

AVADO BRANDS: Files for Chapter 11 Protection in Delaware

Troubled Company Reporter , Sep 06, 2007 (Source: TCR)

Avado Brands Inc., parent company of Don Pablo's and Hop's restaurants, and several of its affiliates filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. The company will continue to operate its restaurants in the ordinary course of business and anticipates a rapid emergence from Chapter 11.

Avado intends to continue to conduct business as usual. Customers nationwide will continue to receive superior service and great food without interruption. The company has already arranged and is seeking Bankruptcy Court approval for a \$67 million debtor-in-possession credit facility to be provided by a group of lenders led by DDJ Capital Management, LLC as Agent. With this facility the company will have sufficient liquidity to operate its business going forward. Post-petition obligations to vendors, employees and others will be honored and satisfied in the normal course of business.

Avado plans to use the Chapter 11 process to complete an orderly sale of the company's assets, via section 363 of the Bankruptcy Code, to a buyer that is committed to the long-term health and stability of the company.

"The Board of Directors of Avado Brands believes that the sale of the company's assets will result in the company's operations being supported by a better capitalized entity allowing for all of Avado's restaurants to achieve their potential, David Barr, Chairman of Avado Brands, stated. "The Board believes that Avado has the right management team and the correct initiatives in place to successfully complete this process."

"There will be no disruption in our business during this bankruptcy process," Raymond "Rick" Barbrick, chief executive officer of Avado Brands, Inc. stated. "The management team plans to remain with the company and is confident in the future of Avado Brands and the strength of the Don Pablo's and Hop's restaurants. We appreciate the full and continued support of our customers, vendors, dedicated business partners and employees. It is management's hope and desire for the restaurants of Avado to be poised for growth upon emergence from Chapter 11 in the near future."

Headquartered in Madison, Georgia, Avado Brands, Inc. -- <http://www.avado.com/> -- owns and operates two proprietary brands comprised of 102 Don Pablo's Mexican Kitchens and 37 Hops Grillhouse & Breweries.