE DEBTORS' NON-BANKRUPTCY CLAIMS, INCLUDING THE BP TORT CLAIM

A Cause of Action held by the Debtors is the BP Tort Claims arising out of the 2010 Deepwater Horizon explosion and oil spill in the Gulf of Mexico. The ensuing discharge remained uncontained for approximately four months. The resulting spill contaminated the Gulf and a large part of the shore lines from Texas to Florida. There have been several forms of legal action taken against the drilling company and their consolidated parent, BP. A fund and claims process was established to determine adequate compensation for the loss of business suffered by all coastal communities. Using the established guidelines, seven cafeterias operated by PR qualified for a loss of business claim. The accounting firm of Dempsey Partners was retained in the July of 2012 to finalize a claim. The claim administrator, Deep Water Horizon Settlements, has been reviewing the submission. The final series of requested documentation was submitted in April 2013, and the claim is currently "under review." The gross amount of the BP Tort Claim asserted by the Debtors is approximately $2 million.

The Joint Plan provides that the BP Tort Claim will be pledged to secure the General Unsecured Creditor Note, and any amounts collected by the Reorganized Debtors on account of the BP Tort Claim shall be deposited into the General Unsecured Distribution Account to prepay the General Unsecured Creditor Note, if such collection occurs while amounts are outstanding under the General Unsecured Creditor Note. Atalaya shall have a second priority perfected Lien in the BP Tort Claim, subordinated to the post-Effective Date Liens securing the General Unsecured Creditor Note.

PR is the plaintiff in litigation in the Twenty-First Judicial Court District, Parish of Livingston, State of Louisiana, against Regions Community Behavioral Health Center, Inc. and its affiliates for failure to pay for goods and services. The amounts involved in the suit are approximately $70,000 to $75,000, plus interest, attorney fees and costs of the proceedings.

Pursuant to the Joint Plan, except as otherwise provided in the Joint Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Joint Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors will retain and may enforce any claims, demands, rights and Causes of Action that the Debtors or Estates may hold, to the extent not expressly released under the Joint Plan. The Reorganized Debtors may pursue such retained Claims, demands, rights or Causes of Action and Bankruptcy Causes, as appropriate, in accordance with the best interests of the Reorganized Debtors. Further, the Reorganized Debtors retain their rights to File and pursue any adversary proceedings against any creditor or vendor related to debit balances or deposits owed to the Debtors. On and after the Effective Date, all Causes of Action will be retained by and re-vest in the Reorganized Debtors.

D. THE ATALAYA ADVERSARY PROCEEDING

On March 19, 2013, the Committee Filed the Atalaya Adversary Proceeding, bearing docket no. 12-51127 on the Docket of the Bankruptcy Court. In the Complaint to Determine Extent, Validity and Priority of Liens and Security Interests Asserted by Atalaya Administrative LLC, the Creditors' Committee alleges the following causes of action: (i) Count I, that Atalaya does not have a perfected security interest in the Debtors' commercial tort claims, because they were not described with particularity; (ii) Count II, that Atalaya does not have a perfected security interest in the Debtors' insurance policies because such policies prohibit assignment absent consent of the insurer; (iii) Count III, that the Liens and security interests in the Debtors' deposit accounts were invalid and/or unperfected as of the Petition Date; (iv) Count IV, that any obligation due under the L/C is not secured by the Debtors' property; and (v) Count V, for an accounting and a determination of the amount of Atalaya's Secured Claim. Atalaya's Answer to the Complaint denies all substantive allegations.

The Atalaya Adversary Proceeding shall be dismissed upon the Effective Date of the Joint Plan, with prejudice, with the rights, Liens, security interests and indebtedness at issue therein adjudicated as provided in the Plan.

VI. THE JOINT CHAPTER 11 PLAN OF REORGANIZATION

The Joint Plan classifies Claims and Interests separately and provides different treatment for different Classes of Claims and Interests in accordance with the provisions of the Bankruptcy Code. As described more fully below, the Joint Plan provides, separately for each Class, that Holders of certain Claims and Interests will retain or receive various amounts and types of consideration, thereby giving effect to the different rights of Holders of Claims and Interests in each Class. The Reorganized Debtors and the Administrator, as the case may be, will act as the Disbursing Agent under the Joint Plan.

A. UNCLASSIFIED ADMINISTRATIVE CLAIMS AND CERTAIN FEES AND TAXES

1. Administrative Claims

Administrative Claims are Claims for costs or expenses of administration of the Bankruptcy Cases Allowed under sections 503(b), 507(a)(1) or 1114(e)(2) of the Bankruptcy Code. Such Claims include the actual and necessary costs and expenses of preserving the Estates incurred after the Petition Date. Unless otherwise agreed to in writing by the Holder of an Allowed Administrative Claim, on the one hand, and the Proponents, if prior to the Effective Date, or the Reorganized Debtors, if subsequent to the Effective Date, on the other hand, each Holder of an Allowed Administrative Claim will receive Cash equal to the Allowed Amount of such Administrative Claim on the Effective Date. The estimated amount of Administrative Claims is $2,438,000, including the Allowed Merchants 503(b)(9) Claim.

2. Professional Fee Claims

The Debtors will pay Professional Fee Claims for the compensation of professionals and reimbursement of expenses incurred by such professionals, the Creditors' Committee and members of the Creditors' Committee pursuant to sections 330(a), 503(b)(2), 503(b)(3), 504(b)(4), and 503(b)(5) of the Bankruptcy Code. The Bankruptcy Court will review and determine all applications for compensation for services rendered and reimbursement of expenses.

Professionals or other Entities asserting a Professional Fee Claim for services rendered before the Effective Date must File and serve on the Reorganized Debtors, Atalaya, the Administrator, and such other Entities who are designated by the Bankruptcy Rules, the Confirmation Order, or other Order of the Bankruptcy Court, an application for final allowance of such Professional Fee Claims within sixty (60) days after the Effective Date; provided, however, that any Professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court review or approval, pursuant to the Ordinary Course Professionals Order.

Fees incurred by the Administrator and its professionals after the Effective Date shall not constitute Professional Fee Claims and shall not require application to or approval by the Bankruptcy Court prior to payment.

3. Ordinary Course Liabilities

Allowed Administrative Claims based on liabilities incurred by the Debtors in the ordinary course of business (including Administrative Trade Claims, Administrative Claims of governmental units for Taxes, including Allowed Administrative Claims arising from those contracts and leases of the kind described in Section 9.5 of the Joint Plan, other than Cure Amount Claims) may be paid by the Reorganized Debtors in the discretion of the Debtors or Reorganized Debtors (as applicable) pursuant to the terms and conditions of the particular transaction giving rise to such Administrative Claims, and Allowed Cure Amount Claims will be

paid in accordance with Section 9.2 of the Joint Plan, in each case without any further action by the Holders of such Administrative Claims. Holders of Administrative Claims based on liabilities incurred by any one of the Debtors in the ordinary course of their businesses that are paid by the Debtors or the Reorganized Debtors (as applicable) will not be required to File or serve any request for payment of such Administrative Claims.

4. *The DIP Financing Claim*

On the Effective Date, the Allowed DIP Financing Claim (other than the Professional Fee Claims of Atalaya) shall be included in the Term A Note and satisfied in full thereby. The Professional Fee Claims of Atalaya as of the Effective Date shall be paid in accordance with the terms of the DIP Financing Stipulation.

5. *Priority Tax Claims*

According to the Debtors' estimates, the Allowed Priority Tax Claim are as follows: $237,307 against PR; $0.00 against PFS; and $0.00 against PI.

Unless otherwise agreed to in writing among the Proponents and Holder of an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim will be paid, (a) Cash in an amount equal to the such Holder's Allowed Priority Tax Claim on the later of the Effective Date or when such Allowed Claim becomes due, or (b) in accordance with sections 511 and 1129(a)(9)(C) of the Bankruptcy Code, equal quarterly Cash payments in arrears in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at the rate(s) specified in, and accordance with, applicable federal or state law, over a period through the fifth anniversary of the Petition Date, with the first such payment being made on the earlier of the Effective Date or when such Allowed Claim becomes due. No Holder of an Allowed Priority Tax Claim will be entitled to any payments on account of any pre-Effective Date interest accrued on or penalty arising after the Petition Date with respect to or in connection with any Allowed Priority Tax Claim.

B. TREATMENT OF CLASSIFIED CLAIMS AGAINST PR

1. *PR Class 1 – Other Priority Claims*

PR Class 1 consists of the Other Priority Claims against PR. PR estimates that the Allowed Other Priority Claims total $0.00.

Unless otherwise agreed to in a written agreement by and among the Holder of an Other Priority Claim and the Proponents, each Holder of an Allowed Other Priority Claim shall receive, in full and final satisfaction, release and discharge it its Other Priority Claim, payment in full, in Cash, on the earlier of: (a) the Effective Date; and (b) the date upon which such Other Priority Claim becomes Allowed.

Under the Joint Plan, the Other Priority Claims in PR Class 1 are Unimpaired. Therefore, the Proponents will not solicit acceptances of Joint Plan from Holders of Other Priority Claims in PR Class 1.

2. *PR Class 2 – Atalaya Secured Claim*

PR Class 2 consists of the Atalaya Secured Claim against PR. The Allowed Atalaya Secured Claim shall be in the amount of $28,104,722.

Under the Joint Plan, Atalaya shall receive, in full satisfaction, settlement, release and discharge of the Allowed Atalaya Secured Claim, the following:

(a) Term A Note: The Reorganized Debtors shall execute and deliver to Atalaya the Term A Note, which shall be in the aggregate principal amount equal to the sum of: (1) the existing revolving loan in the amount of $6,979,341; (2) the existing letter of credit balance of $2,927,583; (3) $1,197,646.77, representing a portion of the accrued unpaid post-petition interest on the Atalaya Secured Claim as of September 26, 2013; (4) daily interest accruals in the amount of $3,151.70 for each day from September 27, 2013 through and including the Effective Date; and (5) the DIP Financing Claim in the amount of $2,616,882.72; provided, however, that the aggregate principal amount of the Term A Note shall be reduced by any corresponding reduction in the existing letter of credit balance. The terms of Term A Note shall be, *inter alia*, the following:

(i) The Term A Note shall accrue interest at the rate of 4.75% per annum;

(ii) Interest payments shall be made or shall accrue monthly;

(iii) The Term A Note shall be subject to the PIK Conversion if at any time the Reorganized Debtors are unable to timely make payment on account of the General Unsecured Claim Note. Interest shall accrue at the rate of 9% *per annum* on or after and during the trigger of the PIK Conversion, until such payment is made;

(iv) The Term A Note shall mature three years from the Effective Date; and

(v) The Term A Note shall be in a form acceptable to the Committee and Atalaya.

(b) Term B Note: The Reorganized Debtors shall execute and deliver to Atalaya the Term B Note, which shall be in the aggregate principal amount equal to the sum of (1) $9,050,539, representing one half of the outstanding principal balance under the existing term loan; (2) $3,024,117.05, representing a portion of the accrued unpaid post-petition interest on the Atalaya Secured Claim as of September 26, 2013; and (3) daily interest accruals in the amount of $7,958.20 for each day from September 27, 2013 through and including the Effective Date. The terms of Term B Note shall be, *inter alia*, the following:

(i) The Term B Note shall accrue interest at the rate of 4.75% per annum;

(ii) Interest payments shall be made or shall accrue monthly;

(iii) The Term B Note shall be subject to a PIK Conversion if at any time the Reorganized Debtors are unable to timely make payment on account of the General

Unsecured Claim Note. Interest shall accrue at the rate of 9% *per annum* on or after and during the trigger of the PIK Conversion, until such payment is made;

(iv) The Term B Note shall mature three years from the Effective Date; and

(v) The Term B Note shall be in a form acceptable to the Committee and Atalaya.

(c) Collateral Securing PR Class 2 Claims: The Term A Note and Term B Note shall be secured by first priority Liens and security interests in and to all the Reorganized Debtors' real and personal property, except for the BP Tort Claims, in which Atalaya shall hold a second priority security interest junior to the Administrator's security interest securing the General Unsecured Creditor Note.

(d) Limitation of Exercise of Remedies: Atalaya shall not take any action or exercise any remedies against the Debtors, property of the Debtors' Estates, the Reorganized Debtors, or any property of the Reorganized Debtors, including, but not limited to foreclosure, seeking a receiver or keeper, submitting to an assignment for the benefit of creditors, or commencement of suit to recover amounts outstanding under the Term A Note, Term B Note, or Exit Facility so long as any indebtedness remains outstanding under the General Unsecured Creditor Note. The Administrator shall have any and all rights and remedies under applicable law and equity to seek redress for any breach of this paragraph in any court of competent jurisdiction, and all such rights and remedies are preserved.

(e) Equity Conversion: Atalaya will convert the remaining amount of the existing prepetition term loan, in the amount of approximately $9,050,539, into 100% of the equity in Reorganized PI.

Under the Joint Plan, the Atalaya Secured Claim in PR Class 2 is Impaired. Atalaya is therefore entitled to vote to confirm or reject the Joint Plan with respect to PR.

3. PR Class 3 – Other Secured Claims

The estimated, approximate amount of the Allowed Other Secured Claims in PR Class 3 is $0.00. Except as otherwise agreed in writing between the Holder of an Allowed Other Secured Claim and the Proponents, each Allowed Other Secured Claim will be paid and treated in accordance with its existing contractual terms, which shall not be altered by the Joint Plan, and all Liens and security interests securing such Allowed Other Secured Claim shall remain in full force and effect as of the Effective Date to the extent they existed prior to the Petition Date.

If the Holder's Other Secured Claim is not Allowed on or before the Effective Date, the Disbursing Agent will make the Distribution to such Holder within fifteen (15) days after the earlier of the date on which (a) an Order allowing the Other Secured Claim becomes a Final Order, or (b) a Stipulation Regarding the Amount and Nature of the Claim is executed.

Under the Joint Plan, the Other Secured Claims in PR Class 3 are Unimpaired. Therefore, the Proponents will not solicit acceptances of Joint Plan from Holders of Other Secured Claims in PR Class 3.

