

TRADEMARK ASSIGNMENT

Electronic Version v1.1  
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<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	BANKRUPTCY COURT ORDER APPROVING SALE OF ALL OR SUBSTANTIALLY ALL ASSETS RELATED TO THE GRANDY'S BUSINESS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
BET ASSOCIATES, L.P.		02/06/2007	LIMITED LIABILITY PARTNERSHIP: DELAWARE

**RECEIVING PARTY DATA**

<b>Name:</b>	GRANDY'S, INC.
<b>Street Address:</b>	997 GRANDY'S LANE
<b>City:</b>	LEWISVILLE
<b>State/Country:</b>	TEXAS
<b>Postal Code:</b>	75067
<b>Entity Type:</b>	CORPORATION: CALIFORNIA

**PROPERTY NUMBERS Total: 3**

Property Type	Number	Word Mark
Registration Number:	1362672	
Registration Number:	1376411	GRANDY'S
Registration Number:	2366475	HOMESTYLE IN A HURRY

**CORRESPONDENCE DATA**

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*Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.*

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CH \$90.00 1362672

ATTORNEY DOCKET NUMBER:	11629-3 PL
NAME OF SUBMITTER:	Patrick Lau
Signature:	/pl/
Date:	03/16/2012

**Total Attachments: 118**

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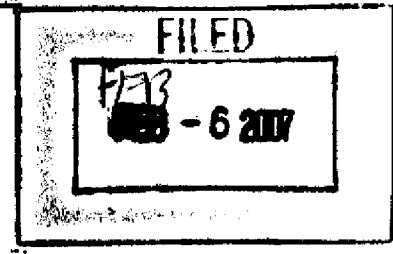


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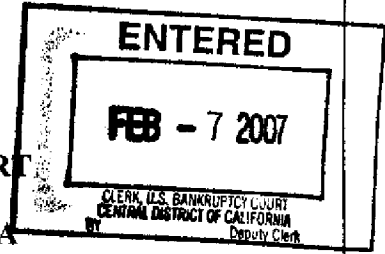
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ORIGINAL

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11 General Insolvency Counsel for Debtor  
12 And Debtor-in-Possession



13 UNITED STATES BANKRUPTCY COURT  
14 CENTRAL DISTRICT OF CALIFORNIA  
15 SANTA ANA DIVISION

16 <b>In re:</b>	)	Case No.: No. SA 06-11444 ES
17 <b>SPECTRUM RESTAURANT GROUP,</b>	)	
18 <b>INC., a Delaware corporation; GRANDY'S,</b>	)	<b>ORDER APPROVING SALE OF ALL OR</b>
19 <b>INC., a California corporation; SPOONS</b>	)	<b>SUBSTANTIALLY ALL ASSETS</b>
20 <b>RESTAURANTS, INC., a Texas</b>	)	<b>RELATED TO THE GRANDY'S</b>
21 <b>corporation; SPECTRUM FOODS, INC., a</b>	)	<b>BUSINESS FREE AND CLEAR OF ALL</b>
22 <b>California corporation, CRABBY BOB'S</b>	)	<b>LIENS, CLAIMS, ENCUMBRANCES,</b>
23 <b>FRANCHISE CORP., a California</b>	)	<b>AND INTERESTS AND (B)</b>
24 <b>corporation, LOCAL FAVORITE, INC., a</b>	)	<b>ASSUMPTION AND ASSIGNMENT OF</b>
25 <b>California corporation; Substantively</b>	)	<b>CERTAIN EXECUTORY CONTRACTS</b>
<b>consolidated reorganized debtors under</b>	)	<b>AND UNEXPIRED LEASES</b>
<b>Case No. SA 03-15911 ES,</b>	)	<b>INCIDENTAL THERETO</b>
	)	<b>HEARING:</b>
<b>Debtor and Debtor-in-</b>	)	<b>DATE: February 6, 2007</b>
<b>Possession.</b>	)	<b>TIME: 2:00 p.m.</b>
	)	<b>CTRM: 5D</b>

26 This matter came before this Court pursuant to the Court's previously approved sale  
27 procedures (the "Bid Procedures") and the Motion for Order Pursuant to 11 U.S.C. §§ 105 and  
28 363 Approving the Sale of Certain Assets Free and Clear of Liens, Claims and Encumbrances  
29 (the "Sale Motion") pursuant to 11 U.S.C. §§ 105(a), 363(b), (f), and (m), 365, and 1146(a) and

1 Bankruptcy Rules 2002 and 6004 filed by Spectrum Restaurant Group, Inc., Grandy's, Inc.,  
2 Spoons Restaurants, Inc., Spectrum Foods, Inc., Crabby Bob's Franchise Corp. and Local  
3 Favorite, Inc., substantively consolidated reorganized debtor under Case No. SA 03-15911 ES  
4 (collectively, the "Debtor"). The Court held a hearing on February 6, 2006 (the "Sale Hearing"),  
5 and considered the pleadings, the Asset Purchase Agreement by and between Souper Salad, Inc.  
6 (the "Buyer"), and the Debtor, and any exhibits thereto, (the "APA"),<sup>1</sup> a copy of which is  
7 attached as Exhibit 1, the arguments of counsel made and evidence submitted, proffered, or  
8 adduced at the Sale Hearing, after due deliberation and good and sufficient cause, hereby makes  
9 the following Finding of Fact and Conclusions of Law:  
10

11 FINDINGS OF FACT AND CONCLUSIONS OF LAW

12 Background

13 1. On August 29, 2006, the Debtor filed a voluntary petition under  
14 Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") and are operating as a  
15 Debtor-in-possession in the United States Bankruptcy Court for the Central District of  
16 California, Santa Ana Division (the "Court").

17 2. No trustee has been appointed in this Case. On September 15, 2006, the United  
18 States Trustee appointed an Official Committee of Unsecured Creditors in the Case.

19 3. On January 16, 2007, the Motion for entry of an order approving (1) overbid  
20 procedures, and (2) notice procedures for the sale of certain of the Debtors' assets related to its  
21 Grandy's ownership and franchise operation (the "Motion"), filed January 9, 2007, was approved  
22 by the Bankruptcy Court with limited modifications set forth on the record.  
23  
24

25 <sup>1</sup> All capitalized terms not otherwise defined shall have the meaning ascribed to them in the Asset Purchase Agreement.

1 **Jurisdiction**

2 4. This Court has jurisdiction to hear and to determine the Sale Motion and to grant  
3 the relief requested therein and in this Order (the "Sale Order") pursuant to 28 U.S.C. §§  
4 157(b)(1) and 1334(b). This matter is a core proceeding within the meaning of 28 U.S.C. §  
5 157(b)(2)(A), (N), and (O).

6 5. To the extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the  
7 Federal Rules of Civil Procedures, as made applicable by Bankruptcy Rule 7054, the Court  
8 expressly finds that there is no just reason for delay in implementing this Order.

9 6. The predicates for the relief sought herein are 11 U.S.C. §§ 105(a), 363, and 365  
10 of the Bankruptcy Code and Bankruptcy Rules 2002, 6006(a) and (c), and 9014.

11 **Marketing Efforts**

12 7. The Debtor, with the assistance of XRoads Solutions Group, LLC ("XRoads"),  
13 initiated a formal process to solicit potential buyers for the Purchased Assets. This process was  
14 reasonable and appropriate under the circumstances of the Bankruptcy Case, and resulted in the  
15 execution of an Asset Purchase Agreement by the Debtor and Jon Bangash to serve as a stalking-  
16 horse bid.

17 8. Pursuant to the Bid Procedures and the modifications of the bidding procedures  
18 stated on the record at the Auction, the Debtor was authorized to conduct a sale of the Assets.

19 9. The Debtor served notice of the Sale Motion, by first-class mail, postage prepaid,  
20 upon on all parties required by the Court's previously entered order limiting notice, other parties  
21 with whom the Debtors or XRoads negotiated a potential sale of the Assets over the past six (6)  
22 months; and taxing authorities asserting liens against the Purchased Assets.  
23  
24  
25

**The Auction**

1  
2 10. On February 5, 2007, the Debtor conducted the Auction. The Auction was non-  
3 collusive, fair, reasonable, and conducted in good faith.

4 11. Notice of the Motion, the Auction, and the Sale Hearing has been given in  
5 accordance with Bankruptcy Rules 2002 and 6004, and the Court's order limiting notice. The  
6 foregoing notice constitutes good, sufficient and adequate notice of the Sale Motion, the Auction  
7 and the Sale Hearing under the circumstances.

8 12. A reasonable opportunity has been afforded any interested party to make a higher  
9 and better offer for the Purchased Assets at the Auction or otherwise.

10 13. The offer submitted by the Buyer represents the highest and best offer received by  
11 the Debtor for the Purchased Assets at the Auction, and the Buyer was determined by the Debtor  
12 to be the highest and best bidder. The sale of the Purchased Assets pursuant to the Asset  
13 Purchase Agreement submitted by the Buyer (the "Agreement") is in the best interests of the  
14 Debtors' estate.

15 14. The Purchase Price pursuant to the Agreement is fair and reasonable and  
16 constitutes "fair consideration" and "reasonably equivalent value."

17 15. The transactions contemplated by the APA are undertaken by the Debtor and the  
18 Buyer at arm's length, without collusion, and in good faith within the meaning of §§ 363(m) and  
19 364(e) of the Bankruptcy Code, and such parties are entitled to the protections of §§ 363(m) and  
20 364(e) of the Bankruptcy Code. Except for the Assumed Obligations, the Buyer is not assuming  
21 any liabilities of the Debtor.

22 16. A sale of the Purchased Assets other than one free and clear of all liens, claims,  
23 encumbrances, and interests, other than the liens created by the Buyer, would adversely affect  
24  
25



1 the Debtor's estate by resulting in substantially less benefit to the Debtor's estate and the  
2 creditors thereof.

3 17. The decision is to assume and to assign the executory contracts included in the  
4 Purchased Assets (as defined in the Agreement, the "Contracts and Leases") is in the best  
5 interests of the Debtor's estate.

6 18. To the extent necessary, the Buyer has satisfied the requirements of § 365 of the  
7 Bankruptcy Code, including §§ 365(b)(1) and (f), regarding the sale, assumption, and assignment  
8 of Contracts and Leases.

