

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

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

**NOTICE OF DEADLINE FOR OBJECTING TO CURE AMOUNTS
AND OF HEARING TO DETERMINE ANY CURE AMOUNT DISPUTES**

TO: SCHLOTZSKY'S FRANCHISEES, REAL AND PERSONAL PROPERTY LESSORS AND OTHER PERSONS WHO ARE PARTIES TO EXECUTORY CONTRACTS AND LEASES:

PLEASE TAKE NOTICE that pursuant to the Court's *Order Establishing Procedures or Fixing Cure Amounts and Prescribing the Form and Manner of Notice with Respect Thereto* (the "Cure Notice Order," Docket Number 499), the deadline to object to the cure amounts listed on the attached *Exhibit C* is **no later than 12:00 noon (Central Time) on December 6, 2004.**

In connection with a proposed sale of substantially all their assets, the Debtors propose to assume and assign to the Buyer (the highest and best bidder in an auction sale of Debtors' assets to be held upon approval by the Court at a further hearing) certain contracts (such contracts being listed on the attached *Exhibit C*, and defined in the proposed Asset Purchase Agreement as the "Assumed Contracts"). In order for the Debtors to assume and assign to Buyer the Assumed Contracts, any defaults in the Assumed Contracts must be cured. Debtors have performed an analysis of their performance under the Assumed Contracts and do not believe in most cases that they owe any monies ("Cure Amounts") to cure defaults, if any, that may exist in respect of the

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Assumed Contracts. Attached to this Notice as *Exhibit C* is a list of all Assumed Contracts. Debtors have listed by each contract or category of contract the amount that they believe they owe as a Cure Amount. It is the Debtors' position that the Cure Amount designated for your Assumed Contract is the amount that the Debtors would have to pay you in order to (i) cure any default in your Assumed Contract and (ii) be authorized to assume and assign your contract to the Buyer. If the Cure Amount is listed as zero on *Exhibit C*, then Debtors' position is that there is no default and no Cure Amount is due in respect of your contract (the "Zero Cure Amount Contracts"). Debtors will request that the Court authorize the assumption and assignment of the Zero Cure Amount Contracts without any cure payments to the other party. Debtors will also request authority to assume and assign all other Assumed Contracts upon the payment of the designated Cure Amount.

Pursuant to the Cure Notice Order, any non-Debtor Party to an Assumed Contract who objects to the Cure Amount set forth on *Exhibit C* must file with the Court and serve such objection upon: Schlotsky'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.**

If no objection is timely filed, the Debtors will ask the Court to enter an order determining the Cure Amounts to be the amount set forth on *Exhibit C*, if an amount is due, or zero in all other cases.

If objections to the Debtors' proposed Cure Amounts are filed, the Court will conduct a hearing to rule on the objections and to determine the Cure Amounts.

RESPECTFULLY SUBMITTED THIS 18TH DAY OF NOVEMBER, 2004.

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By: /s/ Robert D. Albergotti
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ATTORNEYS FOR THE DEBTORS AND
DEBTORS IN POSSESSION

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing instrument was served on the parties listed below via email, on all parties listed on *Exhibit C* and on the Master Service List via first class United States Mail, postage prepaid, on the 18th day of November, 2004.

/s/ Robert D. Albergotti

Robert D. Albergotti

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