4. PR Class 4 – Convenience Claims

PR Class 4 consists of the Convenience Claims against PR. PR estimates that the PR Class 4 Claims in the amount of $2,500 or less total approximately $363,971; however, other Holders of Claims may elect to have their Claims treated as Convenience Claims, which may increase the amount of PR Class 4 Convenience Claims to a maximum of $500,000. The Proponents estimate that there are a total of 661 Holders of Allowed Claims that are equal to or less than $2,500, which represents more than half of the total number of General Unsecured Claims against PR. The Joint Plan provides that a Holder of a General Unsecured Claim may elect, in writing on the Ballot or otherwise in writing before the Confirmation Hearing, for its Claim to be treated as a Convenience Claim; provided, however, the aggregate Allowed amount of Convenience Claims shall not exceed $500,000.

Under the treatment proposed in the Joint Plan, each Holder of an Allowed Convenience Claim in PR Class 4 shall receive, in full and final satisfaction, settlement, release and discharge of its Convenience Claim, Cash in the full Allowed amount of such Holder's Convenience Claim, unless the aggregate amount of Allowed Convenience Claims exceeds $500,000, in which case each Holder of an Allowed Convenience Claim shall receive its *pro rata* share of the Convenience Claim Cap. In the event Distributions on account of Convenience Claims are less than the Convenience Claim Cap (the "Convenience Claim Excess"), any remaining funds shall be deposited into the General Unsecured Distribution Account and distributed by the Administrator to Holders of Allowed General Unsecured Claims contemporaneously with the Administrator's Distribution of the net proceeds of the Initial Unsecured Payment.

Under the treatment proposed the Joint Plan, the Convenience Claims in PR Class 4 are Impaired. Therefore, the Proponents will solicit acceptances of the Joint Plan from Holders of Allowed Convenience Claims in PR Class 4.

5. PR Class 5 - General Unsecured Claims

PR Class 5 consists of General Unsecured Claims against PR. PR estimates that the Allowed General Unsecured Claims in PR Class 5 range from $4.5 to $7 million.

Under the treatment proposed in the Joint Plan, each Holder of an Allowed General Unsecured Claim in PR Class 5 shall receive, in full and final satisfaction, settlement, release and discharge of its General Unsecured Claim, its *pro rata* share of the Initial Unsecured Payment, the Convenience Class Excess (if any), proceeds of the General Unsecured Creditor Note, and all other funds to be paid on account of such Allowed Claim hereunder, in each case net of the Administrator's expenses. The terms of such payments shall be the following:

(a) The Initial Unsecured Payment shall be deposited by the Reorganized Debtors in Cash on the Effective Date into the General Unsecured Distribution Account. The Administrator shall then Distribute to Holders of Allowed Unsecured Claims, net of the Administrator's

expenses, as soon as practicable after deposit but not later than ninety (90) days after the Effective Date, both (x) their *pro rata* share of the Initial Unsecured Payment; and (y) their *pro rata* share of the Convenience Claim Excess (if any); and

(b) Payments to Holders of General Unsecured Claims of their *pro rata* share of proceeds from the General Unsecured Creditor Note shall be made by the Administrator. The General Unsecured Creditor Note and payments made thereunder shall be subject to, *inter alia*, the following terms:

(i) On the Effective Date, the Reorganized Debtors shall, jointly and severally, execute and deliver to the Administrator, the General Unsecured Creditor Note, which shall be in the original principal amount of $4,750,000.00;

(ii) On the first business day of each month, the Reorganized Debtors shall make an indefeasible payment under the General Unsecured Creditor Note into the General Unsecured Distribution Account in the principal amount of $75,000, plus monthly interest, accruing at 9% *per annum*;

(iii) On the first business day of the first quarter that is at least ninety (90) days after the Initial Distribution Date, and on the first business day of each quarter thereafter, the Administrator shall distribute to Holders of Allowed General Unsecured Claims their *pro rata* share of the funds in the General Unsecured Distribution Account, net of both (i) the Administrator's projected expenses for the upcoming quarter, and (ii) an appropriate reserve for Disputed Claims;

(iv) The General Unsecured Creditor Note shall mature on the second anniversary of the Effective Date, with all amounts outstanding thereunder payable upon such date;

(v) Payment under the General Unsecured Creditor Note shall be prepaid by the Excess Cash Flow Sweep and any funds collected under the BP Tort Claim, which prepayments shall be indefeasibly paid to the Administrator and thereby reduce the outstanding balance of the General Unsecured Creditor Note by the gross amount of such payments as of the time at which any such prepayments are made. The Reorganized Debtors may prepay the General Unsecured Creditor Note, in full or in part, at any time without penalty, which prepayments shall be indefeasibly paid to the Administrator and shall reduce the outstanding balance of the General Unsecured Creditor Note by the gross amount of such payments as of the time at which any such prepayments are made;

(vi) The General Unsecured Creditor Note shall be secured by a first priority Lien in the Debtors' rights to the BP Tort Claim, and the Administrator shall be entitled to file a UCC financing statement to perfect the same;

(vii) The General Unsecured Creditor Note shall be in a form satisfactory to the Committee and Atalaya; and

(viii) All costs of the claims reconciliation performed by the Administrator and its professionals shall be paid from the General Unsecured Distribution Account, subject to the fee cap set forth in Section 8.10 of the Joint Plan;

(ix) On the date of each quarterly Distribution to Holders of Allowed General Unsecured Claims (or, if no such Distribution is made to Holders of Allowed General Unsecured Claims, on the first business day of each quarter), the principal balance of the General Unsecured Creditor Note shall be reduced to the Quarterly Reconciled Unsecured Creditor Claim Amount, effective immediately as of such date;

(x) Following the reconciliation of all General Unsecured Claims, after reserving for the payment of the Administrator's fees and expenses of claims reconciliation and administration of the General Unsecured Claims, the Administrator shall make a final Distribution to each Holder of an Allowed General Unsecured Claim of the *pro rata* share of the Allowed amount of such Holder's remaining General Unsecured Claim; and

(xi) After such final Distribution to Holders of Allowed General Unsecured Claims, the GUC Excess Amount shall be distributed from the General Unsecured Distribution Account to the Reorganized Debtors and the Administrator's professionals in accordance with Section 7.16 of the Joint Plan. Such Distributions in accordance with Section 7.16 of the Joint Plan shall be made (subject to the fee limitations set forth in Section 8.10 of the Joint Plan) (i) first, to payment of fees and expenses of the Administrator's professionals; then (ii) second, to payment to the Reorganized Debtors.

(c) Funds on deposit in the General Unsecured Distribution Account shall be solely available for Distribution to the Holders of General Unsecured Claims in PR Class 5, PFS Class 5, and PI Class 5, and payment of associated expenses for the Administrator and Claims reconciliation process, and such funds shall not be Distributed to a Holder of any other Claim or Interest, including, but not limited to the Holders of Legacy Workers' Compensation Claims, Unliquidated Tort Claims, and Convenience Claims; and

(d) If a Holder's General Unsecured Claim is not Allowed on or before the Effective Date, the Administrator may, to the extent there is Cash in the General Unsecured Distribution Account, make a Distribution to such Holder in the amount that such Holder is entitled on the next quarterly Distribution date that is at least fifteen (15) days after the earlier of the date on which (a) an Order allowing the General Unsecured Claim becomes a Final Order, or (b) a Stipulation Regarding the Amount and Nature of the Claim is executed between such Holder and the Administrator.

Under the treatment proposed the Joint Plan, the General Unsecured Claims in PR Class 5 are Impaired. Therefore, the Proponents will solicit acceptances of the Joint Plan from Holders of General Unsecured Claims in PR Class 5.

6. PR Class 6 – Legacy Workers' Compensation Claims

PR Class 6 consists of Legacy Workers' Compensation Claims (listed on Exhibit E-1 attached hereto). There are eight Claims in PR Class 6, under which PR has a $250,000 per Claim maximum obligation, for which a letter of credit is posted.

Allowed Legacy Workers' Compensation Claims shall be paid in full by the Reorganized Debtors and/or the Reorganized Debtors' insurers in accordance with applicable workers' compensation laws and existing insurance coverage as such Claims are resolved in the ordinary course of the Reorganized Debtors' business.

Under the treatment proposed in the Joint Plan, the Legacy Workers' Compensation Claims are Unimpaired. Therefore, the Proponents will not solicit acceptances of the Joint Plan from Holders of Legacy Workers' Compensation Claims in PR Class 6.

7. PR Class 7 – Unliquidated Tort Claims

PR Class 7 consists of the Unliquidated Tort Claims (listed on Exhibit E-2 attached hereto). Based upon information provided by the Debtors, the Proponents dispute the merits of the Unliquidated Tort Claims and estimate that the amount of Allowed Unliquidated Tort Claims will fall between approximately $0.00 – $1,300,000. Under the Joint Plan, each Holder of an Allowed Unliquidated Tort Claim in PR Class 7 shall receive, in full and final satisfaction, settlement, release and discharge thereof, the following:

On the Effective Date, the Reorganized Debtors shall deposit $100,000 in Cash into the Unliquidated Tort Claims Account (the "Tort Claims Payment"). The Unliquidated Tort Claims shall be liquidated by the Reorganized Debtors subsequent to the Effective Date. Once all the Unliquidated Tort Claims have been liquidated by the Reorganized Debtors such that the Allowed amount of each has been determined by either Final Order of the Bankruptcy Court or other court of competent jurisdiction or stipulation executed by the Holder of such Claim and the Reorganized Debtors, each Holder of an Allowed Unliquidated Tort Claim shall receive its *pro rata* share of the Allowed amount of its Unliquidated Tort Claim, in full and final satisfaction of its Allowed Unliquidated Tort Claim.

Under the treatment proposed the Joint Plan, the Unliquidated Tort Claims in PR Class 7 are Impaired. Therefore, the Proponents will solicit acceptances of the Joint Plan from Holders of Unliquidated Tort Claims in PR Class 7.

8. PR Class 8 – Interests

PR Class 8 consists of the Interests in PR. PI is the sole Holder of Interest in PR. The Joint Plan will not alter any of the legal, equitable or contractual rights of the Holders of Interests of PR. Notwithstanding anything herein to the contrary, any Interests held by Yucaipa in PR and/or the other Debtors shall be cancelled and extinguished pursuant to the Joint Plan, as described in greater detail in the treatment of PI Class 8.

Under the treatment proposed the Joint Plan, the Interests PR Class 8 are Unimpaired. Therefore, the Proponents will not solicit acceptances of the Joint Plan from Holders of Interests in PR Class 8.

C. TREATMENT OF CLASSIFIED CLAIMS AGAINST PFS

1. PFS Class 1 – Other Priority Claims

PFS Class 1 consists of the Other Priority Claims against PFS. The Proponents believe that the amount of Allowed Other Priority Claims is $0.00. Under the treatment proposed in the Joint Plan, Allowed Other Priority Claims against PFS in PFS Class 1 will be included within PR Class 1 and will receive the same treatment as Allowed Other Priority Claims in PR Class 1.

Under the treatment proposed in the Joint Plan, Allowed Other Priority Claims against PFS in PFS Class 1 are Unimpaired. Therefore, the Proponents will not solicit acceptances of the Joint Plan from Holders of Other Priority Claims in PFS Class 1.

2. PFS Class 2 – Atalaya Secured Claim

The Atalaya Secured Claim against PFS is treated in PFS Class 2. The Atalaya Secured Claim against PFS in PFS Class 2 will be in the same amount as the Atalaya Secured Claim against PR in PR Class 2, will be included within PR Class 2, and will receive the same treatment as Holders of the Atalaya Secured Claim in PR Class 2.

Under the treatment proposed in the Joint Plan, the Atalaya Secured Claim against PFS in PFS Class 2 is Impaired. Atalaya is therefore entitled to vote to confirm or reject the Joint Plan with respect to PFS.

3. PFS Class 3 – Other Secured Claims

PFS Class 3 consists of the Other Secured Claims against PFS. The Proponents believe that the amount of Allowed Other Priority Claims in PFS Class 3 is $0.00. Under the treatment proposed in the Joint Plan, Allowed Other Secured Claims against PFS in PFS Class 3 will be included within PR Class 3 and will receive the same treatment as Holders of Allowed Other Secured Claims in PR Class 3.

Under the treatment proposed in the Joint Plan, Allowed Other Secured Claims against PFS in PFS Class 3 are Unimpaired. Therefore, the Proponents will not solicit acceptances of the Joint Plan from Holders of Other Secured Claims in PFS Class 3.

4. PFS Class 5 - General Unsecured Claims

PFS Class 5 consists of General Unsecured Claims against PFS. The Proponents believe that the amount of the Allowed General Unsecured Claims in PFS Class 5 is $0.00. Allowed General Unsecured Claims against PFS in PFS Class 5 will be included within PR Class 5 and will receive the same treatment as Holders of Allowed General Unsecured Claims in PR Class 5.

Under the treatment proposed in the Joint Plan, General Unsecured Claims against PFS in PFS Class 5 are Impaired. Therefore, the Proponents will solicit acceptances of the Joint Plan from Holders of Other General Unsecured Claims against PFS in PFS Class 5.

5. *PFS Class 8 – Interests*

PFS Class 8 consists of the Interests in PFS. PR is the sole Holder of Interests in PFS. The Joint Plan will not alter any of the legal, equitable or contractual rights of the Holder of Interests in PFS. Notwithstanding anything to the herein to the contrary, any Interests held by Yucaipa in PFS and/or the other Debtors shall be cancelled and extinguished pursuant to the Joint Plan, as described in greater detail in the treatment of PI Class 8.

Under the treatment proposed in the Joint Plan, Interests against PFS in PFS Class 8 are Unimpaired. Therefore, the Proponents will not solicit acceptances of the Joint Plan from Holders of Interests in PFS Class 8.

D. TREATMENT OF CLASSIFIED CLAIMS AGAINST PI

1. *PI Class 1 – Other Priority Claims*

PI Class 1 consists of the Other Priority Claims against PI. The Proponents believe that the amount of Allowed Other Priority Claims is $0.00. Under the treatment proposed in the Joint Plan, Allowed Other Priority Claims against PI in PI Class 1 will be included within PR Class 1 and will receive the same treatment as Allowed Other Priority Claims in PR Class 1.