9 19. The Buyer has demonstrated adequate assurance of future performance with  
10 respect to the Contracts and Leases.

11 20. Certain taxing authorities (the "Taxing Authorities") filed or otherwise asserted  
12 objections to the Motion. Such objections have been resolved either by this Order, by  
13 withdrawal, or by agreement.

14 21. The landlord of the Denton, Texas Grandy's location, RPI Denton, Inc. ("RPI  
15 Denton") objected to the Motion ("RPI Opposition"). The Debtor and RPI Denton have reached  
16 an agreement ("RPI Agreement") resolving all of their disputes with respect to the Motion and  
17 the RPI Opposition, as set forth in the Notice of Resolution of the RPI Opposition filed by the  
18 Debtor. The RPI Agreement is fair, reasonable, and in the best interest of the estate and its  
19 creditors, and is approved by the Court.

20 22. All other objections have been withdrawn or are overruled.

21  
22 ORDERS OF THE COURT

23 Based on the foregoing Findings of Fact and Conclusions of Law, IT IS HEREBY  
24 ORDERED:

1           23.    The Sale Motion, the Agreement, and the transactions contemplated thereby are  
2 hereby approved. All objections to the Sale Motion that have not been withdrawn by reason of  
3 the terms of this Sale Order are hereby overruled.

4           24.    Pursuant to Bankruptcy Code § 363(b), the Debtor is hereby authorized to sell the  
5 Purchased Assets (including the assignment of the Contracts and Leases) to the Buyer on the  
6 terms and subject to the conditions set forth in the Agreement, with such non-material  
7 modifications or non-material amendments as may be agreed to by the parties.

8           25.    The Debtor and the Buyer are hereby authorized to take all actions and execute all  
9 documents and instruments that the Debtor and the Buyer deem necessary or appropriate to  
10 implement and effectuate the transactions contemplated by the Agreement.

11           26.    Pursuant to Bankruptcy Code § 363(f), the sale of the Purchased Assets shall be  
12 free and clear of liens, claims and encumbrances, whether known or unknown, including,  
13 without limitation, the liens of any of the Debtor's creditors, vendors, suppliers, employees,  
14 executory-contract counterparties, lessors or Taxing Authorities, with all liens, claims and  
15 encumbrances (including in particular those of BET Associates, L.P. ("BET") and the applicable  
16 Taxing Authorities) transferring and attaching to the Purchase Price with the same validity,  
17 priority, force and effect that the liens had on any or all of the Purchased Assets immediately  
18 prior to Closing (as defined in the Agreement, the "Closing"), and the Buyer shall not be liable in  
19 any way (as successor entity or otherwise) for any claims that any of the foregoing parties or any  
20 other third party may have against the Debtors.

21           27.    Upon the Closing, pursuant to the Agreement and this Sale Order, each creditor,  
22 including BET and the Taxing Authorities, of the Debtor is authorized and directed to execute  
23 such documents and take all other action as may be necessary to release its liens on or security  
24 interest in the Purchased Assets, as may have been recorded or may otherwise exist.

25

1           28. This Sale Order: (a) shall be effective as a determination that, upon the Closing,  
2 all liens, claims and encumbrances existing in or to the Purchased Assets prior to the Closing  
3 have been unconditionally released, discharged, and terminated on the Purchased Assets with  
4 such liens, claims and encumbrances transferring and attaching to the Purchase Price, with the  
5 same validity, priority, force, and effect that the liens had on the Purchased Assets immediately  
6 prior to Closing, and that the conveyances described herein and in the Agreement have been  
7 effected; and (b) is and shall be binding on and govern the acts of all entities and persons,  
8 including, without limitation, all filing agents, filing officers, title agents, title companies,  
9 recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies,  
10 governmental departments, secretaries of state, federal, state, and local officials, and all other  
11 persons and entities who may be required by operation of law, the duties of their office, or  
12 contract to accept, file register or otherwise record or release any documents or instruments, or  
13 who may be required to report or insure any title or state of title in or to any of the Purchased  
14 Assets. The Debtor or the Buyer is hereby authorized to file, register, or otherwise record with  
15 any and all local and state taxing and other governmental authorities this Order, which shall  
16 constitute due and sufficient evidence that, upon the Closing, all liens existing as to the assets  
17 prior to and through the date of the Closing have been unconditionally released, discharged, and  
18 terminated as the Purchased Assets.  
19

20  
21           29. If any person or entity, including but not limited to BET, that has filed financing  
22 statements or other documents or agreements evidencing liens on the Purchased Assets shall not  
23 have delivered to the Buyer prior to the date of the Closing, in proper form for filing and  
24 executed by the appropriate parties, termination statements, instructions of satisfaction, releases  
25 of all liens or other interests that the person or entity has with the Purchased Assets, the Debtor

1 and the Buyer are hereby authorized to execute and file such statements, instruments, releases,  
2 and other documents on behalf of the person or entity regarding the Purchased Assets after the  
3 Closing.

4 30. Subject to the payment by the Buyer to the Debtor of the Purchase Price provided  
5 for in the Agreement, the sale of the Purchased Assets by the Debtor to the Buyer shall constitute  
6 a legal, valid, and effective transfer of the Purchased Assets and shall vest the Buyer with all  
7 right, title, and interest of the Debtor in and to the Purchased Assets free and clear of all liens,  
8 encumbrances, claims, and interests pursuant to § 363(f) of the Bankruptcy Code, effective as of  
9 the Closing with all such liens (including, in particular, those of the BET and the Taxing  
10 Authorities) transferring and attaching to the Purchase Price, with the same validity, priority,  
11 force, and effect that the liens had on the Purchased Assets immediately prior to the Closing.  
12

13 31. The sale constitutes a transfer of the Purchased Assets for reasonably equivalent  
14 value and fair consideration under the Bankruptcy Code and the laws of all applicable  
15 jurisdictions, including, without limitation, the laws of Texas.

16 32. The Buyer is hereby granted all of the protections provided to a good-faith  
17 purchaser under § 363(m) of the Bankruptcy Code and a good-faith creditor under section 364(e)  
18 of the Bankruptcy Code.

19 33. Pursuant to §§ 105(a) and 363 of the Bankruptcy Code, all Persons (as defined in  
20 § 101(41) of the Bankruptcy Code) are hereby enjoined from taking any action against the Buyer  
21 or the Buyer's affiliates to recover any claim that such person has solely against the Debtor (as it  
22 exists immediately prior to the Closing).  
23

24 34. Subject to the terms of the Agreement, the Debtor is authorized to assign and  
25 transfer to the Buyer all of the Debtor's estate's, rights, title, and interest (including common-law

1 rights) to all intangible property to be assigned and transferred to the Buyer under the  
2 Agreement.

3 35. All objections and responses concerning the Sale Motion are resolved in  
4 accordance with the terms of this Sale Order and as set forth in the record of the Sale Hearing  
5 and, to the extent any such objection or response was not otherwise withdrawn, waived, or  
6 settled, they are, and all reservations and rights therein are, overruled and denied.

7 36. The Debtor will reserve an amount of \$131,002.84 ("Reserve Amount") from the  
8 first proceeds of sale to secure the claims of Tax Authorities including without limitation Travis  
9 County and those represented by Linebarger, Goggan, Blair & Sampson, LLP; McCreary,  
10 Veselka, Brag & Allen, PC; the Law Offices of Robert E. Luna, P.C.; and Perdue, Brandon,  
11 Fielder, Collins & Mott, LLP. who assert liens secured by personal property. The Debtor will  
12 not allow the balance in its debtor-in-possession account to fall below the Reserve Amount  
13 absent a reduction in the Reserve Amount as provided herein or by order of the Bankruptcy  
14 Court.  
15

16 37. The liens of these Tax Authorities shall attach to the Reserve Amount to the same  
17 extent and with the same validity and priority they currently hold on the Debtor's assets being  
18 sold. The Reserve Amount shall be in the nature of adequate protection for the alleged secured  
19 claims of the Tax Authorities, and shall constitute neither the allowance of their claims nor a cap  
20 on the amounts they may be entitled to be paid from the proceeds of the sale of their collateral.  
21 The claims and liens of the Tax Authorities shall remain subject to all defenses that might  
22 otherwise exist as to the validity, extent or priority of their liens, and no funds shall be  
23 distributed from this Reserve Amount apart from agreement between the Debtor, the Committee,  
24 BET, and the Tax Authorities, other than by subsequent Order of the Court, upon notice to the  
25

1 Tax Authorities, BET, and the Committee. Any dispute over the amounts of the claims of the  
2 Tax Authorities' and/or the validity, extent, or priority of the liens asserted may be resolved by  
3 noticed motion.

4 38. The Buyer has not assumed or otherwise become obligated for any of the  
5 Debtors' or the Debtors' estate's liabilities other than the Assumed Obligations as expressly set  
6 forth in the Agreement, and the Buyer has not purchased any of the Excluded Assets (as defined  
7 in the Agreement). Anything to the contrary in this Sale Order or the Agreement  
8 notwithstanding, Buyer shall be liable to the landlords under the assigned Leases for real  
9 property taxes, common area maintenance (CAM) charges and other accrued monetary  
10 obligations under the assigned Leases, for the period beginning January 1, 2007, and also with  
11 respect only to real property taxes that are assessed on the basis of a non-calendar year tax year  
12 ending after January 1, 2007 (such as a July 1, 2006 through June 30, 2007 tax year), the real  
13 property taxes for that tax year, which obligations shall be prorated between Buyer and Seller as  
14 of the Closing in accordance with the Agreement.  
15

16 39. Consequently, all holders of liabilities retained by the Debtor are hereby enjoined  
17 from asserting or prosecuting any Claim (as defined in § 101(5) of the Bankruptcy Code) or  
18 cause of action against the Buyer or the Purchased Assets to recover on account of any liabilities  
19 other than Assumed Obligations (as defined in the Agreement) pursuant to the Agreement or  
20 other than pursuant to this Order. All persons having any interest in the Excluded Assets are  
21 hereby enjoined from asserting or prosecuting any claim or cause of action against the Buyer for  
22 any liability associated with the Excluded Assets.  
23

24 40. The assumption and assignment of the Contracts and Leases is approved pursuant  
25 to §§ 363 and 365 of the Bankruptcy Code.

