

FORM B1		United States Bankruptcy Court Western District of Texas		Voluntary Petition				
Name of Debtor (if individual, enter Last, First, Middle): Schlotsky's, Inc.			Name of Joint Debtor (Spouse) (Last, First, Middle):					
All Other Names used by the Debtor in the last 6 years (include married, maiden, and trade names):			All Other Names used by the Joint Debtor in the last 6 years (include married, maiden, and trade names):					
Soc. Sec./Tax I.D. No. (if more than one, state all): 74-2654208			Soc. Sec./Tax I.D. No. (if more than one, state all):					
Street Address of Debtor (No. & Street, City, State & Zip Code): 203 Colorado Street Suite 600 Austin, Texas 78701			Street Address of Joint Debtor (No. & Street, City, State & Zip Code)					
County of Residence or of the Principal Place of Business: Travis			County of Residence or the Principal Place of Business:					
Mailing Address of Debtor (if different from street address):			Mailing Address of Joint Debtor (if different from street address):					
Location of Principal Assets of Business Debtor (if different from street address above):								
Information Regarding the Debtor (Check the Applicable Boxes)								
Venue (Check any applicable box)								
<input checked="" type="checkbox"/> Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District <input type="checkbox"/> There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.								
Type of Debtor (Check all boxes that apply)			Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)					
<input type="checkbox"/> Individual(s) <input type="checkbox"/> Railroad <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Stockbroker <input type="checkbox"/> Partnership <input type="checkbox"/> Commodity Broker Other _____			<input type="checkbox"/> Chapter 7 <input checked="" type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 13 <input type="checkbox"/> Chapter 9 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Sec. 304 - Case ancillary to foreign proceeding					
Nature of Debts (Check one box)			Filing Fee (Check one box)					
<input type="checkbox"/> Consumer/Non-Business <input checked="" type="checkbox"/> Business			<input checked="" type="checkbox"/> Full Filing Fee attached <input type="checkbox"/> Filing Fee to be paid in installments (Applicable to individuals only) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.					
Chapter 11 Small Business (Check all boxes that apply)								
<input type="checkbox"/> Debtor is a small business as defined in 11 U.S.C. § 101 <input type="checkbox"/> Debtor is and elects to be considered a small business under 11 U.S.C. § 1121(e) (Optional)								
Statistical/Administrative Information (Estimates only)					THIS SPACE IS FOR COURT USE ONLY			
<input checked="" type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be funds available for distribution to unsecured creditors.								
Estimated Number of Creditors (consolidated basis)	1-15	16-49	50-99	100-199		200-999	1000-over	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Estimated Assets (consolidated basis)	\$0 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1 million		\$1,000,001 to \$10 million	\$10 million to \$50 million	\$50,000,001 to \$100 million
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Estimated Debts (consolidated basis)	\$0 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$500,000	\$500,001 to \$1 million	\$1,000,001 to \$10 million	\$10 million to \$50 million	\$50,000,001 to \$100 million	More than \$100 million
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Exhibit "A"

[If debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11 of the Bankruptcy Code, this Exhibit "A" shall be completed and attached to the petition.]

[Caption as in Form 16B]

Exhibit "A" to voluntary Petition

1. If any of the debtor's securities are registered under Section 12 of the Securities Exchange Act of 1934, the SEC file number is 0-27008.

2. The following financial data is the latest available information and refers to the debtor's condition on June 30, 2004.

a.	Total assets	\$111,692,000
b.	Total debts (including debts listed in 2.c., below)	\$71,312,000

				Approximate number of holders	
c.	Debt securities held by more than 500 holders.			N/A	
	secured//	unsecured//	subordinated//	\$ _____	_____
	secured//	unsecured//	subordinated//	\$ _____	_____
	secured//	unsecured//	subordinated//	\$ _____	_____
	secured//	unsecured//	subordinated//	\$ _____	_____
	secured//	unsecured//	subordinated//	\$ _____	_____
d.	Number of shares of preferred stock			-0-	-0-
e.	Number of shares common stock			<u>\$7,341,079</u>	<u>4,400</u>

Comments, if any: _____

3. Brief description of debtor's business: Restaurant franchisor & operator

4. List the name of any person who directly or indirectly owns, controls, or holds, with the power to vote, 5% or more of the voting securities of debtor: See attached

EXHIBIT 1 FOR SCHLOTZSKY'S INC.