Under the treatment proposed in the Joint Plan, Allowed Other Priority Claims against PI in PI Class 1 are Unimpaired. Therefore, the Proponents will not solicit acceptances of the Joint Plan from Holders of Other Priority Claims in PI Class 1.

2. *PI Class 2 – Atalaya Secured Claim*

The Atalaya Secured Claim against PI is treated in PI Class 2. The Atalaya Secured Claim against PI in PI Class 2 will be in the same amount as the Atalaya Secured Claim against PR in PR Class 2, will be included within PR Class 2, and will have the same treatment as the Atalaya Secured Claim in PR Class 2.

Under the treatment proposed in the Joint Plan, the Atalaya Secured Claim against PI in PI Class 2 is Impaired. Atalaya is therefore entitled to vote to confirm or reject the Joint Plan with respect to PI.

3. *PI Class 3 – Other Secured Claims*

PI Class 3 consists of the Other Secured Claims against PI. The Proponents believe that the amount of Allowed Other Priority Claims in PI Class 3 is $0.00. Under the treatment proposed in the Joint Plan, Allowed Other Secured Claims against PI in PI Class 3 will be included within PR Class 3 and will receive the same treatment as Allowed Other Secured Claims in PR Class 3.

Under the treatment proposed in the Joint Plan, Allowed Other Secured Claims against PI in PI Class 3 are Unimpaired. Therefore, the Proponents will not solicit acceptances of the Joint Plan from Holders of Other Secured Claims in PI Class 3.

4. PI Class 5 - General Unsecured Claims

PI Class 5 consists of General Unsecured Claims against PI. The Proponents believe that the amount of the Allowed General Unsecured Claims in PI Class 5 is $0.00. Allowed General Unsecured Claims against PI in PI Class 5 will be included within PR Class 5 and will receive the same treatment as Allowed General Unsecured Claims in PR Class 5.

Under the treatment proposed in the Joint Plan, Allowed General Unsecured Claims against PI in PI Class 5 are Impaired. Therefore, the Proponents will solicit acceptances of the Joint Plan from Holders of Other General Unsecured Claims against PI in PI Class 5.

5. PI Class 8 – Interests

PI Class 8 consists of the Interests in PI. Yucaipa is the Holder of the majority of the Interests in PI.

On the Effective Date, all pre-Effective Date Interests in PI Class 8, including, but not limited to those held by Yucaipa, shall be cancelled and extinguished. New equity in Reorganized PI shall be issued solely in favor of Atalaya in consideration for Atalaya's conversion of $9,050,539 of secured debt to equity Interests in Reorganized PI. Atalaya will be the sole owner and manager of Reorganized PI.

Under the treatment proposed in the Joint Plan, Interests in PI in PI Class 8 are Impaired. Since the Holders of Interests in PI will receive no Distribution on account of their Interests under the Joint Plan, such Holders are deemed to reject the Joint Plan.

E. THE EXIT FACILITY AND FUNDING OF THE EFFECTIVE DATE PAYMENTS

On or before the Effective Date, Atalaya, Reorganized PR and Reorganized PFS shall enter into a loan agreement and related documents (the "Exit Facility Documents") evidencing and governing a loan facility providing a revolving line of credit in the principal amount of $6,000,000 (the "Exit Facility"). The Exit Facility Documents shall be in a form acceptable to the Committee and Atalaya. The Exit Facility shall be guaranteed by Reorganized PI and become effective upon the Effective Date of the Joint Plan.

The Exit Facility shall accrue interest at the rate of 4.75% *per annum*. The Reorganized Debtors shall make monthly interest-only payments to Atalaya under the Exit Facility. The Exit Facility shall mature on the third anniversary of the Effective Date of the Joint Plan.

The Exit Facility shall be secured by first priority Liens and security interests in and to all the Reorganized Debtors' real and personal property, save and except for the BP Tort Claims, in

which Atalaya shall hold a second priority security interest junior to the Administrator's security interest securing the General Unsecured Creditor Note. Notwithstanding the foregoing, Atalaya shall not take any action or exercise any remedies against the Debtors, property of the Debtors' Estates, the Reorganized Debtors, or any property of the Reorganized Debtors, including, but not limited to foreclosure, seeking a receiver or keeper, submitting to an assignment for the benefit of creditors, or commencement of suit to recover amounts outstanding under the Term A Note, Term B Note, or Exit Facility so long as any indebtedness remains outstanding under the General Unsecured Creditor Note. The Administrator shall have any and all rights and remedies under applicable law and equity to seek redress for any breach of this paragraph in any court of competent jurisdiction, and all such rights and remedies are preserved.

The Reorganized Debtors shall be entitled to use the proceeds of the Exit Facility to make payments on the Effective Date provided by the Joint Plan, for general working capital needs, for debt service payments under the Exit Facility, the Term A Note and Term B Note, to fund the Initial Unsecured Payment, to fund the Tort Claims Payment, and for any payments under the General Unsecured Creditor Note, whether due monthly or upon the maturity thereof.

F. THE ADMINISTRATOR

The Committee shall appoint an individual to administer certain functions after the Effective Date for the benefit of the Holders of Convenience Claims and General Unsecured Claims (the "Administrator"). The Administrator's duties shall include the following:

1. Administer and manage the General Unsecured Distribution Account and Convenience Claim Distribution Account for the sole benefit of Holders of Allowed Claims in the PR Class 4, PR Class 5, PFS Class 5, and PI Class 5;

2. Hold the General Unsecured Creditor Note and collateral, and enforce remedies thereunder if necessary;

3. Reconcile Disputed Claims of Holders of General Unsecured Claims, including objecting, negotiating, stipulating, and compromising such Claims, which the Administrator may, but is not required to, effectuate without further Order of the Bankruptcy Court, and retaining and paying professionals out of the General Unsecured Distribution Account for the reconciliation of same;

4. Provide, at times as may be reasonably requested by Atalaya, but no less than fifteen (15) days after the date of each quarterly Distribution to Holders of Allowed General Unsecured Claims, an accounting to Atalaya of the status of the Administrator's claims reconciliation efforts;

5. Provide Atalaya and its representatives with access to the Administrator's books and records, and comply with Atalaya's requests for access to the Administrator and its professionals to discuss the status of the Administrator's claim reconciliation efforts;

6. Make Distributions to Holders of Allowed General Unsecured Claims and Allowed Convenience Claims; and

7. Other duties as may be required of the Administrator as Disbursing Agent.

The Administrator shall receive $40,000 per year, payable by the Reorganized Debtors in $10,000 installments each quarter, as compensation for services rendered under the Joint Plan. Additionally, the Administrator shall be reimbursed by the Reorganized Debtors for reasonable expenses actually incurred in connection with carrying out its duties hereunder; provided, however, that such expenses must be preapproved by the Reorganized Debtors to the extent the aggregate expenses exceed $20,000 in any year.

In the event of a default in payment of Allowed General Unsecured Claims by the Reorganized Debtors pursuant to the terms of the Joint Plan, the Administrator is entitled to retain counsel to enforce the terms of the Joint Plan without further Order of the Court and shall be entitled to compensate such counsel out of any funds available in the General Unsecured Distribution Account.

The Administrator shall be held harmless and indemnified by the Reorganized Debtors for any and all harms arising from acts taken in furtherance of duties under the Joint Plan, unless such harms are the result of gross negligence or willful misconduct.

The Administrator shall be discharged from all duties under the Joint Plan, including but not limited to making Distributions, upon the final Distribution to Holders of Allowed General Unsecured Claims under the General Unsecured Creditor Note.

On the first Business Day of each month between the Effective Date and discharge of the Administrator, the Reorganized Debtors shall provide the Administrator with certain financial reporting, including a monthly cash flow statement, a monthly balance sheet, a year-to-date Excess Cash Flow report, a report of aged accounts receivable, and a report of aged accounts payable. The Reorganized Debtors shall also provide such other financial information to the Administrator as the Administrator may reasonably request from time to time.

All payments made by the Reorganized Debtors hereunder into the General Unsecured Distribution Account or the Convenience Claim Distribution Account shall be made payable to the Administrator in its capacity as the Administrator under the Joint Plan. Payments or deposits hereunder may be made by check, wire, or any other form of immediately available United States funds.

The Administrator may apply to the Court for interpretation of duties required by the Joint Plan or to request authority to take any action consistent with the Joint Plan.

G. OVERSIGHT BOARD

Prior to the Confirmation Hearing, the Committee shall appoint three individuals (the "Creditor Representatives") to an oversight board (the "Oversight Board") to oversee, among other things, the Administrator and the Distribution of funds on account Allowed Claims. In the event any Creditor Representative becomes unwilling or unable to serve as a Creditor Representative, then the Creditor Representative may thereafter appoint any other individual

formerly a member of the Committee to serve as successor Creditor Representative by providing notice to the Administrator.

The Creditor Representatives shall: (i) have access to all reports, documents, memoranda and other work product of the Administrator, and, to the extent such items are subject to any privilege or protection against disclosure, the Creditor Representatives and Administrator shall enter into a common interest and joint privilege and non-disclosure agreements containing customary terms and conditions; (ii) have the right to monitor the actions of the Administrator and to receive status reports from the Administrator; (iii) have the right of reimbursement of any reasonable and necessary expenses incurred in connection with serving as Creditor Representatives, provided that the aggregate amount of such Creditor Representative expenses shall constitute expenses of the Administrator that are subject to the terms, limitations, and restrictions set forth in Section 7.2 of the Joint Plan; and (iv) have the right to monitor and receive periodic reports and updates from the Administrator regarding the status of the administration of the claims reconciliation process.

The duties, responsibilities and powers of the Creditor Representatives shall terminate upon the discharge of the Administrator under the Joint Plan.

H. THE GENERAL UNSECURED CREDITOR NOTE AND DISTRIBUTION TO HOLDERS OF ALLOWED GENERAL UNSECURED CLAIMS

Under the Joint Plan, the Reorganized Debtors shall jointly and severally execute and deliver to the Administrator a promissory note and security agreement dated as of the Effective Date of the Joint Plan in the original principal amount of $4,750,000 (the "General Unsecured Creditor Note").

On the first business day of each month, the Reorganized Debtors shall make a payment under the General Unsecured Creditor Note into the General Unsecured Distribution Account in the principal amount of $75,000, plus monthly interest accruing at 9% *per annum*. On the first business day of the first quarter that is at least ninety (90) days after the Initial Distribution Date, and on the first business day of each quarter thereafter, the Administrator shall distribute to Holders of Allowed General Unsecured Claims their *pro rata* share of the funds in the General Unsecured Distribution Account, net of both (i) the Administrator's projected expenses for the upcoming quarter; and (ii) an appropriate reserve for Disputed Claims.

Payments made under the General Unsecured Creditor Note shall be made by the Reorganized Debtors into a bank account (the "General Unsecured Distribution Account"). The General Unsecured Distribution Account shall bear the tax identification number of Reorganized PR, and the only person authorized to draw funds therefrom shall be the Administrator.

Any amounts collected by the Reorganized Debtors on account of the BP Tort Claim shall be held in trust for the benefit of Holders of the Allowed General Unsecured Claims and shall be immediately and indefeasibly paid to the Administrator for immediate deposit into the General Unsecured Distribution Account to prepay the General Unsecured Creditor Note, if such collection occurs while amounts are outstanding under the General Unsecured Creditor Note. The gross amount of such payments shall reduce the outstanding balance of the General

Unsecured Creditor Note as of the time at which any such prepayments are made. The Reorganized Debtors may prepay the General Unsecured Creditor Note at any time, without penalty, and the gross amount of such prepayments shall reduce the outstanding balance of the General Unsecured Creditor Note as of the time at which any such prepayments are made.

On the date of each quarterly Distribution to Holders of Allowed General Unsecured Claims (or, if no such Distribution is made to Holders of Allowed General Unsecured Claims, on the first business day of each quarter), the principal balance of the General Unsecured Creditor Note shall be reduced to the Quarterly Reconciled Unsecured Creditor Claim Amount, effective immediately as of such date.

The General Unsecured Creditor Note shall mature on the second anniversary of the Effective Date. Upon maturity of the General Unsecured Creditor Note, the Reorganized Debtors shall deposit all amounts outstanding under the General Unsecured Creditor Note into the General Unsecured Distribution Account. Following the reconciliation of all General Unsecured Claims, after reserving for the payment of the Administrator's fees and expenses of claims reconciliation and administration of the General Unsecured Claims, the Administrator shall make a final Distribution to each Holder of an Allowed General Unsecured Claim of the *pro rata* share of such Holder's remaining General Unsecured Claim.

I. THE EXCESS CASH FLOW SWEEP

On an annual basis, on the first business day of each calendar year, beginning in the calendar year 2015, the Reorganized Debtors' consolidated Excess Cash Flow for the prior fiscal year shall be swept (the "Excess Cash Flow Sweep") and immediately paid to reduce the balance of the Exit Facility and prepay the General Unsecured Creditor Note as follows:

- In the event the Reorganized Debtors' combined liquidity after giving effect to available Cash on hand and availability under the Exit Facility ("Total Liquidity") is $1 million or less, Excess Cash Flow shall be applied to the Exit Facility until Total Liquidity equals $1 million;

- Once Total Liquidity equals $1 million, Excess Cash Flow shall be applied 50% to reduce the General Unsecured Creditor Note and 50% to the balance owing under the Exit Facility, until such time as Total Liquidity equals $2 million;

- If Total Liquidity exceeds $2 million, Excess Cash Flow shall be applied 80% to reduce the General Unsecured Creditor Note and 20% to reduce the balance under the Exit Facility; or

- If, at the end of the fiscal year, there is no balance due under the Exit Facility, 100% of the Excess Cash Flow shall be applied to the balance of the General Unsecured Creditor Note.

Any portion of the Excess Cash Flow Sweep applied to the General Unsecured Creditor Note shall be indefeasibly paid to the Administrator and thereby reduce the outstanding balance of the

General Unsecured Creditor Note by the gross amount of such payment as of the time at which such payment is made.