1           41.     The Debtor shall pay counterparties to the Contract and Leases necessary cure  
2 amounts in accordance with § 365 of the Bankruptcy Code and the Agreement. These cure  
3 amounts shall be deemed the entire cure obligation of the Debtor due and owing under § 365 of  
4 the Bankruptcy Code, and, upon payment of such amounts, no other amounts will be owed by  
5 the Debtor on the Contracts and Leases.

6           42.     The Buyer shall assume all of the Debtor's obligations arising under the Assumed  
7 Obligations. Upon assumption and assignment of any Contracts and Leases, the Debtor and the  
8 Debtor's estate shall be relieved of any liability for breach of such Obligations occurring after  
9 such assignment pursuant to § 365(k) of the Bankruptcy Code.

10           43.     The Buyer has provided adequate assurance of its future performance under the  
11 Contracts and Leases and the proposed assumption and assignment of the Contracts and Leases  
12 satisfies the requirements of the Bankruptcy Code including, among other things, §§ 365(b)(1)  
13 and (3) and 365(f) of the Bankruptcy Code to the extent applicable.

14           44.     The Contracts and Leases are valid and binding, in full force and effect, and  
15 enforceable in accordance with their terms.

16           45.     There shall be no rent accelerations, assignment fees, transfer fees, increases,  
17 security deposits, or any other fees charged to the Buyer as a result of the assignment of the  
18 Contracts and Leases.

19           46.     Any provision in any Contracts and Leases that purports to declare a breach of  
20 default as a result of a change of control is unenforceable, and all Contracts and Leases shall  
21 remain in full force and effect. No section or provision of any Contracts and Leases that purport  
22 to (a) prohibit, restrict or condition the Debtor's assignment of the Contracts and Leases,  
23 including, without limitation, the conditioning of such assignment on the consent of the non-  
24  
25

1 debtor third party to such Contracts and Leases; (b) authorize the dissolution, cancellation, or  
2 modification of the Contracts and Leases based on the filing of a bankruptcy case, the financial  
3 condition of the Debtor, or similar circumstances; or (c) provide for additional payments,  
4 penalties, charges, or other financial accommodations in favor of the non-debtor third party to  
5 the Contracts and Leases upon the occurrence of the conditions set forth above, shall have any  
6 force and effect regarding the sale of the Purchased Assets and assignments authorized by this  
7 Order, and such provisions constitute unenforceable anti-assignment provisions under § 365(f) of  
8 the Bankruptcy Code and/or are otherwise unenforceable under §§ 105 and 365(e) of the  
9 Bankruptcy Code.  
10

11 47. All parties to the Contracts and Leases are forever barred and enjoined from  
12 raising or asserting against the Buyer or the Debtor any assignment fee, security deposits,  
13 default, or breach under, or any claim or pecuniary loss, or condition to assignment, arising  
14 under or related to the Contracts and Leases existing as of the Closing or arising by reason of the  
15 Closing.

16 48. Upon assignment to the Buyer, the Contracts and Leases shall be deemed valid  
17 and binding, in full force and effect in accordance with the terms, subject to the provisions of this  
18 Sale Order and, pursuant to § 365(k) of the Bankruptcy Code, the Debtor and the Debtor's estate  
19 shall be relieved from any further liability after such assignment.  
20

21 49. Pursuant to §§ 363(b), 363(f), 365(a), 365(b) and 365(f) of the Bankruptcy Code,  
22 the assumption, the assignment, and the sale to the Buyer of the Contracts and Leases shall be  
23 effective as of Closing.

24 50. If a dispute exists as of the Closing between the Debtor and any party to the  
25 Contracts and Leases as to whether such agreement constitutes a "true" personal property lease



1 or a financing agreement pursuant to the provisions of § 1.203 of the Uniform Commercial Code,  
2 the Buyer shall receive either (a) transfer of title to the assets described in such agreement  
3 subject to dispute, free and of all liens, claims, and encumbrances pursuant to § 365 of the  
4 Bankruptcy Code or (b) an assignment of such agreement pursuant to § 365 of the Bankruptcy  
5 Code, upon final determination by the Court; provided however, that pending such determination  
6 by the Court, the Buyer shall be entitled to possession and control of the assets described in such  
7 agreement(s) subject to dispute.  
8

9 51. Notwithstanding the Agreement, if the sale to Buyer fails to consummate by the  
10 Outside Date (as defined in the Agreement), the bid of Jon Bangash ("Back-Up Bidder") in the  
11 amount of \$6,450,000, which was the second highest and best bid at the Auction, shall be  
12 deemed to be the new successful bid and the Debtor will be required, to consummate the sale  
13 with Jon Bangash without further order of the Bankruptcy Court. If the failure to consummate  
14 the sale to Buyer was because of a breach or failure to perform on the part of Buyer, the  
15 defaulting Buyer's deposit shall be forfeited to the Debtor, and the Debtor specifically reserves  
16 the right to seek all available damages against the defaulting Buyer. The new successful bidder,  
17 Jon Bangash, shall be required to close the sale on the terms set forth in the Asset Purchase  
18 Agreement between the Debtor and Jon Bangash, and pursuant to this Order, within the earlier of  
19 10 days: (1) after the Outside Date; or (2) the date of termination of the initial successful bidder's  
20 rights; or such later date, if extended by the Debtor in its sole and absolute discretion, which is  
21 not more than 25 days after the Outside Date. The Back-Up bidder has demonstrated adequate  
22 assurance of future performance on the Contracts and Leases and has met all the requirements set  
23 forth in 11 U.S.C. § 365, and is a good faith purchaser within the meaning of §§ 363(m) and  
24  
25

1 364(e) of the Bankruptcy Code, and is entitled to the protections of §§ 363(m) and 364(e) of the  
2 Bankruptcy Code if he becomes the successful bidder.

3 52. The deposit submitted by the Back-Up Bidder shall be held by the Debtor until  
4 after the Closing of the sale to the Buyer. If the Back-Up Bidder becomes the successful bidder  
5 and fails to Close the sale, then the Debtor shall retain the Back-Up Bidder's deposit.

6 53. This Court shall retain exclusive jurisdiction to interpret and enforce the  
7 provisions of the Agreement, the Sale Order and this Order in all respect and further to hear and  
8 determine any and all disputes between the Debtor and the Buyer, protecting the Buyer against  
9 any liens, claims, interests, obligations, and encumbrances against the Debtor or the Debtor's  
10 estate or the Assets, and any non-debtors party to, among other things, any Assumed Contracts  
11 and Leases concerning, among other things, the Debtor's assumption and assignment thereof to  
12 the Buyer under the Agreement; provided, however, that if the Court abstains from exercising or  
13 declines to exercise such jurisdiction or is without jurisdiction regarding the Agreement, the Bid  
14 Procedures or this Sale Order, such abstention, refusal, or lack of jurisdiction shall have no effect  
15 on, and shall not control, prohibit, or limit the exercise of jurisdiction of any other court having  
16 competent jurisdiction with any such matter.

17  
18 54. The provisions of this Order are non-severable and mutually dependent.

19 55. This Order shall inure to the benefit of the Buyer, the Debtor, and their respective  
20 successors and assigns, including, without limitation, to any trustee that may be appointed in this  
21 case and shall be binding on any trustee, party, entity or fiduciary that may be appointed with  
22 these cases or any other or further cases involving the Debtor, whether under chapter 7 or chapter  
23 11 of the Bankruptcy Code.  
24  
25

1 56. Each and every federal, state, and local governmental agency or department is  
2 hereby directed to accept any and all documents and instructions necessary and appropriate to  
3 consummate the transactions contemplated by the Agreement and this Order.


4 57. This Order constitutes a final and appealable order within the meaning of 28  
5 U.S.C. § 158(a). This Order shall be effective and enforceable immediately upon entry, its  
6 provisions shall be self-executing, and the automatic stay of orders authorizing the sale, use, or  
7 lease of property of the estate, as set forth in Bankruptcy Rule 6004(g) shall not apply to this  
8 Order.

9  
10 58. To the extent anything in this Order conflicts with the Agreement, this Order  
11 governs.

12 59. Except as set forth in the order approving Debtor's Motion for Order Authorizing  
13 Use of Cash Collateral of Secured Claimant filed on January 9, 2007, the net proceeds of the sale  
14 shall be held by the Debtor in a segregated account and not used by the Debtor other than with  
15 BET's consent and/or pursuant to a further order of the Court. However, provided Jon Bangash  
16 is not the successful bidder and he is not in default of his obligations under the asset purchase  
17 agreement between the Debtor and him ("Bangash APA"), the break-up fee provided for in the  
18 Bangash APA shall be paid out of the proceeds of the sale.

19 ### END OF ORDER ###

20 DATED: 2/6/07

  
21 THE HONORABLE ERITHE A. SMITH  
22 United States Bankruptcy Judge  
23  
24  
25



**AMENDED AND RESTATED  
ASSET PURCHASE AGREEMENT  
(Grandy's Restaurants)**

THIS AMENDED AND RESTATED ASSET PURCHASE AGREEMENT (this "Agreement") is made, executed and entered into as of this \_\_\_\_ day of February, 2007 (the "Execution Date"), by and between the following persons (each individually, a "Party", and collectively, the "Parties"):

Souper Salad, Inc., a Texas corporation, or its designee pursuant to Section 6.15 ("Buyer"); and

SPECTRUM RESTAURANT GROUP, INC., a Delaware corporation; GRANDY'S, INC., a California corporation; SPOONS RESTAURANTS, INC., a Texas corporation; SPECTRUM FOODS, INC., a California corporation; CRABBY BOB'S FRANCHISE CORP., a California corporation; and LOCAL FAVORITE, INC., a California corporation (each, individually, a "Seller", and, collectively, the "Sellers"); Substantively consolidated reorganized debtors under Case No. SA 03-15911 ES, as the Debtor and Debtor-In-Possession in that certain Chapter 11 bankruptcy case filed in the United States Bankruptcy Court, Central District of California, Santa Ana Division (the "Bankruptcy Court"), as Case No. SA 06-11444 ES (the "Bankruptcy Case").

This Agreement amends and restates in its entirety that certain Asset Purchase Agreement executed by Buyer and submitted to Sellers on January 31, 2007.