	Debtors	District	Date	Case Number	Judge	Relationship
1	SCHLOTZSKY'S RESTAURANTS, INC.	Western District of Texas	3-Aug-04	TBD	TBD	Affiliate
2	SCHLOTZSKY'S REAL ESTATE, INC.	Western District of Texas	3-Aug-04	TBD	TBD	Affiliate
3	SCHLOTZSKY'S FRANCHISOR, LLC	Western District of Texas	3-Aug-04	TBD	TBD	Affiliate
4	SCHLOTZSKY'S FRANCHISE OPERATIONS, LLC	Western District of Texas	3-Aug-04	TBD	TBD	Affiliate
5	SCHLOTZSKY'S BRAND PRODUCTS, LLC	Western District of Texas	3-Aug-04	TBD	TBD	Affiliate
6	DFW RESTAURANT TRANSFER CORP.	Western District of Texas	3-Aug-04	TBD	TBD	Affiliate
7	56 TH AND 6 TH , INC.	Western District of Texas	3-Aug-04	TBD	TBD	Affiliate
8	RAD ACQUISITION CORP.	Western District of Texas	3-Aug-04	TBD	TBD	Affiliate
9	SAN FELIPE, LLC	Western District of Texas	3-Aug-04	TBD	TBD	Affiliate

United States Bankruptcy Court

Western District Of Texas

In re

Schlotsky's, Inc.

Case No. _____

Debtor

Chapter _____

DISCLOSURE OF COMPENSATION OF ATTORNEY FOR DEBTOR

1. Pursuant to 11 U.S.C. § 329(a) and Fed. Bankr. P. 2016(b), I certify that I am the attorney for the above-named debtor(s) and that compensation paid to me within one year before the filing of the petition in bankruptcy, or agreed to be paid to me, for services rendered or to be rendered on behalf of the debtor(s) in contemplation of or in connection with the bankruptcy case is as follows:

For legal services, I have agreed to accept ~~payment as approved by the Court~~ _____

Prior to the filing of this statement I have received \$197,227.91 in fees*

Balance Due \$ _____

2. The source of the compensation paid to me was:

Debtor Other (specify)

* and a retainer of
\$72,772.09

3. The source of compensation to be paid to me is:

Debtor Other (specify)

4. I have not agreed to share the above-disclosed compensation with any other person unless they are members and associates of my law firm.

I have agreed to share the above-disclosed compensation with a other person or persons who are not members or associates of my law firm. A copy of the agreement, together with a list of the names of the people sharing in the compensation, is attached.

5. In return for the above-disclosed fee, I have agreed to render legal service for all aspects of the bankruptcy case, including:

- a. Analysis of the debtor's financial situation, and rendering advice to the debtor in determining whether to file a petition in bankruptcy;
- b. Preparation and filing of any petition, schedules, statements of affairs and plan which may be required;
- c. Representation of the debtor at the meeting of creditors and confirmation hearing, and any adjourned hearings thereof;

DISCLOSURE OF COMPENSATION OF ATTORNEY FOR DEBTOR (Continued)

- d. Representation of the debtor in adversary proceedings and other contested bankruptcy matters;
- e. [Other provisions as needed]

6. By agreement with the debtor(s), the above-disclosed fee does not include the following services:

CERTIFICATION

I certify that the foregoing is a complete statement of any agreement or arrangement for payment to me for representation of the debtor(s) in this bankruptcy proceedings.

August 3, 2004

Date

/s/ Robert D. Albergotti

Signature of Attorney

Haynes and Boone, LLP

Name of law firm

In re: Schlotsky's, Inc.
74-2654208

Case No. _____
Chapter 11

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Name of creditor and complete mailing address including zip code	Name, telephone number and complete mailing address, including zip code, of employee, agent, or dept. of creditor familiar with claim who may be contacted	Nature of claim (trade debt, bank loan, government contract, etc.)	Indicate if claim is contingent, unliquidated, disputed or subject to setoff	Amount of claim (if secured also state value of security)
NS Associates I, Ltd 5760 LBJ Freeway Suite 625 Dallas, TX 75240	Morris Newberger Paul, Hastings, Janofsky & Walker LLP Carl T. Anderson 515 South Flower Street Twenty-Fifth Floor Los Angeles, CA 90071	Guarantee	Contingent, Unliquidated	17,560,202
General Electric Capital Business Asset Funding Corporation C-97550 Bellevue, WA 98009-7550	Stuart Adair Ph: 425-451-0090 Fax:	Guarantee	Contingent, Unliquidated, Disputed	13,087,871
US Restaurants Properties MLP 12240 Inwood Road Suite 3000 Dallas, TX 75244	Ron Dekelbaum Ph: 972-387-1487 Fax: 972-490-9119 Shannon Gracey Ratliff & Miller James R. Jordan 500 N. Akard Ste 2575 Dallas, TX 75201 Ph: 214-245-3090 Fax: 214-245-3097	Litigation	Contingent, Disputed, Unliquidated	5,913,904
Commerce National Bank, Division Of Lubbock National Bank 5300 Bee Caves Road Austin, TX 78746	Brannin Prideaux Ph: 512-347-1322 bprideaux@commercenatl.com	Guarantee	Contingent, Unliquidated	2,607,500
Merrill Lynch Business Financial Services Inc. 222 N. Lasalle, 17th Floor Chicago, IL 60601	Lynn Dugan (Credit Manager) Ph: 312-499-3273 Fax: 312-269-1378	Guarantee	Contingent, Unliquidated	2,373,865