"Excess Cash Flow" shall mean, for any fiscal year, without duplication, an amount equal to the sum of (i) consolidated EBITDA; minus (ii) actual cash tax expense paid during such fiscal year; minus (iii) interest expense actually paid in Cash during such fiscal year, minus (iv) actual capital expenditures paid for such period (not to exceed $3.5 million), minus (v) an amount equal to the sum of all regularly scheduled payments of principal on certain permitted indebtedness actually made during such period, minus (vi) any increase in working capital, plus (vii) any decrease in working capital

J. TREATMENT OF THE LEGACY WORKERS' COMPENSATION CLAIMS

Under the Joint Plan, Allowed Legacy Worker's Compensation Claims shall be paid in full by the Reorganized Debtors and/or the Reorganized Debtors' insurers in accordance with applicable workers' compensation laws and existing insurance coverage as such claims are resolved in the ordinary course of the Reorganized Debtors' business. The Legacy Workers' Compensation Claims are described in more detail on Exhibit E-1 attached hereto.

K. TREATMENT OF UNLIQUIDATED TORT CLAIMS

On the Effective Date, the Reorganized Debtors shall deposit $100,000 in Cash into a bank account (the "Unliquidated Tort Claims Account"). The Unliquidated Tort Claims are described in more detail on the Schedule of Unliquidated Tort Claims attached hereto as Exhibit E-2. The Reorganized Debtors shall liquidate the Unliquidated Tort Claims to determine the Allowed amount of each Claim and liability of each of the Debtors thereunder. Upon determination of the Allowed amount of the Unliquidated Tort Claims, the Reorganized Debtors shall make a Distribution to the Holder of each Allowed Unliquidated Tort Claim in the amount of its *pro rata share* of the funds in the Unliquidated Tort Claims Account.

L. DISTRIBUTIONS UNDER THE JOINT PLAN

Distributions under the Joint Plan will be made by the Administrator or the Reorganized Debtors as Disbursing Agent, or such other Entity designated thereby, as provided by the Joint Plan. Unless otherwise provided herein, Distributions under the Joint Plan will be made to the Holder of an Allowed Claim on the Distribution Record Date at the address of such Holder as listed on the Schedules, unless the Debtors or, on and after the Effective Date, the Administrator or Reorganized Debtors, have been notified in writing of a change of address, including, without limitation, by the Filing of an amended Proof of Claim by such Holder that provides an address for such Holder different from the address reflected on the Schedules. The Administrator shall make a Distribution to Holders of Allowed General Unsecured Claims (on account of the Initial Unsecured Payment and Convenience Class Excess, if any) and Allowed Convenience Claims as soon as practicable after the Effective Date, but in no event more than ninety (90) days thereafter.

As of the close of business on the Distribution Record Date, the claims register will be closed, and there will be no further changes in the record Holder of any Claims or Interests. The Administrator and Reorganized Debtors will have no obligation to recognize any transfer of any Claim or Interest occurring after the Distribution Record Date. The Administrator will instead be authorized and entitled to recognize and deal for all purposes of the Joint Plan with only those record Holders stated on the claims register as of the close of business on the Distribution Record Date.

M. TIMING OF DISTRIBUTIONS UNDER THE JOINT PLAN

Unless otherwise provided in the Joint Plan, or otherwise agreed in a written agreement by and among the Holder of a Claim and the Administrator, in full satisfaction of the Holder's Claim, each Holder will receive the Distribution provided for under the Joint Plan. If the Holder's Claim is an Allowed Claim on or before the Effective Date for which the Reorganized Debtors serve as the Disbursing Agent hereunder, the Reorganized Debtors will make the Distribution to such Holder within fifteen (15) days of the Effective Date.

If the Holder's Claim is an Allowed Claim on or before the Effective Date for which the Administrator serves as the Disbursing Agent, the Administrator will make the Distribution to such Holder as soon as practicable after the applicable funds are deposited into the Convenience Claim Distribution Account or General Unsecured Distribution Account, but in no case more than ninety (90) days after the Effective Date. If, however, a General Unsecured Claim is not Allowed on or before the Effective Date, the Administrator may, to the extent there is available Cash in the General Unsecured Claim Distribution Account, make a Distribution to the Holder of such Claim in the Allowed amount on the next quarterly Distribution date that is at least fifteen (15) days after the earlier of the date on which (a) an Order allowing the General Unsecured Claim becomes a Final Order, or (b) a Stipulation Regarding the Amount and Nature of the Claim is executed between such Holder and the Administrator.

N. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Bankruptcy Code grants the Debtors the power, subject to the approval of the Bankruptcy Court, to assume or reject Executory Contracts and Unexpired Leases. If an Executory Contract or Unexpired Lease is rejected, the counterparty to the agreement may File a claim for damages incurred by reason of the rejection. In the case of rejection of Unexpired Leases of Real Property, such damage claims are subject to certain limitations imposed by the Bankruptcy Code.

1. Executory Contracts and Unexpired Leases in General

The Confirmation Order will constitute an Order of the Bankruptcy Court approving the assumption as of the Effective Date, pursuant to section 365 of the Bankruptcy Code, of each Executory Contract and Unexpired Lease that (a) is not rejected under Section 9.1(a) of the Joint Plan, (b) has not been previously rejected by the Debtors by Final Order or has been rejected by Order of the Bankruptcy Court as of the Effective Date, which Order becomes a Final Order after the Effective Date, or (c) is the subject of a motion to assume or reject pending as of the Effective Date.

The Joint Plan provides that an Order of the Bankruptcy Court entered on or before the Confirmation Date will specify the procedures for providing notice to each party whose Executory Contract or Unexpired Lease is being assumed pursuant to the Joint Plan of: (a) the contract or lease being assumed or assumed and assigned; (b) the Cure Amount Claim, if any, that the Proponents believe to be required for any such assumption; and (c) the procedures for objection to the assumption of the applicable executory contract or unexpired lease or the amount of the proposed Cure Amount Claim.

Except as otherwise provided in the Confirmation Order, each Executory Contract or Unexpired Lease that is listed on Plan Exhibit 9.1 will be deemed rejected pursuant to section 365 of the Bankruptcy Code. The Confirmation Order will constitute an Order of the Bankruptcy Court approving each such rejection, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date; provided, however, that the Debtors reserve the right, prior to the Effective Date and with the prior written consent of the Committee and Atalaya, to either (a) delete any Executory Contract or Unexpired Lease listed on Plan Exhibit 9.1, thus providing for its assumption under the Joint Plan, or (b) add any Executory Contract or Unexpired Lease thereto, thus providing for its rejection under the Joint Plan. Thereafter, the Debtors will provide notice of any amendments to Plan Exhibit 9.1 to the counterparty to the Executory Contract or Unexpired Lease affected by such amendment. Such notice will be sent by overnight delivery or by facsimile, and will include a Ballot and a form for Filing a Proof of Claim if required under the Bankruptcy Code.

Pursuant to Section 9.2 of the Joint Plan, to the extent that such Claims constitute monetary defaults, the Cure Amount Claims associated with each Executory Contract or Unexpired Lease to be assumed pursuant to the Joint Plan will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, at the option of the Committee and Atalaya: (a) by payment of the Cure Amount Claim in Cash on the Effective Date; or (b) on such other terms as are agreed to by any non-Debtor party to such Executory Contract or Unexpired Lease and the Committee and Atalaya. If there is a Dispute regarding the amount of any Cure Amount Claim, or any other matter pertaining to assumption of such contract or lease, the payment of any Cure Amount Claim required by section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order resolving the dispute and approving the assumption.

Further, notwithstanding anything in the Bar Date Order to the contrary, if the rejection of an Executory Contract or Unexpired Lease pursuant to Article 9.1(c) of the Joint Plan gives rise to a Claim by the other party or parties to such contract or lease, such Claim will be forever barred and will not be enforceable against the Debtors, the Reorganized Debtors, the Administrator, the successor of any of them, or the property of any of them, unless a request for payment of such Claim is Filed and served on the Reorganized Debtors pursuant to the procedures specified in the Confirmation Order or any other Order entered on the Docket within thirty (30) days after the Effective Date.

2. *Obligations to Indemnify Directors, Officers and Employees*

The Joint Plan provides that the obligations of the Debtors or Reorganized Debtors to indemnify any person who is serving or has served as one of its directors, officers, manager, or

employees by reason of such person's prior or future service in such a capacity or as a director, officer, manager or employee of another corporation, partnership, limited liability company or other legal entity, to the extent provided in the applicable certificates of incorporation, certificate of formation, operating agreement, or bylaws, by statutory law or by written agreement, policies or procedures of or with the Debtors, will be reinstated, shall survive the occurrence of the Effective Date and shall be unaffected by the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before, on or after the Petition Date; provided, however, that the indemnification provided herein shall not apply to Yucaipa, California Management Associates, LLC, or any of their respective Affiliates, partners, officers, directors, members, managers, attorneys, accountants, or any individual acting as an agent for any such Entity.

3. Assumption of the Pre-Petition Insurance Policies and Agreements

The Joint Plan provides that, subject to the occurrence of the Effective Date, unless specifically rejected by an Order of the Bankruptcy Court, all insurance policies issued to, or insurance agreements entered into by, the Debtors before the Petition Date (including, without limitation, insurance policies for directors, officers and managers maintained by the Debtors as of the Petition Date) shall be assumed by the Reorganized Debtors and shall continue in accordance with their terms. The entry of the Confirmation Order will constitute approval of such assumption pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of the Debtors, their Estates, and all parties in interest in the Bankruptcy Cases. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto before the Effective Date, no payments are required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy or agreement.

4. Current and Former Insurance Programs

a. The Current Insurance Program

PR's current workers' compensation policy is based on a "loss retro" premium, with the insurer obligated to cover 100% of the loss, and PR being obligated to reimburse the insurer up to $250,000 per claim. After thirty (30) months, however, the total incurred losses are adjusted by a factor of 1.25. If at the time of the first audit, the total incurred losses times the 1.25 development factor and PR's base premium are less than $1,276,396, PR will be due a refund from the insurer. If the audit is higher, on the other hand, an additional premium will be due to the insurer. General Liability is covered by a self-insured retention of $200,000 per claim, including expenses. PR internally handles all claims with the assistance of a third party administrator, Engle Martin, for an annual fee of $30,000. The general liability policy limit is $1,000,000 per occurrence, although PR has excess coverage that includes workers' compensation and other liabilities. Loss of property or income is covered with $141,000,000 in limits for all types of risk. Typical losses, such as fire or non-named wind damage, have a $50,000 deductible. Damage from a named storm have a deductible of 2% of the stated values for each locations building, contents, and business income.

b. The Legacy Insurance Program

The general liability self-insured retention is set at $250,000 per incident for all claims prior to May 1, 2011, and handling and adjusting those claims remain under the carrier for those claims. As for Legacy Workers' Compensation Program, as previously discussed, PR has a $250,000 reimbursement obligation to the insurer per claim, with eight (8) outstanding Legacy Workers' Compensation Claims. To protect PR's obligations, as previously discussed, PR's former insurer required PR to arrange for the issuance of the L/C, in the current face amount of $2,920,000.

c. Compensation and Benefit Programs

Except as otherwise provided in a motion Filed before the Effective Date, all employment plans, practices, programs and policies maintained by the Debtors as of the Effective Date will remain in full force and effect following the Effective Date, subject to any and all rights of the Debtors under applicable non-bankruptcy law to amend or terminate such plans, practices, programs and policies.

5. Retiree Benefits

None of the Debtors have any retiree benefits that are funded by the Debtors.

O. CONTINUED CORPORATE EXISTENCE AND RE-VESTING OF PROPERTY ON THE EFFECTIVE DATE

On and after the Effective Date, the Debtors will continue to exist as the Reorganized Debtors, with all the powers of such a legal entity under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable law. Except as otherwise provided in the Joint Plan, all property of the Debtors' Estates, and any property acquired by the Debtors or Reorganized Debtors under the Joint Plan, will re-vest in the applicable Reorganized Debtor, free and clear of all Claims, Liens, charges, other encumbrances created prior to the Effective Date. From and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Joint Plan or the Confirmation Order.

P. DISCHARGE AND INJUNCTION

1. Discharge of Claims

Except as otherwise expressly provided in the Joint Plan or the Confirmation Order, the rights afforded under the Joint Plan and the treatment of Claims under the Joint Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims arising on or before the Effective Date. Except as provided in the Joint Plan or the Confirmation Order, as of the Effective Date, the Joint Plan will discharge the Debtors from all Claims or other debts that arose on or before the Effective Date, and all debts of the kind specified in section 502(g), 502(h), and 502(i) of the Bankruptcy Code, whether or not (i) a Proof of Claim based on such

debt is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code, (b) a Claim based on such debt is Allowed pursuant to section 502 of the Bankruptcy Code, or (c) the Holder of such Claim voted to accept the Joint Plan.

In accordance with the foregoing, except as provided in the Joint Plan or the Confirmation Order, the Confirmation Order will be a judicial determination, as of the Effective Date, of a discharge of all Claims and other debts and liabilities against any of the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge will void any judgment obtained against any of the Debtors at any time to the extent that such judgment relates to a discharged Claim.

Except as otherwise provided in the Joint Plan or in any contract, instrument, release or other agreement or document entered into or delivered, the Joint Plan provides that, on the Effective Date, all mortgages, deeds of trust, Liens or other security interests or encumbrances of any kind against the property of the Estates will be fully released and discharged, and all of the right, title and interest of any Holder of such mortgages, deeds of trust, Liens or other security interests, including any rights to any collateral thereunder, will revert to the Reorganized Debtors and their successors and assigns, and the former Holder thereof will, upon request of the Debtors or the Reorganized Debtors, as applicable, execute such documents evidencing such release and discharge as the Debtors may reasonably request.