**RECITALS:**

A. Sellers are engaged in the business of developing, owning, operating, managing and franchising restaurants and developing restaurant concepts. A portion, but not substantially all, of the Sellers' business involves the development, marketing, management, franchise management and operation of "Grandy's" restaurants (the "Grandy's Business").

B. Buyer wishes to purchase from each Seller, and each Seller wishes to sell to Buyer, pursuant to Section 363(b) and (f) of Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), certain rights, titles and interests of each Seller relating to the Grandy's Business, for the consideration, on the terms and subject to the conditions set forth in this Agreement.

C. Section 7.1 of this Agreement, entitled "Definitions", identifies capitalized words and phrases that have specifically assigned meanings for the purposes of this Agreement.

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound by this Agreement, hereby covenant, agree, warrant, represent and declare as follows:

**Section 1.**

**Purchased Assets and Assumed Obligations**

1.1. **Purchased Assets.** The assets to be sold, assigned and conveyed by Sellers to Buyer pursuant to this Agreement: (a) expressly exclude all the Excluded Assets, (b) will include an asset that is the subject of a Lease or Contract only if the corresponding Lease or Contract is

assumed by Buyer at Closing, and (c) except as set forth in the preceding clauses (a) and (b), will consist of all rights, titles and interests of each Seller, in and to the assets described in this Section 1.1 (collectively, the "**Purchased Assets**"). Subject to the terms and conditions set forth herein and in the Approval Order, each Seller will, at the Closing, sell, transfer, convey, assign and deliver to Buyer all of such Seller's right, title and interest in and to all of the Purchased Assets free and clear of all liens, claims, interests and encumbrances (other than the Assumed Obligations) pursuant to 11 U.S.C. § 363(f).

**1.1.1. Franchise Restaurants.** The restaurants ("**Franchise Restaurants**") described on Schedule 1.1.1, including the rights, titles and interests of each applicable Seller as the:

- (a) Subject to Section 2.1.2, Franchisor under the franchise agreements ("**Franchise Agreements**") described on Schedule 1.1.1(a), together with all rights, titles and interested of each applicable Seller under each other agreement described on Schedule 1.1.1(a);
- (b) Subject to Section 2.1.2, Lessee under the real property leases ("**Franchise Restaurant Real Property Leases**") described on Schedule 1.1.1(b). For the avoidance of doubt, the Franchise Restaurant Real Property Leases shall not include the Franchise Restaurant Real Property Leases for the following four (4) locations (the "**Excluded Locations**"): (A) Store 2004 located at 1400 West Pioneer Street, Irving, Texas (B) Store 2038 located at 1907 South Buckner St., Dallas, Texas, (C) Store 2073 located at 4233 East Lancaster, Fort Worth, Texas and (D) Store 2047 located at 800 South Broadway, Edmond, Oklahoma;
- (c) Sublessor under the real property subleases ("**Franchise Restaurant Real Property Subleases**") described on Schedule 1.1.1(c);
- (d) Lessee under the equipment leases and other personal property leases ("**Franchise Restaurant Equipment Leases**"), if any, described on Schedule 1.1.1(d);
- (e) Sublessor under the equipment subleases and other personal property subleases ("**Franchise Restaurant Equipment Subleases**"), if any, described on Schedule 1.1.1(e);
- (f) Owner of the equipment, fixtures, trade fixtures, furniture and furnishings ("**Franchise Restaurant Equipment**"), if any, that are owned by any Seller and either located within a Franchise Restaurant, ordered by any Seller in the ordinary course prior to Closing for delivery to and use within a Franchise Restaurant, or used primarily in the management and operation of the Franchise Restaurants, including the equipment, fixtures, trade fixtures, furniture and furnishings, if any, described on Schedule 1.1.1(f); and
- (g) Owner of the building in which any Franchise Restaurants is located, if and the extent, if any, that any Seller has any such ownership interest.

**1.1.2. Prototype Restaurant.** The prototype restaurant and menu development and training facility ("**Prototype Restaurant**") located at 401 Stemmons, in the City of Lewisville, State of Texas, including the rights, titles and interests of each Seller as the:

- (a) Lessee under the real property lease ("**Prototype Restaurant Real Property Lease**") described on Schedule 1.1.2(a);
- (b) Lessee under the equipment leases and other personal property leases ("**Prototype Restaurant Equipment Leases**"), if any, described on Schedule 1.1.2(b);
- (c) Vendee under the purchase orders, supply contracts, manufacturing contracts and other agreements ("**Prototype Restaurant Contracts**"), if any, described on Schedule 1.1.2(c);
- (d) Owner of the equipment, fixtures, trade fixtures, furniture and furnishings ("**Prototype Restaurant Equipment**") that are owned by any Seller and either located within the Prototype Restaurant or used primarily in the management and operation of the Prototype Restaurant, including the equipment, fixtures, trade fixtures, furniture and furnishings, if any, described on Schedule 1.1.2(d);
- (e) Owner of the inventory, materials, supplies and work in progress ("**Prototype Restaurant Inventory**") that are owned by any Seller and either located within the Prototype Restaurant, ordered by any Seller in the ordinary course prior to Closing for delivery to and use at the Prototype Restaurant, or used primarily in the management, operation and conduct of the Prototype Restaurant, including the inventory, materials, supplies and work in progress, if any, described on Schedule 1.1.2(e);
- (f) Owner of \$1,000.00 in cash ("**Prototype Restaurant Operating Cash**"), which amount shall be left by Sellers at the Prototype Restaurant upon Closing for use by Buyer in making change for customer cash transactions following Closing (and all cash of Sellers in excess of that amount, if any, located at the Prototype Restaurant at Closing will be delivered to Sellers promptly following Closing); and
- (g) Owner of the building in which the Prototype Restaurant is located, if and the extent, if any, that Seller has any such ownership interest.

**1.1.3. Office Facilities.** The office facilities ("**Office Facilities**") located at 401 East Corporate Drive, Suite 244, Lewisville, Texas 75057, excluding the premises in which the Office Facilities are located ("**Office Premises**") and the Real Property Lease for the Office Premises ("**Office Real Property Lease**") described on Schedule 1.1.3, but including the rights, titles and interests of each Seller as the:

- (a) Lessee under the equipment leases and other personal property leases ("**Office Equipment Leases**"), if any, described on Schedule 1.1.3(a);
- (b) Vendee under the purchase orders, supply contracts and other agreements ("**Office Contracts**"), if any, described on Schedule 1.1.3(b); and

- (c) Owner of the computers, copiers, equipment, fixtures, trade fixtures, furniture, furnishings and supplies ("**Office Equipment and Supplies**") that are owned by any Seller and either located at the address shown immediately above, ordered by any Seller in the ordinary course prior to Closing for delivery to and use at that address, or used primarily in the management of the Grandy's Business, including the items, if any, described on Schedule 1.1.3(c).

**1.1.4. Managed Restaurants.** As of Execution Date, the applicable Seller is managing the restaurants ("**Managed Restaurants**"), if any, described on Schedule 1.1.4, which are owned either by a Seller or by a third party institutional lender ("**Lender**"), as set forth on said Schedule 1.1.4. Sellers intend to sell prior to Closing any Managed Restaurants owned by any Seller, and Sellers anticipates that Lender will sell prior to Closing any Managed Restaurants owed by Lender. If a Managed Restaurant (whether owned by a Seller or Lender) is sold prior to Closing, then upon such sale, (1) Sellers will permit the assumption of the Franchise Agreement for the Managed Restaurant by the purchaser of the Managed Restaurant (or Sellers will enter into a new Franchise Agreement with the purchaser of the Managed Restaurant, which new Franchise Agreement shall provide for royalty payments to the franchisor on terms no less favorable to the franchisor than the currently prevailing royalty payments negotiated by Sellers with their franchisees and which new Franchise Agreement will otherwise contain terms and provisions not materially different from those of the other Franchise Agreements; provided, however, that notwithstanding the foregoing any new Franchise Agreement entered into with the purchaser(s) of Store 2598 located at 1050 South Freeway, Ft. Worth, Texas, Store 2596 located at 7201 Highway 80 West, Ft. Worth, Texas and /or Store 2594 located at 3255 Pleasant Run, Lancaster, Texas may provide for royalty payments to the franchisor on terms no less favorable to the franchisor than 3% for the first two years of the agreement and 5% for the remainder of the agreement), (2) the seller of the Restaurant (whether a Seller or Lender) will receive and retain the proceeds of the sale (regardless of whether such proceeds are paid in the form of cash, one or more promissory notes, or otherwise), (3) the Managed Restaurant will be deemed a Franchise Restaurant for all purposes relating to this Agreement, (4) the Franchise Agreement for the Managed Restaurant will be deemed a Franchise Agreement for all purposes relating to this Agreement, and (5) the Purchased Assets will include the rights, titles and interests of any Seller as the:

- (a) Franchisor under the Franchise Agreement for the Restaurant;
- (b) Lessee under the real property lease for the Restaurant, if any, described on Schedule 1.1.4(b), if following such sale a Seller is the lessee under such lease, in which event such lease will be deemed a Franchise Restaurant Real Property Lease for all purposes relating to this Agreement;
- (c) Sublessor under the real property sublease for the Restaurant, if any, described on Schedule 1.1.4(c), if following such sale a Seller is the sublessor under such sublease, in which event such sublease will be deemed a Franchise Restaurant Real Property Sublease for all purposes relating to this Agreement;
- (d) Lessee under the equipment leases and other personal property leases for the Restaurant, if any, described on Schedule 1.1.4(d), in which event



such equipment leases and other personal property leases will be deemed Franchise Restaurant Equipment Leases for all purposes relating to this Agreement;

- (e) Sublessor under the equipment subleases and other personal property subleases for such Restaurant, if any, described on Schedule 1.1.4(e), in which event such equipment subleases and other personal property subleases will be deemed Franchise Restaurant Equipment Subleases for all purposes relating to this Agreement; and
- (f) Owner of the equipment, fixtures, trade fixtures, furniture and furnishings for such Restaurant, if any, that are owned by any Seller and either located within the Restaurant, ordered by a Seller in the ordinary course prior to Closing for delivery to and use at such Restaurant, or used primarily in the management and operation of the Restaurant, including the equipment, fixtures, trade fixtures, furniture and furnishings, if any, described on Schedule 1.1.4(f), in which event such equipment, fixtures, trade fixtures, furniture and furnishings will be deemed Franchise Restaurant Equipment for all purposes relating to this Agreement;

