




**SO ORDERED.**

**SIGNED this 18 day of November, 2004.**

  
LEIF M. CLARK  
UNITED STATES BANKRUPTCY JUDGE

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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
SAN ANTONIO DIVISION**

**IN RE:** §  
§  
**SCHLOTZSKY'S, INC., et al.,** § **CHAPTER 11**  
§  
**Debtors.** § **Case No. 04-54504 (lmc)**  
§ **Jointly Administered**

**ORDER ESTABLISHING PROCEDURES FOR FIXING CURE  
AMOUNTS AND PRESCRIBING THE FORM AND MANNER OF NOTICE  
WITH RESPECT THERETO**

**UPON** the motion (the “363/365 Motion”)<sup>1</sup> of Schlotzsky’s, Inc. (“SI”), Schlotzsky’s Restaurants, Inc. (“Restaurants”), Schlotzsky’s Real Estate, Inc. (“Real Estate”), Schlotzsky’s Franchisor, LLC (“Franchisor”), Schlotzsky’s Franchise Operations, LLC (“Franchise Operations”), and Schlotzsky’s Brand Products, LLC (“Brand Products”), DFW Restaurant Transfer Corp. (“DFW”), 56<sup>th</sup> and 6<sup>th</sup>, Inc. (“56<sup>th</sup> and 6<sup>th</sup>”), RAD Acquisition Corp. (“RAD”), and San Felipe, LLC (“San Felipe”), each a debtor and debtor-in-possession (collectively, “Schlotzsky’s,” the “Debtors,” or the “Sellers”), pursuant to Sections 105, 363, 365 and 1146 of

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

Title 11, United States Code, 11 U.S.C. §§ 101 et seq. for an order (i) establishing and approving auction procedures and requirements for interested parties to submit competing bids for the Sale Assets, (ii) approving a discretionary break-up fee of \$250,000 for the benefit of a potential bidder who in the judgment of the Debtors and the Unsecured Creditors' Committee has proposed to bid at the Auction an amount and on terms that the Debtors and Unsecured Creditors' Committee jointly determine would enhance bidding at the Auction, (iii) scheduling the Sale Hearing to consider approval of the proposed sale to the Successful Bidder, (iv) approving the form and manner of notice with respect to the sale contemplated in the Amended 363/365 Motion, and (v) fixing a date for the filing of objections to the Amended 363/365 Motion, and after due deliberation and sufficient cause appearing therefor, the Court concludes that the "Cure Notice" relief requested in the 363/365 Motion should be granted as hereinafter set forth, and, therefore it is hereby

**ORDERED**, that the Debtors are authorized to send a Notice of Deadline for Objecting to Cure Amounts ("Notice of Cure Amounts") to all parties to Executory Contracts and Leases that the Debtors propose to Assume (the "Assumed Contracts"); and it is further

**ORDERED**, that the Notice of Cure Amounts, upon the approval of the U.S. Trustee of the form of the Notice of Cure Amounts, shall be deemed to be sufficient notice and binding on all non-Debtor parties to the Assumed Contracts if the Notice of Cure Amounts is mailed by first class mail, postage prepaid to such counterparties on or before November 18, 2004; and it is further

**ORDERED**, that 12:00 noon (Central Time) on December 6, 2004 shall serve as the deadline for non-Debtor parties to the Assumed Contracts to object to the Debtors' designation of Cure Amounts; and it is further

**ORDERED**, that any non-Debtor Party to an Assumed Contract who objects to the Cure Amount set forth on the Notice of Cure Amounts must file an objection stating with specificity the nature of the objection and the amount of the alleged Cure Amount, and serve (facsimile delivery is acceptable) same upon: Schlotzsky's, Inc., 203 Colorado Street, Suite 600, Austin, Texas 78701 (or fax to Attn: Legal Department at fax number (512)-236-3740), with a copy to Haynes and Boone, LLP, 901 Main Street, Suite 3100, Dallas, Texas 75202-3789, Attn: Robert D. Albergotti, Esq. (or fax to Attn: Robert D. Albergotti, Esq. at fax number (214)-200-0350), counsel for the Debtors, in a manner to be received by no later than 12:00 noon (Central Time) on December 6, 2004; and it is further

**ORDERED** that the Court may conduct a hearing to rule on the objections and to determine the Cure Amount at a further hearing.

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