The Reorganized Debtors shall not be responsible for any Claims against the Debtors except (a) those payments and Distributions expressly provided for or due under the Joint Plan, or (b) Claims that pass through the Joint Plan Unimpaired pursuant to specific and express provisions of the Joint Plan. All Entities shall be precluded and forever barred from asserting against the Debtors, the Reorganized Debtors, or their assets, properties, or interests in property, any Claims based upon any act or omission, transaction, or other activity, event, or occurrence of any kind or nature that occurred prior to the Effective Date, whether or not the facts of or legal bases therefor were known or existed prior to the Effective Date, except for (a) the payments and Distributions expressly provided for or due under the Joint Plan and (b) Claims that pass through the Joint Plan Unimpaired pursuant to specific and express provisions of the Joint Plan. The discharge and release of the Debtors as provided in the Joint Plan, and the re-vesting of property in the Reorganized Debtors, will not diminish or impair the enforceability of any insurance policies that may cover Legacy Workers' Compensation Claims Unliquidated Tort Claims or any other Claim against any Debtor, Reorganized Debtor, or other Entity.

2. *Injunction*

Except as otherwise expressly provided in the Joint Plan or the Confirmation Order, the Joint Plan provides that, as of the Effective Date, any Entity that has held, currently holds or may hold a Claim or other debt or liability or Interest that is discharged, released, waived, settled or deemed satisfied in accordance with the Joint Plan will be permanently enjoined from taking any of the following actions on account of any such Claims, debts, liabilities, Interests or rights: (a) commencing or continuing in any manner any action or Cause of Action or other proceeding against the Debtors, the Reorganized Debtors, or the property of either of them, other than to enforce any right that does not comply with, or is inconsistent with, the provisions of the Joint Plan; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award,

decree or order against the Debtors, the Reorganized Debtors, or the property of any of them, other than as permitted pursuant to (a) above; (c) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors, the Reorganized Debtors, or the properties of either of them, other than as permitted pursuant to (a) above; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors or Reorganized Debtors; (e) commencing or continuing any action or Cause of Action, in any manner, in any place that does not comply with or is inconsistent with the Joint Plan; and (f) all Entities shall be precluded from asserting and shall be permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively or otherwise) against the Administrator or its assets or properties, or Claims based upon any act, omission, transaction or other activity of any kind or nature that occurred before the Effective Date.

3. Releases

a. Release of Committee and Atalaya

FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, UPON THE EFFECTIVE DATE, THE DEBTORS, ON THEIR OWN BEHALF AND ON BEHALF OF THE REORGANIZED DEBTORS AND THEIR ESTATES, FOREVER RELEASE, WAIVE AND DISCHARGE THE COMMITTEE AND ATALAYA, AND EACH OF THEIR RESPECTIVE ATTORNEYS AND/OR REPRESENTATIVES, FROM AND WITH RESPECT TO ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, DEMANDS, DEBTS, REMEDIES, CAUSES OF ACTION (INCLUDING BANKRUPTCY CAUSES OF ACTION), AND LIABILITIES THAT ARE OR MAY BE HELD BY THE DEBTORS OR THEIR ESTATES, ASSERTABLE ON BEHALF OF THE DEBTORS OR THEIR ESTATES, OR DERIVATIVE OF THE DEBTORS', OR THEIR ESTATES' RIGHTS, WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, DISPUTED OR UNDISPUTED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, DIRECT OR INDIRECT, THEN EXISTING OR THEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, IN ANY WAY RELATING TO THE DEBTORS, THE BANKRUPTCY CASES, THE DISCLOSURE STATEMENT, THE JOINT PLAN, THE SUBJECT MATTER OF OR THE TRANSACTIONS OR EVENTS GIVING RISE TO ANY CLAIM OR INTEREST THAT IS TREATED UNDER THE JOINT PLAN, THE TREATMENT OF ANY CLAIM OR INTEREST UNDER THE JOINT PLAN, THE DEBTORS' BUSINESSES OR CONTRACTS WITH ANY MEMBER OF THE COMMITTEE OR ATALAYA, ANY NEGOTIATIONS CONCERNING THE JOINT PLAN, THE DEBTORS' OPERATIONS, THE OR NEGOTIATION OR CONSUMMATION OF THE JOINT PLAN, OR ANY OTHER EVENTS TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE.

b. Release of Debtors, Reorganized Debtors and Estate Professionals.

EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE JOINT PLAN OR THE CONFIRMATION ORDER, ON AND AFTER THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM WHO HAS VOTED TO ACCEPT THE JOINT PLAN SHALL BE DEEMED TO HAVE UNCONDITIONALLY RELEASED THE DEBTORS, THE REORGANIZED DEBTORS, AND THE PROFESSIONALS RETAINED BY THE DEBTORS' ESTATES DURING THE BANKRUPTCY CASES (COLLECTIVELY, THE "DEBTOR RELEASEES") AND THE EXCULPATED PARTIES (AS DEFINED IN SECTION 11.7 OF THE JOINT PLAN) (AND, TOGETHER WITH THE DEBTOR RELEASEES, THE "RELEASEES") FROM ANY AND ALL CLAIMS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY), BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE THAT IS IN ANY WAY RELATED TO THE DEBTORS, THEIR PROPERTIES, AND THE BANKRUPTCY CASES; PROVIDED, HOWEVER, THAT NOTHING IN SECTION 11.6(a) OF THE JOINT PLAN WILL OPERATE TO WAIVE OR RELEASE (A) THE RIGHTS OF ANY PARTY TO ENFORCE THE JOINT PLAN AND THE CONTRACTS, INSTRUMENTS AND OTHER AGREEMENTS OR DOCUMENTS DELIVERED UNDER OR IN CONNECTION WITH THE JOINT PLAN OR ASSUMED PURSUANT TO THE JOINT PLAN, OR (B) ANY CLAIM OR RIGHT AGAINST THE RELEASEES THAT IS BASED ON THE GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT OF SUCH RELEASEE AS DETERMINED BY A FINAL ORDER OF THE BANKRUPTCY COURT OR OTHER COURT OF COMPETENT JURISDICTION. FOR THE AVOIDANCE OF DOUBT, NOTHING IN SECTION 11.6(b) OF THE JOINT PLAN SHALL OPERATE TO RELEASE YUCAIPA, CALIFORNIA MANAGEMENT ASSOCIATES, LLC OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AFFILIATES, EMPLOYEES, MEMBERS, MANAGERS, PARTNERS, ATTORNEYS, FINANCIAL ADVISORS, ACCOUNTANTS, AGENTS, PROFESSIONALS AND REPRESENTATIVES.

c. Release of Causes of Action under 11 U.S.C. § 547

AS OF THE EFFECTIVE DATE, THE DEBTORS, ON THEIR OWN BEHALF AND ON BEHALF OF THE REORGANIZED DEBTORS AND THEIR ESTATES, RELEASE, WAIVE AND DISCHARGE ANY AND ALL CAUSES OF ACTION THAT THEY DEBTORS HOLD OR MAY HOLD AGAINST ANY PERSON OR ENTITY ARISING UNDER 11 U.S.C. § 547; PROVIDED, HOWEVER, THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, NO CLAIM OR CAUSE OF ACTION AGAINST YUCAIPA, CALIFORNIA MANAGEMENT ASSOCIATES, LLC, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, SUCCESSORS, ASSIGNS AND/OR AFFILIATES SHALL BE RELEASED OR WAIVED PURSUANT TO THE JOINT PLAN OR DISCLOSURE STATEMENT, AND ALL SUCH CLAIMS AND CAUSES OF ACTION ARE EXPRESSLY RETAINED AND RESERVED.

4. Term of Injunctions or Stays

Unless otherwise provided in the Joint Plan or the Confirmation Order, all injunctions or stays set forth in section 362 of the Bankruptcy Code will remain in full force and effect until the Effective Date. Nothing in Section 11.3 of the Joint Plan, however, will be construed as a limitation of the permanent discharge and injunction provisions provided for in the Joint Plan.

5. Exculpation

AS OF AND SUBJECT TO THE OCCURRENCE OF THE CONFIRMATION ORDER AND EFFECTIVE DATE, THE PROPONENTS, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, AFFILIATES, EMPLOYEES, MEMBERS, MANAGERS, PARTNERS, ATTORNEYS, FINANCIAL ADVISORS, ACCOUNTANTS, AGENTS, PROFESSIONALS AND REPRESENTATIVES (COLLECTIVELY, THE "EXCULPATED PARTIES"): (A) SHALL BE DEEMED TO HAVE NEGOTIATED THE JOINT PLAN IN GOOD FAITH AND NOT BY ANY MEANS FORBIDDEN BY LAW, AND (B) SOLICITED ACCEPTANCES OF THE JOINT PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING SECTION 1125(a) AND (e) OF THE BANKRUPTCY CODE AND ANY APPLICABLE NON-BANKRUPTCY LAW, RULE OR REGULATION GOVERNING THE ADEQUACY OF DISCLOSURE IN CONNECTION WITH THE SOLICITATION. ADDITIONALLY, NONE OF THE EXCULPATED PARTIES SHALL BE LIABLE TO ANY ENTITY FOR ANY ACTION TAKEN OR OMITTED TO BE TAKEN IN CONNECTION WITH OR RELATED TO THE FORMULATION, PREPARATION, DISSEMINATION, IMPLEMENTATION, CONFIRMATION, OR CONSUMMATION OF THE JOINT PLAN, THE DISCLOSURE STATEMENT, EARLIER VERSIONS OF THE SAME, OR ANY CONTRACT, INSTRUMENT, RELEASE, OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO, OR ANY OTHER ACTION TAKEN OR OMITTED TO BE TAKEN, IN CONNECTION WITH THE JOINT PLAN OR THESE BANKRUPTCY CASES; PROVIDED, HOWEVER, THAT NOTHING IN THE JOINT PLAN WILL OPERATE TO WAIVE OR RELEASE (A) THE RIGHTS OF ANY PARTY TO ENFORCE THE JOINT PLAN AND THE CONTRACTS, INSTRUMENTS AND OTHER AGREEMENTS OR DOCUMENTS DELIVERED UNDER OR IN CONNECTION WITH THE JOINT PLAN OR ASSUMED PURSUANT TO THE JOINT PLAN, OR (B) ANY CLAIM OR RIGHT AGAINST A PROPONENT THAT IS BASED ON THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PROPONENT AS DETERMINED BY A FINAL ORDER OF THE BANKRUPTCY COURT OR OTHER COURT OF COMPETENT JURISDICTION.

6. No Successor Liability

The Joint Plan provides that the Reorganized Debtors will have no responsibilities for any Claims against or liabilities or obligations of the Debtors relating to or arising out of the operations of or assets of the Debtors, whether arising prior to, or resulting from actions, events, or circumstances occurring or existing at any time prior to the Confirmation Date; provided, however, that the Reorganized Debtors shall have the obligations specifically and expressly provided in the Joint Plan.

7. *General Settlement of Claims*

The Joint Plan provides that, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distributions, releases and other benefits provided under the Joint Plan, upon the Effective Date, the provisions of the Joint Plan shall constitute a good faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Joint Plan.

8. *Cancellation of Notes, Instruments, Certificates and other Documents*

On the Effective Date, except as otherwise specifically provided for in the Joint Plan: (a) the obligations of the Debtors under the DIP Financing Facility, the Atalaya Loan Documents and any other agreement, note, bond, indenture or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of the Debtors shall be cancelled; (b) the obligations of the Debtors under the DIP Financing Facility and the Atalaya Loan Documents shall be fully released, settled, and compromised as to the Debtors, and the Reorganized Debtors shall not have any continuing obligations thereunder; and (c) the obligations of the Debtors and the Reorganized Debtors, pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or similar documents governing any agreement, note, bond, indenture or other instrument or document evidencing or creating any indebtedness or obligation of the Debtors shall be fully released, settled, and compromised.

Q. LIMITATION ON ATALAYA'S EXERCISE OF REMEDIES.

The Joint Plan provides that Atalaya shall not take any action or exercise any remedies against the Debtors, property of the Debtors' Estates, the Reorganized Debtors, or any property of the Reorganized Debtors, including, but not limited to foreclosure, seeking a receiver or keeper, submitting to an assignment for the benefit of creditors, or commencement of suit to recover amounts outstanding under the Term A Note, Term B Note, or Exit Facility so long as any indebtedness remains outstanding under the General Unsecured Creditor Note. The Administrator shall have any and all rights and remedies under applicable law and equity to seek redress for any breach of this paragraph in any court of competent jurisdiction, and all such rights and remedies are preserved.

R. USE OF EXCESS FUNDS UNDER GENERAL UNSECURED NOTE, IF ANY.

(a) The Joint Plan provides that, to the extent sufficient funds are available, each Holder of an Allowed General Unsecured Claim and an Allowed Convenience Claim shall be Paid in Full. Nothing herein guarantees that a Holder of a General Unsecured Claim will be Paid in Full, and Holders of General Unsecured Claims will not be Paid in Full if the Initial Unsecured Payment, Convenience Claim payment, and General Unsecured Creditor Note, net of expenses, are insufficient to pay all General Unsecured Claims in full.

(b) The "GUC Excess Amount" shall mean: $6,250,000.00 minus the sum of (i) the aggregate amount necessary to ensure that all Allowed General Unsecured Claims and Allowed

Convenience Claims are Paid in Full; and (ii) the professional fees, costs, and expenses (subject to the cap set forth in Section 8.10 of the Joint Plan) actually incurred by the Administrator in connection with the reconciliation and Distributions on account of General Unsecured Claims.

(c) If, and only if, all Holders of Allowed General Unsecured Claims are Paid in Full, then the GUC Excess Amount shall be treated as follows:

The GUC Excess Amount shall be divided between: (i) payments made to the Reorganized Debtors; and (ii) the Administrator's professionals for fees incurred in connection with reconciling Claims (the "Administrator Professional Supplement"). When apportioning the GUC Excess Amount:

(i) The first $500,000 of the GUC Excess Amount shall be apportioned eighty percent (80%) to the Reorganized Debtors and twenty percent (20%) to the Administrator's professionals on account of the Administrator Professional Supplement; and

(ii) Any GUC Excess Amount that exceeds the initial $500,000 threshold (if any) shall be apportioned seventy five percent (75%) to the Reorganized Debtors and twenty five percent (25%) to the Administrator's professionals on account of the Administrator Professional Supplement.