However, if as of Closing, a Seller is still operating any Managed Restaurant (whether owned by a Seller or any such lender), then the Purchased Assets will include, with respect to any such Restaurant, in addition to the rights, titles and interests of each Seller of the types described in sub-paragraphs (a) through (f) of this Section 1.1.4 as they relate to any such Restaurant, the rights, titles and interests of each Seller as the:

- (g) Manager, if the Restaurant is owned by the lender as of the date of Closing, under the Management Agreement between the applicable Seller and the lender ("**Managed Restaurant Management Agreement**") for such Restaurant, as described on Schedule 1.1.4(g);
- (h) Vendee under the purchase orders, supply contracts, manufacturing contracts and other agreements for the Restaurant, if any, described on Schedule 1.1.4(h), and any such purchase orders, supply contracts, manufacturing contracts and other agreements will be deemed Prototype Restaurant Contracts for all purposes relating to this Agreement; and
- (i) Owner of the inventory, materials, supplies and work in progress for the Restaurant, if any, that are owned by a Seller and either located within the Restaurant, ordered by a Seller in the ordinary course prior to Closing for delivery to and use at the Restaurant, or used primarily in the management and operation of the Restaurant, including the inventory, materials, supplies and work in progress, if any, described on Schedule 1.1.4(i), and any such inventory, materials, supplies and work in progress will be deemed Prototype Restaurant Inventory for all purposes relating to this Agreement;

**1.1.5. Personal Property Related Primarily to the Grandy's Business.** Any rights, titles and interests of each Seller in and to the tangible and intangible personal property (including intellectual property) (collectively, the "**Personal Property**") that either (a) owned by any Seller or (b) to the extent set forth on Schedule 1.1.14, licensed to any Seller and, in each case, used by any Seller primarily in the operation of the

Grandy's Business, including, without limitation, any goodwill, patents, patent disclosures, processes, trademarks, trade dress, trade names, service marks, logos, copyrights and mask works, and all registrations, applications, extensions, renewals and goodwill associated with the foregoing, recipes, menus, catalogues, data, manuals, advertising materials, vendor and supplier lists and files, computers, software programs (including source and object codes), computer data bases, inventions, discoveries, trade secrets, know-how and confidential business information (including information concerning products, product specifications, data, formulae, compositions, designs, sketches, photographs, graphs, drawings, samples, inventions, discoveries, ideas, past, current and planned research and development, current and planned methods, processes and systems (including Grandy's franchise processes and systems), current and anticipated customer requirements, price lists, market studies, business plans, business opportunities, and financial data), telephone facsimile, cable or similar numbers used by any Seller, internet web sites and domain names and internet website addresses.

**1.1.6. Deposits.** All rights, titles and interests of each Seller in and to (a) the security deposits, prepaid rent, utility deposits and other deposits, if any (collectively, "**Paid Deposits**"), set forth on Schedule 1.1.6, which were deposited or paid by or for the benefit of any Seller and not previously applied against the obligations to be secured thereby and (b) subject to the provisions of Section 2.1.1, any deposits or prepayments made with any Seller in respect of the Grandy's Business, including without limitation any Received Deposits, by any franchisee or vendor of any Seller or by any other Person;

**1.1.7. Accounts Receivable.** All franchise fees and other accounts receivable ("**Accounts Receivable**") of the types set forth on Schedule 1.1.7 that are owed to any Seller pursuant to the Franchise Agreements as of the Closing;

**1.1.8. Promissory Notes.** All promissory notes ("**Promissory Notes**") described on Schedule 1.1.8;

**1.1.9. Certain Insurance Claims.** Any rights, titles and interests of each Seller in and to any insurance proceeds or insurance claims ("**Assigned Insurance Claims**"), if any, required to be assigned to Buyer at Closing pursuant to Section 6.2;

**1.1.10. Rights to Non Cross-Over Assets and to Assigned Cross-Over Assets.** All Cross-Over Assets and any rights, titles and interests of any Seller in and to any Non Cross-Over Assets required to be assigned to Buyer at Closing pursuant to Section 1.3.2;

**1.1.11. Permits.** Any and all permits, approvals, franchises, licenses or rights granted by any governmental authority and related to the Grandy's Business, to the extent transferable to Buyer;

**1.1.12. Warranty Claims.** Any and all claims or warranty claims by any Seller related to the Purchased Assets and all benefits of any warranties on the Purchased Assets; and

**1.1.13. Additional Items.** Any and all purchase order forms, forms, labels, stationery, shipping materials, catalogues, brochures, art work, photographs and advertising materials which relate primarily to the Grandy's Business.

**1.1.14. IP License Agreements.** All rights, titles and interests of each applicable Seller as the licensee under each Intellectual Property license agreement, if any, described on Schedule 1.1.14 (collectively, the "IP Licenses").

**1.1.15. Other Assets.** Subject to the provisions of Section 2.1.1, (a) all utility deposits and other deposits, security and collateral of any kind, including cash deposits, letters of credit and other collateral and (b) all prepaid expenses, deferred charges, deposits and prepaid items associated with the Purchased Assets;

**1.2. Excluded Assets.** Notwithstanding anything to the contrary in this Agreement, express or implied, the Purchased Assets exclude the following (collectively, the "Excluded Assets"):

- (a) All rights, titles and interests of each Seller under this Agreement including all consideration (including cash and non-cash consideration) payable or deliverable to any Seller and all obligations to be performed for the benefit of any Seller pursuant to the terms and provisions of this Agreement;
- (b) All securities, whether capital stock or debt (but specifically excluding the Promissory Notes), of any Seller or any other entity;
- (c) Except as set forth in Section 1.1.2(f), all cash and cash equivalents;
- (d) Except as set forth in Section 1.3 and Section 1.1.6 all assets of each Seller of any kind or nature, whether tangible or intangible, that are (i) not specifically identified as Purchased Assets and (ii) related primarily to, or are used or employed primarily in connection with, any business or business operations or business opportunities of Sellers other than the Grandy's Business;
- (e) Except as set forth in Section 1.1.9, all insurance proceeds, claims and causes of action;
- (f) All Non Cross-Over Assets and any rights, titles and interests of Buyer in and to any Cross-Over Assets required to be assigned to Sellers at Closing pursuant to Section 1.3.1;
- (g) All rights and claims in or to any refunds or credits of or with respect to any taxes, assessments or similar charges paid by or on behalf of any Seller, in each case to the extent applicable to any period prior to Closing;
- (h) All software or other item of intangible property held by any Seller pursuant to a license or other Contract where Buyer does not assume the underlying Contract relating to such software or other item of intangible personal property at Closing;
- (i) Subject to Section 6.26, all tax records, minute books, stock certificates, stock transfer books and corporate seals of each Seller;
- (j) All letters of credit or similar financial accommodations issued to any third party(s) for the account of any Seller;

- (k) All rights, claims and causes of action of any Seller against current and former shareholders, principals, members, managers, directors, officers, agents, employees, representatives, accountants, advisors and attorneys of such Seller;
- (l) Any materials containing privileged communications or information about employees, disclosure of which would violate an employee's reasonable expectation of privacy;
- (m) All debts and obligations of any kind owed to any Seller by any Person that directly or indirectly controls, is controlled by, or is under common control with, such Seller (excluding any Promissory Notes and any other obligations under any Contract or Lease);
- (n) All attorney-client privileges held by or intended to benefit any Seller, and all work product and other materials which are subject to the attorney-client privilege or any other privilege of confidentiality, including pursuant to any confidentiality agreement;
- (o) All actions, causes of action, claims and defenses of any kind or nature, including all actions, causes of action, claims and defenses of any kind or nature against the principals, shareholders, directors, officers, employees, agents, representatives, attorneys, accountants and consultants of any Seller, and any preference or avoidance claims or actions of any Seller including any claims or actions arising under Sections 544, 547, 548, 549, and 550 of the Bankruptcy Code);
- (p) All rights and interests of the applicable Seller as the lessee under the Office Real Property Lease; and
- (q) All rights and interests of the applicable Seller as the lessee under the real property leases for the Excluded Locations.

If the Bankruptcy Court fails to approve the assignment to Buyer of any Lease or Contract contemplated to be assigned to Buyer pursuant to this Agreement solely by reason of a failure by Buyer to provide adequate assurance of future performance as required by the Bankruptcy Code, and Buyer nonetheless elects to proceed with the sale notwithstanding such failure, then any such Lease or Contract will be an Excluded Asset.

### 1.3. Cross-Over Assets.

1.3.1. For purposes of this agreement, the term "Cross-Over Assets" means all computers, electronic databases and software programs that are used primarily, but not exclusively, in the Grandy's Business. All such Cross-Over Assets are identified on Schedule 1.3, and are included in the Purchased Assets. Buyer agrees that if and to the extent that the any licenses and license agreements for any software programs that constitute Cross-Over Assets allow Buyer to transfer to any Seller a concurrent right to use such software programs while Buyer still retains the full unabridged title and right to use such software programs to manage and operate the Grandy's Business, then Buyer will transfer such concurrent right to the applicable Seller upon Closing. Prior to Closing, Sellers may, at their sole cost and expense, cause (a) any portion of any electronic data bases that constitute Cross-Over Assets to be copied onto an appropriate

electronic media, such as to computer disk, zip drive or free-standing hard drive, and such electronic copy may be retained by Sellers and (b) a copy of any such information to be printed prior to Closing and retained by Sellers. Sellers and Buyer will each exercise and cause to be exercised reasonable prudence to maintain the confidentiality of any confidential information of the other contained in any such electronic data bases that constitute Cross-Over Assets. Sellers agree not to use any information contained in the Cross-Over Assets that relates solely to the Grandy's Business for any purpose other than (a) the prosecution of causes of action reasonably related to the Bankruptcy Case, (b) the analysis or defenses of claims reasonably related to the Bankruptcy Case or (c) for any other purpose reasonably related to the Bankruptcy Case. The provisions of this Section 1.3.1 shall survive Closing.