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LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Thomas Development Corporation Douglas G. Thomas and Carolyn J. Thomas 3922-A Woodbury Drive Austin, TX 78704	Kasling, O'Toole, Hemphill & Dolezal, Llp R. Kemp Kasling 700 Lavaca St. Suite 1000 Austin, TX 78701 Ph: 512-472-6800 Fax: 512-472-6823	Guarantee, Purchase Agreement	Contingent, Unliquidated, Disputed	2,029,060
Kickapoo Investments, Ltd. 22539 Lynridge Dr San Antonio, TX 78258	Ellen H. De'elias	Guarantee	Contingent, Unliquidated	1,219,575
Sterling Enterprises, Inc. 500 Park Boulevard Ste. 800 Itasca, IL 60143	Larry Johnson Williams Hewitt & Robbins LLP J. Lee Robbins 600 N. Emerson Ave. PO Box 405 Greenwood, IN 46142 Ph: 317-888-1121 Fax: 317-887-4069	Purchase Agreement	Disputed	750,000
Antoniou, Sotiri 10537 Dorchester Way Woodstock, MD 21163		Guarantee	Contingent, Unliquidated	706,453
Commercial Net Lease Realty, Inc. 450 South Orange Avenue, Suite 900 Orlando, FL 32801	Vice President Of Operations stacey_bolon@cnlreit.com	Guarantee	Contingent, Unliquidated	600,600
New Florida Markets, Ltd. and Deli Keys, Ltd. 4806 Heatherbrook Dallas, TX 75244 Joe And Pam Russo 1750 Choctaw Trail Maitland, FL 32751	Frank Cole Zarco Einhorn & Salkowski Robert Zarco 100 S.E. 2nd Street Ste 2700 Miami, FL 33131 Ph: 305-374-5418 Fax: 305-374-5428	Guarantee	Disputed	600,000
Wiggin & Dana LLP One Century Tower PO Box 1832 New Haven, CT 06508-1832	Edward Wood Dunham Ph: 203-498-4400	Trade Payable		583,169

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LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Swiss Reinsurance Company 55 E. 52nd Street 43rd Floor New York, NY 10055	Robert D. Ellis robert_ellis@swissre.com	Trade Payable	Disputed	477,810
Central Carolina Bank and Trust Company 628 Green Valley Road Greensboro, NC 27408	Todd Rangel, First Vice President Ph: 336-373-5015 todd.rangel@ccbf.com Womble Carlyle Sandridge & Rice, PLLC Donald C. Lampe Wachovia Tower 300 North Greene Street Suite 1900 Greensboro, NC 27401 Ph: 336-574-8057 Fax: 336-574-4530 dlampe@wcsr.com	Guarantee	Contingent, Unliquidated	469,582
Jeff Johnson and Carol Johnson 2330 S. 75th Street Lincoln, NE 68506	Hohmann Taube & Sommers Eric Taube Jamie Rose 100 Congress Ave Ste 1600 Austin TX 78701 Ph: 512-472-5997 Fax: 512-472-5248 Zarco Einhorn & Salkowski Robert Zarco 100 S.E. 2nd Street Ste 2700 Miami, FL 33131 Ph: 305-374-5418 Fax:	Guarantee	Disputed	425,000
American Bank Of Commerce 522 Congress Avenue #100 Austin, TX 78701	Charlie Avant Ph: 512- 391-5500 Fax:	Note Payable		398,500

In re: Schlotzsky's, Inc.
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LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

CIT Small Business Lending Corporation 1 CIT Drive Livingston, NJ 07039	Ben Spoelstra Ph: 973-740-5000 ben.spoelstra@cit.com Holland & Knight, LLP Andrew L. Kerr 112 East Pecan Street Suite 2700 San Antonio, TX 78205 Ph: 210-229-3000 Fax: 210 229-1194	Guarantee	Contingent, Unliquidated	324,000
Standard Federal Bank N.A. PO Box 1707 Grand Rapids, MI 49501	Loan Officer PO Box 1707 Grand Rapids, MI 49501 Varnum, Riddering, Schmidt and Howlett LLP Randall J. Groendyk 333 Bridge St Grand Rapids, MI 49504 Ph: 616-336-6000 Fax:	Guarantee	Disputed	322,400
Andrews & Kurth LLP PO Box 2017850 Houston, TX 77216-1785	Andrews & Kurth LLP David Barbour 1717 Main St. Suite 3700 Dallas, TX 75201 Ph: 214-659-4444 Fax: 214-659-4764	Trade Payable		276,456
Village Plaza Associates 11400 S.E. 6th St. Bellevue, WA 98004		Guarantee	Contingent, Unliquidated	217,985

I, David Samuel Coats, the Chief Executive Officer of the Corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing list and that it is true and correct to the best of my information and belief.

Date: August 3, 2004

Signature: 
David Samuel Coats