If the Holders of Allowed General Unsecured Claims are not Paid in Full, then the GUC Excess Amount shall not be divided and remitted to the Reorganized Debtors or on account of the Administrator Professional Supplement.

Any portion of the GUC Excess Amount to be remitted on account of the Administrator Professional Supplement that is not used to fund the Administrator's professional fees shall be remitted to the Administrator or some other person or entity, in the sole discretion of the Oversight Board.

S. JOINT AND COMMON INTEREST PRIVILEGE

To effectively investigate, defend or pursue the Claims reconciliation process, the Debtors, the Reorganized Debtors, the Administrator, the Creditor Representatives, and all counsel thereto must be able to exchange information with each other on a confidential basis and cooperate in common interest efforts without waiving any applicable privilege. Given the common interests of the parties and the Administrator's position as successor to the Claims objections, sharing such information among the Debtors, the Reorganized Debtors, the Administrator, the Creditor Representatives or their respective counsel shall not waive or limit any applicable privilege or exemption from disclosure or discovery related to such information.

T. PRESERVATION OF CAUSES OF ACTION

Except as otherwise provided in the Joint Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Joint Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors will retain and may enforce any claims, demands, rights and Causes of Action that the Debtors or Estates may hold, to the

extent not expressly released under the Joint Plan. The Reorganized Debtors may pursue such retained claims, demands, rights or Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. Further, the Reorganized Debtors retain their rights to File and pursue any adversary proceedings against any creditor or vendor related to debit balances or deposits owed to the Debtors.

Except as otherwise provided in the Joint Plan, all subordination rights and claims relating to the subordination by the Debtors, Reorganized Debtors, or the Administrator, as the case may be, of any Claim, whether or not Allowed, shall remain valid, enforceable and unimpaired in accordance with section 510 of the Bankruptcy Code or otherwise. Further, except as otherwise ordered by the Bankruptcy Court, each Holder of a Claim shall be deemed to have waived all contractual, legal and equitable subordination rights that they may have, whether arising under general principles of equitable subordination, section 510(c) of the Bankruptcy Code or otherwise, with respect to any and all Distributions to be made under the Joint Plan, and all such contractual, legal or equitable subordination rights that each Holder has individually and collectively with respect to any such Distribution made pursuant to the Joint Plan shall be discharged and terminated, and all actions related to the enforcement of such subordination rights will be permanently enjoined.

Atalaya and the Committee are investigating various Claims and Causes of Action that the Debtors may possess under applicable state and federal law (including, without limitation, the Bankruptcy Code) against Yucaipa and California Management Associates, LLC, and their respective officers, directors, agents and employees. Therefore, on the Effective Date, all such Claims and Causes of Action shall vest in the Reorganized Debtors, which shall hold and possess all rights on behalf of the Debtors and their Estates to commence and pursue any and all Causes of Action (under any theory of law). Notwithstanding the foregoing, all Claims and Causes of Action founded or based upon a theory of equitable subordination or other subordination theories shall vest in the Reorganized Debtors and be prosecuted by the Administrator, who shall have the right, standing, and authority to investigate and prosecute such Claims and Causes of Action and hire professionals funded by funds in the General Unsecured Distribution Account as necessary, subject to the limitations set forth in Section 8.10 of the Joint Plan.

VII. MISCELLANEOUS PROVISIONS OF THE JOINT PLAN

A. POST CONFIRMATION CORPORATE GOVERNANCE

The Joint Plan provides that the following (which will occur and be deemed effective as of the date specified in the documents effectuating the same or, if no date is so specified, the Effective Date) will be deemed authorized and approved in all respects and for all purposes without any requirement of further action by the Holders of Interests of the Reorganized Debtors, or the directors of one of the Debtors or Reorganized Debtors or any other person or entity: (a) the selection of officers and the managing member or Board of Directors of the Reorganized Debtors, all as disclosed by the Proponents in Plan Exhibit 7.9; and (b) the other matters provided for under the Joint Plan involving the corporate structure of the Debtors, Reorganized Debtors, or corporate action to be taken by, or required of, the Debtors or Reorganized Debtors, as applicable.

B. ADMINISTRATIVE CONSOLIDATION OF THE DEBTORS FOR JOINT PLAN PURPOSES ONLY

Subject to the occurrence of the Effective Date, solely for purposes of voting on the Joint Plan and receiving Distributions thereunder, the Debtors shall be administratively consolidated. As a result: (a) each and every Claim Filed or to be Filed against any of the Debtors will be deemed Filed against the administratively consolidated Debtors and will be deemed one Claim against, and one obligations of, the Debtors; (b) any and all guarantees executed by one or more of the Debtors with respect to the obligation of any other Debtor or Debtors will be of no force and effect; (c) all duplicative Claims (identical in amount and subject matter) Filed against one or more of the Debtors will be automatically expunged so that only one Claim survives against the consolidated Debtors; and (d) the consolidated Debtors will be deemed, for purposes of determining the availability of the right of set-off and recoupment under section 553 of the Bankruptcy Code and applicable non-bankruptcy law, to be one Entity, so that, subject to other provisions of section 553 of the Bankruptcy Code, the debts due to a particular Debtor may be offset or recouped against the Claims against other Debtor or Debtors. Such administrative consolidation, however, will not affect (a) the legal and organizational structure or control of the Debtors, (b) any guarantees, Liens, and security interests that are required to be maintained in connection with executory contracts or unexpired leases that were entered into during the Bankruptcy Cases, or that have been or will be assumed pursuant to the Joint Plan, or (c) distributions out of any insurance policies or proceeds of such policies.

C. STIPULATIONS REGARDING THE AMOUNT AND NATURE OF THE CLAIMS

From and after the Effective Date, the Administrator and the Reorganized Debtors, as applicable, will have authority to enter into a Stipulation Regarding the Amount and Nature of a Claim, which the Administrator or Reorganized Debtors may, but are not required to, effectuate without the necessity of obtaining approval of the Bankruptcy Court.

D. RETENTION OF JURISDICTION

The Bankruptcy Court will retain jurisdiction of all matters arising under, arising out of or relating to the Bankruptcy Cases, including, without limitation, the implementation of the Joint Plan and all other matters set forth in Article XII of the Joint Plan.

E. EXEMPTION FROM TRANSFER TAXES

As provided in the Joint Plan, and pursuant to section 1146(c) of the Bankruptcy Code, the following will not be subject to a stamp tax, real estate transfer tax, sales or use tax or similar Tax: (i) the creation of any mortgage, deed of trust, Lien or other security interest; (ii) the making or assignment of any lease or sublease; or (iii) the making or delivery of any deed, bill of sale or other instrument of transfer or assignment or any plan of merger, consolidation, liquidation or dissolution under, in furtherance of or in connection with the Joint Plan.

F. DISSOLUTION OF CREDITORS' COMMITTEE

The Joint Plan provides that the Committee shall continue to exist until the Effective Date. On the Effective Date, the Committee shall dissolve automatically, and its members shall be released and discharged from all rights, duties, responsibilities, and liabilities arising from, or related to, the Bankruptcy Cases; provided, however, that the Committee shall be deemed to remain in existence solely with respect to the final fee applications Filed by its professionals, and the Committee shall have the right to be heard on all issues relating to such final fee applications.

G. PAYMENT OF STATUTORY FEES

Under the Joint Plan, on or before the Effective Date, Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, will be paid by the Debtors in Cash. All fees payable pursuant to 28 U.S.C. § 1930(a)(6) will be paid by the Reorganized Debtors in accordance therewith until the closing of the Bankruptcy Cases pursuant to section 350(a) of the Bankruptcy Code.

H. MODIFICATION OF THE JOINT PLAN

The Joint Plan provides that, subject to the restrictions on modification set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rules 2002 and 3019, as the case may be, the Reorganized Debtors, Atalaya, the Committee, and the Administrator, as applicable, reserve the right to alter, amend or modify the Joint Plan before its substantial consummation; provided, however, that the Reorganized Debtors may not modify the Joint Plan without the prior consent of Atalaya and the Administrator.

I. BINDING EFFECT

The Joint Plan will be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors, and the Holders of Claims and Interests, together with their respective successors and assigns.

J. GOVERNING LAW

Except to the extent that the Bankruptcy Code is applicable, the rights and obligations arising under the Joint Plan will be governed by, and construed and enforced as provided in the laws of the State of Louisiana; provided, however, that any documents executed in connection with the Joint Plan, including, but not limited to the Plan Exhibits, shall be governed by the laws of the state chosen therein.

K. SUBSTANTIAL CONSUMMATION

Substantial consummation within the meaning of sections 1101 and 1127(b) of the Bankruptcy Code will be deemed to have occurred upon the Effective Date of the Joint Plan.

L. FRACTIONAL DOLLARS; DE MINIMUS DISTRIBUTIONS; RETURN OF INSUFFICIENT REMAINING FUNDS TO REORGANIZED DEBTORS.

Notwithstanding anything to the contrary in the Joint Plan, payments of fractions of dollars will not be made. Whenever any payment of a fraction of a dollar under the Joint Plan would otherwise be called for, the actual payment made will reflect a rounding of such fraction to the nearest dollar (up or down), with half dollars being rounded down. No payment shall be made on account of any Distribution less than Fifty Dollars ($50.00) with respect to any Allowed Claim unless a request therefor is made in writing to the Administrator on or before ninety (90) days after the Effective Date. If at any time the Administrator determines, in its sole and absolute discretion, that there are insufficient funds remaining in the General Unsecured Distribution Account to make a meaningful Distribution to holders of Allowed General Unsecured Claims against the Debtors, the Administrator may, but is not required to, remit the remaining insufficient funds, whether in whole or in part, to the Reorganized Debtors.

M. OBJECTION TO CLAIMS.

The Administrator shall have the sole right to investigate, commence and pursue, as appropriate and in its sole and absolute discretion, any and all objections to General Unsecured Claims filed in the Bankruptcy Cases or listed as undisputed in the Debtors' schedules, including without limitation, in an adversary proceeding filed in the Debtors' Bankruptcy Cases and any pending General Unsecured Claim objections asserted by the Debtors in the Bankruptcy Cases. The failure to list any potential or existing objections to Claims is not intended to and shall not limit the rights of the Administrator or any other party to pursue such Claims objections

VIII. CONFIRMATION AND CONSUMMATION PROCEDURES

A. THE CONFIRMATION HEARING

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing with respect to the accompanying Joint Plan. The Confirmation Hearing in respect of the Joint Plan has been scheduled for ___________, 2013. Any objection to Confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or a description of the interest in the Debtors held by the objector, and must be made in accordance with any pre-trial or scheduling orders entered by the Bankruptcy Court. Any such objection must be Filed with the Bankruptcy Court, and served so that it is received by the Bankruptcy Court, on or before ___________, 2013.

B. CONFIRMATION

At the Confirmation Hearing, the Bankruptcy Court will confirm the Joint Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of the Joint Plan are that the Joint Plan is (i) accepted by all Impaired Classes or, if rejected by an Impaired Class, that the Joint Plan "does not discriminate unfairly" and is fair and equitable" as to such Class, (ii) feasible and (iii) in the "best interests" of Holders of Claims that are Impaired under the Joint Plan.

To obtain nonconsensual Confirmation of the Joint Plan, the Plan Sponsors must demonstrate to the Bankruptcy Court that the Joint Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each Impaired, non-accepting Class. The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable." In addition, the "cramdown" standards of the Bankruptcy Code prohibit "unfair discrimination" with respect to the Claims of an Impaired, non-accepting Class. While the existence of "unfair discrimination" under a plan of reorganization depends upon the particular facts of a case and the nature of the claims and interests at issue, in general, courts have interpreted the standard to mean that the Impaired, non-accepting Class must receive treatment under a plan of reorganization which allocates value to such Class in a manner that is consistent with the treatment given to other classes with similar legal claims against or interests in the debtor. The Proponents believe that the Joint Plan, and the treatment of all Classes of Claims under the Joint Plan, satisfy the requirements for nonconsensual Confirmation of the Joint Plan. The Bankruptcy Code establishes "cramdown" tests for Claims, as discussed below.

1. Secured Claims

In order to satisfy the "cramdown test," each Holder of an Impaired Secured Claim will receive "fair and equitable" treatment. Examples of such treatment (although not necessarily the "fair and equitable" treatment to be provided by the Debtors under the Joint Plan) include the following: (i) each Holder of an Impaired Secured Claim retains its Liens securing its Secured Claim and receives on account of its Secured Claim deferred Cash payments (x) totaling at least the allowed amount of the secured Claim and (y) having a present value at least equal to the value of the collateral that secures the Claim, (ii) each Holder of an Impaired Secured Claim realizes the "indubitable equivalent" of its Allowed Secured Claim, or (iii) the property securing the Claim is sold free and clear of Liens with such Lien attaching to the proceeds of the sale and such Lien on proceeds is treated in accordance with clause (i) or (ii) of this subparagraph. The Proponents believe that the treatment afforded the Holders of Impaired Atalaya Secured Claim under the Joint Plan permits Confirmation even if the Joint Plan is not accepted. The Other Secured Claims, if any, in PR Class 3, PFS Class 3 and PI Class 3 are Unimpaired.

2. Unsecured, Non-Priority Claims

In order to satisfy the "cramdown test," either (a) each Holder of an Impaired Unsecured Claim receives or retains under the Joint Plan property of a value equal to the amount of its Allowed Claim, or (b) the Holders of Claims and Interests that are junior to the Claims of the dissenting Class will not receive any property under the Joint Plan. The Proponents believe that the following Classes of Unsecured, non-Priority Claims are Impaired under the Joint Plan: PR Class 4 (Convenience Claims); PR Class 5 (General Unsecured Claims); PR Class 6 (Unliquidated Tort Claims); PFS Class 4 (General Unsecured Claims); and PI Class 4 (General Unsecured Claims). The Proponents believe that the treatment afforded those Holders of Claims in the foregoing Classes permit Confirmation even if the Joint Plan is not accepted by those Classes.

3. Interests

In order to satisfy the "cramdown test," each Holder of an Interest will receive "fair and equitable" treatment. The Proponents believe that PFS Class 7 (Interests in PFS), and PR Class 7 (Interests in PR) are Unimpaired under the Joint Plan, as the Plan does not alter the legal or equitable rights of the Holders of Interests in each such Class.