**1.3.2.** For purposes of this agreement, the term "**Non Cross-Over Assets**" means all computers, electronic databases and software programs that are owned by Sellers but not used primarily or exclusively in the Grandy's Business. Sellers agree that if and to the extent that the licenses and license agreements for any such software programs allow a Seller to transfer to Buyer a concurrent right to use such software programs while such Seller still retains the full unabridged title and right to use such software programs to manage and operate any businesses of such Seller that are not part of the Grandy's Business, then such Seller will transfer such concurrent right to the Buyer upon Closing. Prior to Closing, Sellers will cause, at Buyer's sole cost and expense, any portion of any electronic data bases that constitute Non Cross-Over Assets to be copied onto an appropriate electronic media as reasonably requested by Buyer, such as to computer disk, zip drive or free-standing hard drive, and cause such electronic copy to be delivered to Buyer at Closing. Upon request by Buyer, if reasonably feasible, Sellers will also cause, at Buyer's sole cost and expense, a copy of any such information to be printed prior to Closing and delivered to Buyer upon Closing. Buyers and Seller will each exercise and cause to be exercised reasonable prudence to maintain the confidentiality of any confidential information of the other contained in any such electronic data bases that constitute Non Cross-Over Assets. The provisions of this Section 1.3.2 shall survive Closing.

**1.4. Assumed Obligations.** The obligations and liabilities ("**Obligations**") to be assigned by Sellers to Buyer and assumed by Buyer pursuant to this Agreement ("**Assumed Obligations**") consist of and are specifically limited to the following:

**1.4.1. Franchised Restaurant Obligations.** All Obligations that arise solely with respect to the period after the date of Closing, of the:

- (a) Franchisor under the Franchise Agreements;
- (b) Lessee under the Franchise Restaurant Real Property Leases;
- (c) Sublessor under the Franchise Restaurant Real Property Subleases;
- (d) Lessee under the Franchise Restaurant Equipment Leases, if any; and
- (e) Sublessor under Franchise Restaurant Equipment Subleases, if any;

**1.4.2. Prototype Restaurant Obligations.** All Obligations that arise solely with respect to the period after the date of Closing of the:

- (a) Lessee under the Prototype Restaurant Real Property Lease;
- (b) Lessee under the Prototype Restaurant Equipment Leases, if any;
- (c) Vendee under the Prototype Restaurant Contracts, if any;

**1.4.3. Office Facility Obligations.** All Obligations that arise solely with respect to the period after the date of Closing of the:

- (a) Lessee under the Office Equipment Leases, if any; and
- (b) Vendee under the Office Contracts, if any;

**1.4.4. Managed Restaurant Obligations.** All Obligations that arise solely with respect to the period after the date of Closing of the Manager under the Managed Restaurant Management Agreements, if any;

**1.4.5. Coupon Obligations.** The Obligation to honor all unexpired customer coupons generated or incurred in the ordinary course of operating the Grandy's Business, to the extent, and only to the extent, described on Schedule 1.4.5 and not in excess of \$10,000 (it being understood that Buyer may, in its sole and absolute discretion, honor unexpired customer coupons that are not described on such schedule);

**1.4.6. Gift Certificate Obligations.** The Obligation to honor all outstanding gift certificates issued in the ordinary course of operating the Grandy's Business, to the extent, and only to the extent, described on Schedule 1.4.6 and not in excess of \$5,000 (it being understood that Buyer may, in its sole and absolute discretion, honor outstanding gift certificates that are not described on such schedule);

**1.4.7. Received Deposits.** All obligations relating to security deposits, prepaid rent and other deposits, if any ("**Received Deposits**"), set forth on Schedule 1.4.7, which were received by a Seller and not previously applied against the obligations to be secured thereby; and.

**1.4.8. Employee Benefit Obligations.** With respect to any employees of any Seller that are hired by Buyer in connection with the purchase of the Purchased Assets, all accrued but unpaid vacation obligations and accrued but unpaid sick-pay obligations of such employees to the extent, and only to the extent, described on Schedule 1.4.8 (it being understood that Buyer may, in its sole and absolute discretion, recognize with respect to any such employees, accrued but unpaid vacation obligations and accrued but unpaid sick-pay obligations that are not described on such schedule);

**1.4.9. Trade Payables.** All outstanding trade payables ("**Trade Payables**") generated in the ordinary course of managing and operating the Grandy's Business, of the types set forth on Schedule 1.4.9, that are owed by any Seller as of the Closing, including unbilled fees and costs for goods and services sold or provided to any Seller in the ordinary course of managing and operating the Grandy's Business;

**1.4.10. IP License Agreements.** Licensee under the IP License Agreements, if any; and

**1.4.11. Additional Scheduled Obligations, If Any.** The Obligations, if any (“Additional Scheduled Obligations”), set forth on Schedule 1.4.10.

For the avoidance of doubt, the Assumed Obligations specifically exclude each and every Excluded Liability.

**1.5 Excluded Liabilities.** Notwithstanding anything contained in this Agreement to the contrary, Buyer does not assume or agree to pay, satisfy, discharge or perform, and shall not be deemed by virtue of the execution and delivery of this Agreement or any document delivered at the Closing pursuant to this Agreement, or as a result of the consummation of the transactions contemplated by this Agreement, to have assumed, or to have agreed to pay, satisfy, discharge or perform, any liability, obligation or indebtedness whatsoever of any Seller, or any other Person whether primary or secondary, direct or indirect, contingent or guaranteed, other than solely the Assumed Obligations. Without limiting the generality of the foregoing, Buyer does not assume or agree to pay, satisfy, discharge or perform, and shall not be deemed by virtue of the execution and delivery of this Agreement or any document delivered at the Closing pursuant to this Agreement, or as a result of the consummation of the transactions contemplated by this Agreement, to have assumed, or to have agreed to pay, satisfy, discharge or perform, any of the following liabilities or obligations (collectively, the “Excluded Liabilities”):

1.5.1. all obligations and liabilities of any Seller or any predecessor(s) or affiliate(s) of any Seller that relate to any assets other than the Purchased Assets or that relate to the Purchased Assets prior to Closing or which are not Assumed Obligations;

1.5.2. all obligations and liabilities of any Seller or any predecessor(s) or affiliate(s) of any Seller relating to Taxes with respect to the Purchased Assets or otherwise, for all periods, or portions thereof, on or prior to the Closing Date;

1.5.3. all obligations and liabilities for any legal, accounting, investment banking, brokerage or similar fees or expenses incurred by any Seller in connection with, resulting from or attributable to the transactions contemplated by this Agreement;

1.5.4. all obligations and liabilities of any Seller accruing prior to the Closing under or on account of COBRA, the WARN Act, worker’s compensation, severance, withholding taxes, medical, pension, retirement benefits, and, subject to Section 1.4.8, vacation and any and all other fringe benefits, if any;

1.5.5. all obligations and liabilities of any Seller with respect to any litigation or threatened litigation, claims, obligations, damages, costs and expenses arising out of, solely in connection with, or as a result of the conduct of any Seller’s business or any use of its assets or otherwise prior to the Closing; and

1.5.6. all obligations and liabilities of any Seller or any predecessor(s) or affiliate(s) of any Seller, other than Assumed Obligations, resulting from, caused by or arising out of, directly or indirectly, the conduct of their respective businesses or

ownership or lease of any of their properties or assets or any properties or assets previously used by any Seller (including without limitation the Purchased Assets) at any time prior to or on the Closing, including without limitation such of the foregoing (a) as constitute, may constitute or are alleged to constitute a tort, breach of contract or violation of requirement of any law or regulation, or (b) that relate to, result in or arise out of the existence or imposition of any liability or obligation to remediate or contribute or otherwise pay any amount under or in respect of any environmental, superfund or other environmental cleanup or remedial laws, occupational safety and health laws or other laws.

## **Section 2.** **Consideration**

**2.1. Purchase Price.** The cash consideration ("Purchase Price") to be paid by Buyer to Sellers for the Purchased Assets shall be the sum of Six Million Seven Hundred Seventy Five Thousand Dollars (\$6,775,000.00) adjusted upward or downward at Closing, as follows:

### **2.1.1. Revenue and Expense Proration Purchase Price Adjustment.**

By no later than two (2) calendar days prior to the Auction, Sellers will provide Buyer with a current schedule setting forth, as accurately as Sellers can reasonably determine or estimate, the following revenue and expense items, which shall be prorated among Sellers and Buyer as of Closing based upon the actual number of days in the month, year or other period being prorated, and the Purchase Price will be increased or decreased at Closing on the basis of such proration:

- (a) Management Fees payable to any Seller pursuant to any Management Agreements;
- (b) Rent payable by any Seller under any Leases assigned to Buyer;
- (c) Rent payable to any Seller under any Subleases assigned to Buyer;
- (d) Utilities payable by any Seller in connection with any such Leases or Subleases;
- (e) Premiums for any insurance required to be maintained by any Seller pursuant to any such Leases or Subleases; and
- (f) Any and all personal property taxes relating to the Purchased Assets.

**2.1.2. Excluded Location Price Adjustment.** If Sellers do not cause the Franchise Restaurant Real Property Lease for Store 2442 located at 808 W. University, Denton, Texas to be transferred to Buyer at the Closing, or if such store closes prior to the Closing, then, in each case, (a) the Franchise Restaurant Real Property Lease for such store not be deemed to be a Franchise Restaurant Real Property Lease for purposes of this Agreement (and Schedule 1.1.1(b) shall be deemed for all purposes to have been revised accordingly), (b) such store will not be deemed to be a Franchise Restaurant (and Schedule 1.1.1 shall be deemed for all purposes to have been revised accordingly), (c) at Buyer's sole discretion, the Franchise Agreement for such store shall will not be deemed to be a Franchise Agreement for purposes of this Agreement (and, if such Franchise Agreement is not deemed to be a Franchise Agreement for purposes of this Agreement,



Schedule 1.1.1(a) shall be deemed for all purposes to have been revised accordingly), and (d) the Purchase Price will be will be decreased by \$25,000.

**2.1.3. Closed Store Purchase Price Adjustment.** If either (a) one Franchise Restaurant (other than Store 2442 located at 808 W. University, Denton, Texas), regardless of the amount of sales generated by such Franchise Restaurant during the twelve month period ended October 31, 2006, closes prior to Closing or (b) two or more Franchise Restaurants (other than Store 2442 located at 808 W. University, Denton, Texas) which generated in the aggregate less than \$600,000 in sales during the twelve month period ended October 31, 2006 close prior to the Closing; in each case for any reason other than as a result of any illegal collusion between Buyer and any third party, then the Purchase Price shall be reduced by an amount equal to the aggregate result obtained by multiplying (a) the annual revenue of each such closed Franchise Restaurant for the twelve month period ending October 31, 2006, times (b) the current royalty rate being paid in respect of each such closed Franchise Restaurant under the applicable Franchise Agreement, times (c) fifty percent (50%), times (d) five (5). For example, if a single Franchise Restaurant were to close prior to the Closing and (i) such closed Franchise Restaurant generated \$500,000 in sales during the twelve month period ended October 31, 2006 and (ii) the current royalty rate being paid in respect of such closed Franchise Restaurant under the applicable Franchise Agreement were five percent (5%), then the Purchase Price would be reduced by \$62,500. Section 3.8.7 will apply (subject to the specific terms and conditions thereof) if two or more Franchise Restaurants which generated in the aggregate \$600,000 or more in sales during the twelve month period ended October 31, 2006 close prior to the Closing.

**2.1.4. Post-Closing Purchase Price Adjustments and Resolution of Disputes Over Purchase Price Adjustments.** Within thirty (30) days following the Closing, Sellers shall prepare and deliver to Buyer a schedule reconciling the amount of revenues and expenses set forth on the schedule provided pursuant to Section 2.1.1 on which the Purchase Price adjustment provided for in Section 2.1.1 was based with the amount of such revenues and expenses actually outstanding as of the Closing, and the Party owing the resulting adjustment shall pay the other Party the resulting adjustment within five (5) Business Days following the date of such reconciliation. Within thirty (30) days following the Closing, Sellers shall prepare and deliver to Buyer a schedule setting forth the outstanding Trade Payables assigned to Buyer at Closing, and if the amount of the outstanding Trade Payables assigned to Buyer at Closing exceeds by more than \$5,000.00 the amount of the Trade Payables set forth on Schedule 1.4.9, then Sellers shall within five (5) Business Days thereafter pay Buyer the amount of such difference in excess of \$5,000.00; or if the amount of the Trade Payables set forth on Schedule 1.4.9 is more than \$5,000.00 less than the amount of the outstanding Trade Payables assigned to Buyer at Closing, then Buyer shall within five (5) Business Days thereafter pay Sellers the amount of such difference in excess of \$5,000.00; and no such adjustment shall be required if the amount of such variance is \$5,000.00 or less. Within thirty (30) days following the Closing, Sellers shall prepare and deliver to Buyer a schedule setting forth the amount of the outstanding Accounts Receivable assigned to Buyer at Closing, and if the amount of the outstanding Accounts Receivable assigned to Buyer at Closing exceeds by more than \$20,000.00 the amount of the Accounts Receivable set forth on Schedule 1.1.7, then Buyer shall within five (5) Business Days thereafter pay Sellers the amount of such difference in excess of \$20,000.00; or if the amount of the Accounts Receivable set forth on Schedule 1.1.7 is more than \$20,000.00 less than the amount of the outstanding Accounts Receivable assigned to Buyer at Closing, then Sellers shall within five (5) Business Days thereafter pay Buyer the amount of such difference in

excess of \$20,000.00; and no such adjustment shall be required if the amount of such variance is \$20,000.00 or less. If within sixty (60) days following Closing, either Party discovers an error in the Purchase Price adjustments and adjustment reconciliations described in Section 2.1.1 and the preceding portions of this Section 2.1.4, then the Party having benefited from the error shall within five (5) Business Days following such discovery, or following receipt of a reasonably detailed written notice of such discovery, as applicable, pay to the other the amount required to reconcile the error, unless the party purported to have benefit from such discovery does not agree with the other Party's calculations or reconciliations (in which case subsection (d) of the immediately following sentence will apply). Unless written notice of the error is given within sixty (60) days following Closing, all such Purchase Price adjustments and reconciliations will be final. If there is a dispute over the calculation, payment or reconciliation of any such Purchase Price adjustment, then: (a) Closing will not be delayed by reason of the dispute; (b) the Parties will close the transaction based on Sellers' calculation of the Purchase Price adjustments; (c) the amount in dispute, if Closing has not already occurred, will be held in Escrow following Closing in accordance with mutually agreed upon escrow instructions to the escrow holder, until the dispute is resolved, and (d) the dispute will be resolved in accordance with the dispute resolution provisions of this Agreement. The provisions of this Section 2.1.4 shall survive Closing.

**2.2. Payment of Purchase Price.** The Purchase Price shall be paid as follows:

**2.2.1. Deposit.** Prior to the Execution Date, Buyer has deposited into an escrow ("**Escrow**") with an escrow agent ("**Escrow Holder**") reasonably designated by Sellers a deposit ("**Deposit**") in the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00), in immediately available, good funds (funds so delivered are referred to as "**Good Funds**"), pursuant to joint escrow instructions to be delivered to the Escrow Holder on or before the Execution Date, instructing Escrow Holder to immediately deposit the Deposit into an interest bearing federally insured deposit account. The Deposit will become nonrefundable upon the termination (a "**Buyer Default Termination**") of the transaction contemplated by this Agreement by reason of a Default by Buyer. At Closing, the Deposit (and any interest accrued thereon) shall be credited and applied toward payment of the Purchase Price. If the Deposit becomes nonrefundable by reason of a Buyer Default Termination, then the Parties shall cause the Escrow Holder shall immediately disburse the Deposit and all interest accrued thereon to Sellers to be retained by Sellers for their own account. If the transactions contemplated herein terminate for any reason other than a Buyer Default Termination then the Parties shall cause the Escrow Holder to, within three (3) business days following such termination, return to Buyer the Deposit (together with all interest accrued thereon), but less one-half (Buyer's share) of the Escrow Holder's escrow fees and charges. The provisions of this Section 2.2.1 shall survive Closing or any termination of this Agreement.

**2.2.2. Purchase Price Adjustment Escrow Funds.** At the Closing, Buyer shall deposit into an escrow with an escrow agent mutually acceptable to the Parties (the "**Purchase Price Adjustment Escrow Agent**") the sum of Fifty Thousand Dollars (\$50,000.00), in immediately available, good funds (the "**Purchase Price Adjustment Escrow Funds**") pursuant to the terms and conditions of an escrow agreement mutually acceptable to the Parties. The Purchase Price Adjustment Escrow Funds will remain in the Purchase Price Adjustment Escrow until such time as all Purchase Price adjustments contemplated under Section 2.1.4 of this Agreement have been finally and definitively calculated and are no longer subject to dispute. The Purchase Price Adjustment Escrow

Funds will be applied against any such Purchase Price adjustment obligations of Sellers under this Agreement, and if the Purchase Price Adjustment Escrow Funds are insufficient to satisfy all such obligations in full then Sellers will be jointly and severally obligated to pay the balance of such obligations to Buyer. If the Purchase Price Adjustment Escrow Funds exceed the aggregate Purchase Price adjustment obligations of Sellers under Section 2.1.4 of this Agreement, if any, then the Parties will cause the Purchase Price Adjustment Escrow Agent to promptly remit the balance of such excess to Sellers. If Sellers have no Purchase Price adjustment obligations under Section 2.1.4 of this Agreement then the Parties will cause the Purchase Price Adjustment Escrow Agent to promptly remit the full amount of the Purchase Price Adjustment Escrow Funds to Sellers, and if Buyer has any Purchase Price adjustment obligations under this Agreement then Buyer will promptly remit the full amount of such obligations to Sellers. The provisions of this Section 2.2.2 shall survive the Closing.

**2.2.3. Payment at Closing.** By no later than 2:00 p.m. Pacific Standard Time on the Closing Date, Buyer shall: (a) cause the Escrow Holder to deliver to Sellers the Deposit and all accrued interest thereon, and (b) pay and deliver directly to Sellers by federal wire transfer in accordance with the wire transfer instructions set forth on Exhibit "C", in Good Funds, the balance of the Purchase Price (less the amount of the Purchase Price Adjustment Escrow Funds). The provisions of this Section 2.2.3 shall survive the Closing.

**2.3. Assumed Liabilities.** As additional consideration for the Purchased Assets, Buyer shall: (a) be assigned and assume the Assumed Obligations effective as of the Closing, and (b) indemnify, defend and hold harmless Sellers from, against and with respect to any claims relating to or arising from or resulting in connection with the Assumed Obligations that arise following the Closing. The provisions of this Section 2.3 shall survive the Closing.

**2.4. Purchase Price Allocation.** The Purchase Price will be allocated among the assets comprising the Purchased Assets in accordance with the schedule ("Allocation Schedule") attached as Schedule 2.4, which the Parties caused to be prepared in accordance with Treasury Regulation 1.1060-1 (or comparable provisions of state or local tax law) or any successor provision. Buyer and Sellers shall report and file all tax returns (including any amended tax returns and claims for refund) consistent with the Allocation Schedule and shall take no position contrary thereto or inconsistent therewith (including in any audits or examinations by any taxing authority or any other proceedings). Buyer and Sellers shall file or cause to be filed any and all forms (including U.S. Internal Revenue Service Form 8594), statements and schedules with respect to such allocation, including any required amendments to such forms. The provisions of this Section 2.4 shall survive the Closing.

### **Section 3.** **The Closing**

**3.1. Closing Conference.** The closing ("Closing") of the transactions provided for herein will take place at the offices of Weiland, Golden, Smiley, Wang Ekvall & Strok, LLP, located at 650 Town Center Drive, Suite 950, Costa Mesa, California 92626, or via Federal Express, facsimile and portable document format (pdf), as agreed by the parties, or such other location, if any, as may be prescribed in the Approval Order.

**3.2. Closing Date.** The Closing shall be held upon the earlier to occur of (a) the second (2<sup>nd</sup>) Business Day following the satisfaction (or waiver by the appropriate party) of the last of the conditions set forth in Section 3.7 and Section 3.8 and (b) February 21, 2007 (the "Outside

Date”); provided, however, that Buyer shall not be required to close prior to the 15 day anniversary of the date of the hearing on the Sale Motion. In the event the conditions to Closing have not been satisfied or waived by the Outside Date, then any Party who is not in Default may terminate this Agreement. Alternatively, the Parties may mutually agree to an extended Closing Date. Until this Agreement is either terminated or the Parties have agreed upon an extended Closing Date, the Parties shall diligently continue to work to satisfy all conditions to Closing and the transaction contemplated herein shall close as soon as such conditions are satisfied or waived. The date on which the Closing occurs under this Agreement is referred to herein from time to time as the “Closing Date.”