PI Class 7 (Interests in PI) is Impaired, as all Interests in PI and the other Debtors held by Yucaipa, its Affiliates and any other Entity will be cancelled and extinguished upon the Effective Date, with new equity in Reorganized PI contemporaneously issued in favor of Atalaya in exchange for Atalaya's contributions under the Joint Plan. Holders of Interests in PI Class 7 are therefore deemed to reject the Joint Plan. Notwithstanding such rejection, the Proponents believe that the treatment afforded to Holders of Interests in PI Class 7 is fair and equitable and that the Joint Plan may be confirmed notwithstanding their rejection.

4. Feasibility

The feasibility test requires the Bankruptcy Court to determine that Confirmation of the Joint Plan is not likely to be followed by the liquidation, or the need for further financial reorganization of the Debtors, unless such liquidation or financial reorganization is proposed in the Joint Plan. For purposes of determining whether the Joint Plan meets this requirement, the Proponents believe that the Debtors and Reorganized Debtors will have the ability to satisfy their obligations under the Joint Plan. Based upon the financial projections attached hereto as Exhibit C (the "Financial Projections") and the funds provided by the Exit Facility, the Joint Plan meets the feasibility requirement of the Bankruptcy Code.

5. Best Interests Test

With respect to each Impaired Class, Confirmation of the Joint Plan requires that each Holder of such a Claim or Interest either (a) accept the Joint Plan, or (b) receive or retain under the Joint Plan property of a value, as of the Effective Date, that is not less than the value such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. To determine what Holders in each Impaired Class would receive if the Debtors were liquidated under chapter 7, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation case. The Cash amount that would be available for satisfaction of Claims and Interests would consist of the proceeds resulting from the disposition of the unencumbered assets and properties of the Debtors, augmented by the unencumbered Cash held by the Debtors at the time of the commencement of the liquidation case. Such Cash amount would be reduced by the amount of the costs and expenses of the liquidation and by such additional administrative and priority claims that may result from the termination of the Debtors' businesses and the use of chapter 7 for the purposes of liquidation. A Liquidation Analysis is attached to this Disclosure Statement as Exhibit D.

To determine if the Joint Plan is in the best interests of each Impaired Class, the present value of the distributions from the proceeds of the liquidation of the Debtors' unencumbered assets and properties (after subtracting the amounts attributable to the chapter 7 and chapter 11

administrative claims described in the preceding paragraph), are then compared with the value of the property offered to such Classes of Claims under the Joint Plan.

After considering the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the Bankruptcy Cases, including (a) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (b) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, and (c) the substantial increases in claims that would be satisfied on a priority basis or on parity with creditors in the Bankruptcy Cases, the Proponents have determined that Confirmation will provide each Holder of an Allowed Claim with a recovery that is not less than what such Holder would receive pursuant to the liquidation of the Debtors under chapter 7.

C. CONSUMMATION OF THE JOINT PLAN

The Joint Plan will be consummated on the Effective Date. The Effective Date shall not occur until each of the following conditions has been satisfied, or duly waived pursuant to Section 10.2 of the Joint Plan:

(a) The Confirmation Order shall have been entered by the Bankruptcy Court in form and substance that is satisfactory to the Proponents, shall be in full force and effect, and shall be a Final Order;

(b) The Reorganized Debtors shall execute and deliver to Atalaya the documents evidencing and governing the Exit Facility;

(c) The Reorganized Debtors shall execute and deliver to Atalaya the documents evidencing and governing the Term A Note and Term B Note;

(d) Reorganized PI shall issue 100% of its equity Interests in favor of Atalaya and all Interests in the Debtors held by Yucaipa and its Affiliates have been cancelled;

(e) The Reorganized Debtors shall execute and deliver to the Administrator the General Unsecured Creditor Note and related security instruments;

(f) The Debtors and Reorganized Debtors shall fund the Initial Unsecured Payment into the General Unsecured Distribution Account and the $500,000 payment into the Convenience Claims Distribution Account;

(g) The Debtors and Reorganized Debtors shall fund the Tort Claims Payment;

(h) No Material Adverse Change will have occurred to the Debtors from and after the Confirmation Date;

(i) The Joint Plan and Plan Exhibits, including any amendments, modifications or supplements thereto, shall be in form and substance satisfactory to the Proponents; and

(j) All consents, actions, documents, certificates and agreements necessary to implement the Joint Plan shall have been effectuated or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental units in accordance with the applicable laws.

One or more of the foregoing conditions precedent to the Effective Date may be waived, in whole or in part, by the Proponents at any time and without any Order of the Bankruptcy Court.

The Administrator will File a notice of occurrence of the Effective Date within three (3) Business Days of the Effective Date, and such Notice must state that all conditions to the Joint Plan becoming effective have been satisfied or that they have been waived jointly by the Proponents, and state the date of the Effective Date and the identity of the Administrator.

If consummation of the Joint Plan does not occur (including, without limitation, if the Confirmation Order is vacated pursuant to a Final Order), then except as provided in any order of the Bankruptcy Court vacating the Confirmation Order, the Joint Plan will be null and void in all respects, and nothing contained in the Joint Plan or Disclosure Statement shall (a) constitute a waiver or release of any Claims, Interests, or Causes of Action, (b) prejudice in any manner the rights of the Committee, Atalaya, or any other Entity, or (c) constitute an admission, acknowledgment, offer, or undertaking of any sort by the Committee, Atalaya or any other Entity.

IX. FINANCIAL INFORMATION DURING THE BANKRUPTCY CASES

The Debtors are required to File monthly operating reports with the Bankruptcy Court. The monthly operating reports may be reviewed through the website maintained by the Bankruptcy Court at https://ecf.lawd.uscourts.gov/, or at the Document Website, http://www.bmcgroup.com/piccadilly.

The monthly operating reports are Filed under the following docket numbers: September 2012 (Docket #327); October 2012 (Docket #341); November 2012 (Docket #421); December 2012 (Docket #466); January 2013 (Docket #501); February 2013 (Docket #650); March 2013 (Docket #747), April 2013 (Docket #819); May 2013 (Docket #886); June 2013 (Docket #945); July 2013 (Docket #1048); and August 203 (Docket #1109).

X. CERTAIN RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AND INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE INFORMATION SET FORTH IN THE DISCLOSURE STATEMENT, THE JOINT PLAN, ALL PLAN EXHIBITS (AND ANY DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE), BEFORE VOTING TO ACCEPT OR REJECT THE JOINT PLAN. ANY RISK FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE JOINT PLAN AND ITS IMPLEMENTATION.

A. CERTAIN BANKRUPTCY CONSIDERATIONS

1. The Joint Plan May Not Be Confirmed

Although the Proponents believe that the Joint Plan satisfies all requirements necessary for Confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that the required Holders of Claims and Interests will vote to confirm the Joint Plan. There can also be no assurance that modifications of the Joint Plan will not be required for Confirmation, that such modifications would not adversely affect the Holders of Claims or Interests, or that such modifications would not necessitate the re-solicitation of votes.

2. The Bankruptcy Court Might Not Confirm the Joint Plan

Even if one or more Classes of Claims or Interests entitled to vote does not vote to accept the Joint Plan, the Proponents reserve the right to amend the Joint Plan or request confirmation pursuant to the "cramdown" provisions under section 1129(b) of the Bankruptcy Code. The Bankruptcy Court may confirm the Joint Plan if (a) at least one Class of Claims that has been Impaired has accepted the Joint Plan (such acceptance being determined without including the votes of any "insider" in such Class), and (b) as to each Impaired Class that has not accepted the Joint Plan, if the Bankruptcy Court determines that the Joint Plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting Impaired Classes.

The Proponents believe that the Joint Plan satisfies these requirements; however, there can be no assurance that the Bankruptcy Court will find that these requirements have been satisfied. If it does not, the Joint Plan may not be confirmable and become effective unless it has been accepted by each Impaired Class of Claims that is entitled to vote.

3. Allowed Claims May Not Be Finalized Until After the Effective Date

Approximately 450 Proofs of Claim were Filed against PR, with only one (1) remaining Proof of Claim against PI and three (3) against PFS. The Proponents have analyzed the Schedules and the Proofs of Claim, and have used their best judgment to estimate the value of such Schedules and Proofs of Claim. To prepare estimates for the Disclosure Statement, the Proponents have considered the strengths and weaknesses of their positions and the respective positions of Holders of Claims under applicable law. Despite these efforts, however, those estimates could prove incorrect.

4. Objections to Classifications

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other Claims or Interests in such class. The Proponents believe that the classification of Claims and Interests under the Joint Plan complies with the requirements set forth in the Bankruptcy Code. However, the Bankruptcy Court may reach a different conclusion.

5. *Liquidation of Unliquidated Tort Claims*

The Proponents have estimated the likely Allowed amounts of the Unliquidated Tort Claims to determine the range of the exposure of the Debtors' Estates. While the Proponents believe these estimates to be correct, the actual amount of Allowed Unliquidated Tort Claims could be different than the estimations, resulting in different recovery than that projected for the Holders of Unliquidated Tort Claims projected herein and in the Joint Plan.

6. *Election to Qualify as a Convenience Claim*

The Joint Plan permits any Holder of an Allowed General Unsecured Claim to elect to have its Claim treated as a Convenience Clam. The Proponents have estimated the amount of the Allowed Convenience Claims and believe that the $500,000 set aside to for satisfaction of such Claims should provide for payment thereof in full. However, there is a risk that the recovery for each Allowed Convenience Claim may be less than payment in full depending on the number of Holders of General Unsecured Claims that opt to have their Claim treated as a Convenience Claim.

B. RISKS RELATING TO THE BUSINESSES OF THE REORGANIZED DEBTORS AFTER THE EFFECTIVE DATE

1. *Financial Projections*

In conjunction with the development of the Joint Plan and to determine the feasibility of the Joint Plan, the Proponents have analyzed the ability of the Reorganized Debtors to meet their post-Effective Date obligations with sufficient liquidity and capital resources to conduct their businesses. These Financial Projections are based on books and records maintained by the Debtors, are attached hereto as Exhibit C, and are based on certain assumptions that reflect the terms of the Joint Plan, as well as other assumption that the Proponents believe to be reasonable under the circumstances.

The Financial Projections included in Exhibit C assume the successful implementation of the Joint Plan and consist of the following unaudited projected financial information: (a) projected income statement summary through 2017; (b) projected balance sheet as through December 31, 2017; and (c) projected cash flow statement through December 31, 2017. The Financial Projections should be reviewed in conjunction with the assumptions, notes and qualifications that are included in Exhibit C attached hereto. Neither of the Proponents nor their respective advisors make any representations regarding the accuracy of the projections for the Reorganized Debtors or the ability of the Reorganized Debtors to achieve forecasted results.

The Proponents prepared the Financial Projections with the assistance of their professionals, Protiviti and Deloitte Consulting. The Financial Projections have not been compiled or examined by independent accountants. The Financial Projections were prepared solely for the purpose of providing "adequate information" under section 1125 of the Bankruptcy Code to enable the Holders of Claims and Interests entitled to vote under the Joint Plan to make an informed judgment about the Joint Plan and should not be used or relied upon for any other purpose. Holders of Claims and Interests should not rely on the Financial Projections as a

representation or guarantee of future performance. Although every effort was made to be accurate and the Proponents consider them reasonable when taken as a whole, the Financial Projections are subject to significant business, economic and competitive uncertainties beyond the Debtors' control. The actual financial results of the Reorganized Debtors may differ materially from the Financial Projections.

In addition, the uncertainties which are inherent in the Financial Projections increase for later years in the projection period due to increased difficulty associated with forecasting levels of economic activity and expected performance in more distant points in the future. Consequently, the projected information included in this Disclosure Statement should not be regarded as representations by the Proponents, their advisors, or any other person, that the projected results will actually be achieved. The Proponents caution that no representations can be made or are made as to the accuracy or completeness of the Financial Projections or to the Reorganized Debtors' ability to achieve the projected results. Some assumptions inevitably will prove incorrect.

Moreover, events and circumstances occurring subsequent to the date on which the Proponents prepared the Financial Projections may be different from those assumed or, alternatively, may have been unanticipated, and thus the occurrence of these events may affect financial results in either a material adverse or material beneficial manner. By way of example, it is difficult to predict the inevitable wide swings in the costs of food products and the ability of the Reorganized Debtors to pass on cost increases to their customers. Based on their analysis of the current demand, however, the Proponents believe the performance of the Reorganized Debtors will be sufficient to fulfill their obligations under the Joint Plan.

2. Litigation Risks

PR is involved in the ordinary course of business in a number of lawsuits involving employment, commercial, and personal injuries issues. Judges and juries have demonstrated a willingness to grant large verdicts, including punitive damages, to plaintiffs in personal injury, property damage, and business tort cases. PR uses legal and appropriate means to contest litigation threatened or filed against them, but the litigation environment in poses a significant business risk, especially since the Debtors' self-insured retention per claim is currently $200,000. Further, with respect to workers' compensation claims, the Debtors have certain obligations with respect to the first $250,000 per claim.

C. OTHER BUSINESS RISKS

1. Competition

PR faces stiff competition in the business segments in which it operates. Not only does PR compete directly with other restaurants, it also competes with grocery and convenience stores for the takeout market. The food services division competes with large national chains as well as local companies to provide custom food-service at customer locations. In the emergency feeding segment, the company faces competition from local and national firms during disaster situations.

2. *Economic Downturns*

PR faces significant risks when the national and local economies become distressed. Many of PR's customers are middle-income consumers who cut back on discretionary spending for meals away from home and takeout during economic downturns.

3. *Weather Issues*

A large number of PR's locations operate in a geographic footprint subject to hurricanes and severe storms. While PR has business interruption and property damage insurance, it is not feasible to insure for all of loss caused by severe weather.

4. *Commodity Prices*

PR serves many food items that are subject to wide swings in cost. Commodities such as chicken, beef, fish and vegetables make up a large portion of the menu. When these items increase in cost the Company may have difficulty passing on the cost to the customer. In addition, PR's "fresh" menu reputation makes product substitution difficult.

5. *Food Safety Issues*

Because PR's menu offerings are prepared from scratch and subject to strict holding times, food safety is the most important aspect of PR's operations. PR's reputation and survival can be jeopardized by even one significant breakdown in food safety.

XI. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE JOINT PLAN

The following discussion summarizes certain factors that may affect the anticipated U.S. federal income tax consequences of implementation of the Joint Plan to the Debtors and Holders of Claims. It does not, however, summarize the U.S. federal income tax consequences to Holders of Interests in the Debtors. Counsel for the Proponents has not, and will not render any opinion concerning the tax consequences of confirmation of the Joint Plan to the Debtors, Reorganized Debtors, Holders of Claims and Interests, or any other Entity. This discussion does not address the U.S. federal income tax consequences to Holders of Claims and Interests who (a) are Unimpaired under the Joint Plan or (b) are otherwise not entitled to vote under the Joint Plan. Moreover, the discussion assumes that each Holder of a Claim holds such Claim only as "capital assets" within the meaning of section 1221 of the Tax Code, and the various debt and other arrangements to which the Debtors and Reorganized Debtors are or will be parties will be respected for U.S. federal income tax purposes in accordance with their form.

The description of the U.S. federal income tax consequences of implementing the Joint Plan is based on interpretation of the applicable provisions of the Internal Revenue Code of 1986 (the "Tax Code"), the Treasury Regulations promulgated thereunder and other relevant authority, including all amendments and revisions to the Tax Code. This interpretation, however, is not binding on the IRS or any court. The Proponents have not obtained, nor do they intend to obtain, a ruling from the IRS, nor have they obtained an opinion of counsel with respect to any of these matters.

The discussion does not apply to a Holder of a Claim that is not a "United States person," as such term is defined in the Tax Code. Moreover, this discussion does not address U.S. federal taxes other than income taxes or any state, local, or non-U.S. tax consequences of the Joint Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to United States persons in light of their individual circumstances or to United States persons that may be subject to special tax rules, such as persons who are related to the Debtors within the meaning of the Tax Code, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations, beneficial owners of pass-through Entities, subchapter S corporations, employees, persons whose Claims relate to the provisions of services or who otherwise received their Claims as compensation, persons who are Holders who are themselves in bankruptcy.

If a partnership or other pass-through Entity is a Holder, the tax treatment of any partner or other owner of such Entity generally will depend upon that status of the partner (or other owner) and the activities of the Entity. Partners (or other owners) of pass-through Entities that are Holders should consult their own independent tax advisors regarding the tax consequences of the Joint Plan.

FOR THESE REASONS, ALL HOLDERS OF CLAIMS AND INTERESTS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF IMPLEMENTATION OF THE JOINT PLAN TO THEM UNDER APPLICABLE U.S. FEDERAL, STATE AND LOCAL TAX LAWS.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE JOINT PLAN ARE COMPLEX. THE SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTORS, THE REORGANIZED DEBTORS, OR HOLDERS. THE TAX CONSEQUENCES TO EACH CLAIM OR INTEREST HOLDER WILL VARY BASED ON THE HOLDER'S CIRCUMSTANCES. ACCORDINGLY, EACH CLAIM OR INTEREST HOLDER SHOULD CONSULT WITH HIS OR HER TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES TO SUCH HOLDER OF THE JOINT PLAN, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

IRS CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSE BY THE IRS, EACH HOLDER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THE DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER OF A CLAIM OR INTEREST FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OF THE JOINT PLAN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON SUCH HOLDER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. U.S. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS

For U.S. federal income tax purposes, the Proponents do not believe that there will be any tax consequences to the Debtors caused by the Confirmation of the Joint Plan.

B. U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS

The U.S. federal income tax consequences to Holders of Claims arising from the distributions to be made in satisfaction of their claims pursuant to a bankruptcy plan of reorganization may vary, depending upon, among other things: (a) the type of consideration received by the Holder of a Claim in exchange for the indebtedness it holds; (b) the nature of the indebtedness owed to it; (c) whether the Holder has previously claimed a bad debt or worthless security deduction in respect of its Claim against the Debtors; (d) whether such Claim constitutes a security; (e) whether the holder of a Claim is a citizen or resident of the United States for tax purposes, or otherwise subject to U.S. federal income tax on a net income basis; (f) whether the Holder of a Claim reports income on the accrual or cash basis; and (g) whether the Holder of a Claim receives Distributions under the Joint Plan in more than one taxable year.

For tax purposes, the modification of a claim may represent an exchange of the Claim for a new Claim, even though no actual transfer takes place. This deemed exchange may result in the recognition of gain or loss by the holder and the creation of original issue discount. In addition, where gain or loss is recognized by a holder, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder and how long it has been held or is treated as having been held, whether the Claim was acquired at a market discount, and whether and to what extent the holder previously claimed a bad debt deduction with respect to the underlying claim.

The consideration received under the Joint Plan by Holders of Claims is netted against the amount of the Claim which is discharged under the Joint Plan. The net amount is the amount of the Holder's loss. In the event the Holder of the Claim previously took a loss for the full amount of his or her discharged Claim, the Holder would have to realize income in the year that he or she receives Distributions under the Joint Plan.

Each Holder of an Allowed Claim who receives Cash on the Effective Date in partial satisfaction of his or her Allowed Claim should recognize gain or loss on the Effective Date equal to the difference between (a) the amount of Cash received and (b) the Holder's adjusted tax basis in the Allowed General Unsecured Claim exchanged therefore. The character of any gain or loss as capital or ordinary and, in the case of capital gain or loss, as short-term or long-term, will depend on a number of factors, including: (a) the nature and origin of the Allowed Claim; (b) the tax status of the Holder of the Allowed Claim; (c) whether the Allowed Claim has been held for more than one year; and (d) the extent to which the Holder previously claimed a loss, bad debt reduction or charge to a reserve for bad debts with respect to the Allowed Claim. Each Holder of an Allowed Claim is urged to consult his or her tax advisor as to the applicability of these other factors to such Holder.

A loss generally is treated as sustained in the taxable year for which there has been a closed and completed transaction, and no portion of a loss with respect to which there is a reasonable prospect of reimbursement may be deducted until it can be ascertained with reasonable certainty whether or not such reimbursement will be recovered.

Holders of Claims and Interests should consult with their own tax advisors as to the matters discussed in this section concerning character and timing of recognition of gain or loss. Because a loss will be allowed as a deduction only for the taxable year in which the loss was sustained, a Holder of a Claim is entitled a loss in the wrong taxable year risks denial of such loss altogether. In the case of certain categories of Claims, consideration should be given to the possible availability of a bad debt deduction under section 166 of the Tax Code for a period prior to the Effective Date. In addition, a portion of any Distributions received after the Effective Date may be taxed as ordinary income under the imputed interest rules.

Certain payments, including certain payments of Claims pursuant to the Joint Plan, including payments of interest, may be subject to information reporting to the IRS. Moreover, such reportable payments may be subject to backup withholding unless the taxpayer: (a) comes within certain exempt categories (which generally include corporations) or (b) provides a correct taxpayer identification number and otherwise complies with applicable backup withholding provisions. In addition, Treasury regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Joint Plan would be subject to these regulations and require disclosure in the Holder's tax returns.

XII. VOTING BY HOLDERS OF CLAIMS AND INTERESTS ENTITLED TO VOTE

The Claims and Interests in the following Classes are Unimpaired under the Joint Plan, and are deemed to have accepted the Joint Plan under the provisions of section 1126(f) of the Bankruptcy Code: PR Class 1 (Other Priority Claims against PR); PR Class 3 (Other Secured Claims against PR); PR Class 6 (Legacy Workers' Compensation Claims); PR Class 8 (Interests in PR); PFS Class 1 (Other Priority Claims against PFS); PFS Class 3 (Other Secured Claims against PFS); PFS Class 8 (Interests in PFS); PI Class 1 (Other Priority Claims against PI); and PI Class 3 (Other Secured Claims against PI). The Proponents will not solicit acceptances of the Joint Plan from Holders of Claims or Interests in the foregoing Classes.

The Claims in the following Classes are Impaired under the Joint Plan: PR Class 2 (Atalaya Secured Claim against PR); PR Class 4 (Convenience Claims against PR); PR Class 5 (General Unsecured Claims against PR); PR Class 7 (Unliquidated Tort Claims against PR); PFS Class 2 (Atalaya Secured Claim against PFS); PFS Class 5 (General Unsecured Claims against PFS); PI Class 2 (Atalaya Secured Claim against PI); and PI Class 5 (General Unsecured Claims against PI). The Impaired Classes are collectively referred to hereinafter as the "Voting Classes." PI Class 8 (Interests in PI) shall receive no Distribution under the Joint Plan, as all Interests in PI are cancelled and extinguished upon the Effective Date, with new equity in Reorganized PI issued in favor of Atalaya on the Effective Date in exchange for Atalaya's contributions under

the Joint Plan. Holders of Interests in PI Class 8, including, without limitation, Yucaipa, are therefore deemed to reject the Joint Plan.

A Class of Claims has "accepted" the Joint Plan if the Joint Plan has been accepted by the Holders of Claims in the Class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims that have cast Ballots to accept or reject the Joint Plan. A Class of Interests has "accepted" the Joint Plan if the Joint Plan has been accepted by Holders of Interests in the Class that hold at least two-thirds (2/3) in amount of the Allowed Interests that have cast Ballots to accept or reject the Joint Plan. The Interests in PR Class 8 and PFS Class 8 of the Joint Plan are Unimpaired, and are not entitled to vote, while the Interests in PI Class 8 are deemed to reject the Joint Plan. (For a more detailed description of the requirements for Confirmation of the Joint Plan, see Article VIII of the Disclosure Statement, entitled "Confirmation and Consummation Procedures.")

If one or more Classes entitled to vote on the Joint Plan votes to reject the Joint Plan, the Proponents reserve the right to amend the Joint Plan or request Confirmation pursuant to the "cram-down" provisions contained section 1129(b) of the Bankruptcy Code. If at least one Class of Claims that is Impaired under the Joint Plan has accepted the Joint Plan (determined without including acceptance of the Joint Plan by insiders), section 1129(b) of the Bankruptcy Code permits Confirmation notwithstanding its rejection by one or more Impaired Classes. Under section 1129(b), the Joint Plan may be confirmed by the Bankruptcy Court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting Impaired Class.

The following is a summary of the voting procedures adopted in the Confirmation Procedures Order that is attached to the Disclosure Statement as Exhibit B. BMC Group, Inc. (the "Voting Agent") was retained by the Debtors pursuant to an Order entered on October 24, 2012 (Docket #244) (authorizing appointment as Voting Agent).

THE VOTING DEADLINE TO ACCEPT OR REJECT THE JOINT PLAN IS 5:00 P.M., PREVAILING CENTRAL TIME, ON ______________, 2013.

The Bankruptcy Court has set __________, 2013, as the Voting Record Date. (Confirmation Procedures Order, Exhibit B.) If you are a Holder of a Claim as of the Voting Record Date, and if you are entitled to vote to accept or reject the Joint Plan, a Ballot is enclosed for the purpose of voting on the Joint Plan. If you are a Holder of a Claim or Interest that is entitled to vote and you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, or if you have any questions concerning the procedures for voting on the Joint Plan, please contact the Voting Agent at 1-888-909-0100.

THE BALLOT MAY NOT BE USED FOR ANY PURPOSE OTHER THAN TO VOTE TO ACCEPT OR REJECT THE JOINT PLAN. Holders of Claims in the Voting Classes will receive a Ballot and a return envelope addressed directly to the Voting Agent. Ballots must be received by the Voting Agent by the Voting Deadline of ___________ at _____ p.m. Prevailing Central Standard Time. If a Ballot is received after the Voting Deadline, it will not be counted. Complete the Ballot by providing all the information requested, and sign, date and return the

Ballot by mail, overnight courier or personal delivery to the Voting Agent at one of the following address:

By U.S. Mail:
BMC Group, Inc.
Attn: Piccadilly Restaurants, LLC
Ballot Processing
PO Box 3020
Chanhassen, MN 55317-3020

By Delivery or Courier:
BMC Group, Inc.
Attn: Piccadilly Restaurants, LLC
Ballot Processing 18675
Lake Drive East Chanhassen, MN 55317

ANY EXECUTED BALLOT THAT FAILS TO INDICATE AN ACCEPTANCE OR REJECTION OF THE JOINT PLAN WILL NOT BE COUNTED. BALLOTS RETURNED TO THE VOTING AGENT WILL NOT BE ACCEPTED BY THE VOTING AGENT BY FACSIMILE TRANSMISSION OR ANY OTHER ELECTRONIC MEANS.

The Disclosure Statement and Exhibits A through E, the Joint Plan and Plan Exhibits can be downloaded, without charge, at the following website: www.bmcgroup.com/piccadilly

XIII. CONCLUSION AND RECOMMENDATION

This Disclosure Statement is intended to assist Holders of Claims against and Interests in the Debtors to make an informed decision regarding the acceptance of the Joint Plan. If the Joint Plan is confirmed, all Holders of Claims and Interests will be bound by its terms. The Proponents believe that Confirmation and implementation of the Joint Plan is preferable to any of the alternatives described above and respectfully urges each Holder of a Claim against and Interests in the Debtors to review the Disclosure Statement carefully and the enclosed copy of the Joint Plan, to accept the Joint Plan, and to evidence such acceptance by returning their Ballots on or before the date to be fixed by the Bankruptcy Court.

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Exhibit “A”

The Joint Plan and Plan Exhibits

Exhibit “B”

Confirmation Procedures Order

[To be provided in advance of the Disclosure Statement Hearing]

Exhibit "C"

Financial Projections

[To be provided in advance of the Disclosure Statement Hearing]

Exhibit "D"

Liquidation Analysis

[To be provided in advance of the Disclosure Statement Hearing]

Exhibit "E-1"

Schedule of Legacy Workers' Compensation Claims

[To be provided in advance of the Disclosure Statement Hearing]

Exhibit "E-2"

Schedule of Unliquidated Tort Claims

[To be provided in advance of the Disclosure Statement Hearing]