**3.3. Sellers’ Deliveries to Buyer at Closing.** On the Closing Date, each Seller shall make the following deliveries to Buyer:

**3.3.1. Assignment Agreement.** Two identical counterparts of an assignment and assumption agreement (“Assignment Agreement”) substantially in the form and content attached as Exhibit “A”, duly executed by each Seller, pursuant to which (A) each Seller assigns and delegates to Buyer and Buyer accepts and assumes from each Seller, pursuant to and in accordance with this Agreement, all of the Assumed Obligations; and (b) each Seller assigns, transfers and conveys to Buyer and Buyer accepts and receives from each Seller, pursuant to and in accordance with this Agreement, each such Seller’s rights, titles and interests, if any, as the:

- (a) Franchisor under the Franchise Agreements;
- (b) Lessee under the Franchise Restaurant Real Property Leases;
- (c) Sublessor under the Franchise Restaurant Real Property Subleases;
- (d) Lessee under the Franchise Restaurant Equipment Leases, if any;
- (e) Sublessor under Franchise Restaurant Equipment Subleases, if any;
- (f) Lessee under the Prototype Restaurant Real Property Lease or Leases;
- (g) Lessee under the Prototype Restaurant Equipment Leases, if any;
- (h) Vendee under the Prototype Restaurant Contracts, if any;
- (i) Lessee under the Office Equipment Leases, if any;
- (j) Vendee under the Office Contracts, if any; and
- (k) Manager under the Managed Restaurant Management Agreements, if any.

**3.3.2. Bill of Sale and Assignment of Personal Property.** A bill of sale and assignment of Personal Property (“Bill of Sale and Assignment of Personal Property”) duly executed by Sellers in the form attached hereto as Exhibit “B” pursuant to which each Seller transfers, conveys and assigns to Buyer all of such Seller’s rights, titles and interests, if any, in the Personal Property included within the Purchased Assets;

**3.3.3. Closing Certificate.** Each Seller will execute and deliver to Buyer a closing certificate, substantially in the form attached hereto as Exhibit “D.”

**3.3.4. Other Required Documents.** Any such other documents, funds or other things reasonably required or contemplated by this Agreement to be delivered by any Seller to Buyer at the Closing.

The provisions of this Section 3.3 shall survive the Closing.

**3.4. Buyer's Deliveries to Sellers at Closing.** On the Closing Date, Buyer shall make or cause to be made the following deliveries to Sellers:

**3.4.1. Purchase Price.** That portion of the Purchase Price to be delivered by Buyer directly to Sellers at the Closing pursuant to Section 2.2.3 (and Buyer shall cause Escrow Holder to deliver the Deposit to Sellers as contemplated in Section 2.2.1);

**3.4.2. Assignment Agreement.** Two identical counterparts of the Assignment Agreement; and

**3.4.3. Other Required Documents.** Any such other documents, funds or other things reasonably required or contemplated by this Agreement to be delivered by Buyer to any Seller at the Closing.

The provisions of this Section 3.4 shall survive the Closing.

**3.5. Sale, Transfer, Use and Other Taxes.** Any sale, purchase, transfer, documentary stamp, use or similar taxes under the laws of the states in which any portion of the Purchased Assets is located, or any subdivision of any such state, which may be payable by reason of the sale of the Purchased Assets pursuant to this Agreement or the transactions contemplated herein shall be borne and timely paid by each of the applicable Seller(s). The provisions of this Section 3.5 shall survive the Closing.

**3.6. Possession.** Right to possession of the Purchased Assets shall transfer to Buyer on the Closing Date. Each Seller shall transfer and deliver to Buyer on the Closing Date such keys, locks and safe combinations and other similar items as Buyer may reasonably require to obtain occupation and control of the Purchased Assets, and shall also make available to Buyer at their then existing locations the originals of all documents in such Seller's possession that are required to be transferred to Buyer by this Agreement. The provisions of this Section 3.6 shall survive the Closing.

**3.7. Conditions Precedent to Closing – Conditions to each Seller's Obligations.** Each Seller's obligation to make the deliveries required of such Seller at the Closing and otherwise consummate the transaction contemplated herein shall be subject to the satisfaction or waiver by each Seller of each of the following conditions:

**3.7.1.** The Bankruptcy Court shall have entered the Approval Order in accordance with the provisions of Section 5.1 and the Approval Order shall not have been vacated, set aside, reversed or stayed as of the Closing Date.

**3.7.2.** All of the representations and warranties of Buyer contained herein shall continue to be true and correct at the Closing in all material respects (if qualified by materiality) or in all respects (if not qualified by materiality).

**3.7.3.** Buyer shall have delivered, or shall be prepared to deliver to Sellers at the Closing, all cash and documents required of Buyer to be delivered at the Closing.

3.7.4. Buyer shall have delivered into Escrow an irrevocable instruction instructing Escrow Holder to deliver the Deposit to Sellers concurrently upon Closing.

3.7.5. Buyer shall have performed or tendered performance of each and every material covenant on Buyer's part to be performed which, by its terms, is required to be performed at or before the Closing.

3.7.6. Buyer shall have delivered to Sellers appropriate evidence of all necessary corporate action by Buyer in connection with the transactions contemplated hereby, including: (i) certified copies of resolutions duly adopted by Buyer's directors approving the transactions contemplated by this Agreement and authorizing the execution, delivery, and performance by Buyer of this Agreement; and (ii) a certificate as to the incumbency of officers of Buyer executing this Agreement and any instrument or other document delivered in connection with the transactions contemplated by this Agreement.

**3.8. Conditions Precedent to Closing – Conditions to Buyer's Obligations.** Buyer's obligation to make the deliveries required of Buyer at the Closing, and to otherwise close the transaction contemplated herein, shall be subject to the satisfaction or waiver by Buyer of each of the following conditions:

3.8.1. The Bankruptcy Court shall have entered the Approval Order in accordance with the provisions of Section 5.1 and the Approval Order shall not have been vacated, set aside, reversed or stayed as of the Closing Date.

3.8.2. All of the representations and warranties of Sellers contained herein shall continue to be true and correct at the Closing in all material respects (if qualified by materiality) or in all respects (if not qualified by materiality).

3.8.3. Each Seller shall have delivered, or shall be prepared to deliver to Buyer at the Closing, all documents required of such Seller to be delivered at the Closing.

3.8.4. Each Seller shall have performed or tendered performance of each and every material covenant on such Seller's part to be performed which, by its terms, is required to be performed at or before the Closing.

3.8.5. [Intentionally Omitted]

3.8.6. Completion by Sellers and approval by the Buyer, which shall not be unreasonably withheld, of all of the schedules and exhibits (the "**Schedules and Exhibits**") contemplated under this Agreement. The Schedules and Exhibits, which have not been presented to Buyer as of the date of the submission of this Agreement, will be delivered to Buyer by Sellers by no later than seven (7) calendar days prior to the Closing (unless the Closing is scheduled to occur on a date prior to the Outside Date, in which case such Schedules and Exhibits shall be delivered to Buyer by Sellers as soon as practicable, but in no event later than the close of Business three (3) Business Days prior to the Closing), and Buyer shall have until the close of business two (2) Business Days following receipt of the Schedules and Exhibits to review and approve the same. If Buyer does not respond within the required time, this Condition Precedent to Closing shall be deemed satisfied.

**3.8.7.** There shall be no Material Adverse Change in the condition of the Purchased Assets between the Execution Date and Closing. For purposes of this Agreement, "**Material Adverse Change**" means, and a Material Adverse Change in the condition of the Purchased Assets will be deemed to have occurred, if two or more Franchise Restaurants (other than Store 2442 located at 808 W. University, Denton, Texas) which generated in the aggregate \$600,000 or more in sales during the twelve month period ended October 31, 2006 close prior to the Closing for any reason other than as a result of any illegal collusion between Buyer and any third party. Section 2.1.3 will apply (subject to the specific terms and conditions thereof) if either (a) a single Franchise Restaurant closes prior to the Closing or (b) two or more Franchise Restaurants which generated in the aggregate less than \$600,000 in sales during the twelve month period ended October 31, 2006 close prior to the Closing.

**3.9. Termination.** If any condition set forth in Section 3.7 or Section 3.8 is neither satisfied nor waived on or before the Outside Date then any Party who is not then in Default may terminate this Agreement by delivering to the other written notice of termination. Any waiver of a condition shall be effective only if such waiver is stated in writing and signed by the waiving party; provided, however, that the consent of a Party to Closing shall constitute a waiver by such party of any conditions to Closing not satisfied as of the Closing Date.

**3.10. Escrow Fees.** Buyer and Sellers will each pay one-half of the Escrow Holder's fee, if any.

**3.11. Offers of Employment.** Buyer may make offers of employment to those employees of Sellers who are engaged principally in the management and operation of the Grandy's Business. Employees to whom offers of employment are made and who commence employment by Buyer as of the Closing Date or such other applicable date shall be collectively referred to as the "**Transferred Employees.**" Buyer shall have no liability to any Transferred Employee for any obligation owed by any Seller to the Transferred Employee as of Closing, and no Seller shall have any liability to any Transferred Employee for any obligation owed by Buyer to the Transferred Employees after Closing. The provisions of this Section 3.11 will survive Closing.

**3.12. Business Transition.** To facilitate an orderly transition of the Purchased Assets to Buyer and avoid undue interruption of the Grandy's Business during such transition, Sellers shall assign one employee of the applicable Seller, reasonably acceptable to Buyer and Sellers, to meet with Buyer's personnel at the Office Premises during normal business hours following the Closing. Such obligation shall cease and expire upon the earliest of: (a) Sellers' receipt of written notice from Buyer cancelling or terminating such arrangement; (b) the ninety (90) day anniversary of the Closing; (c) any expiration, termination, or rejection by Sellers in connection with the Bankruptcy Case, of the Office Real Property Lease; provided, however, that Sellers shall not reject the Office Real Property Lease prior to March 27, 2007; (d) any assignment of the Office Real Property Lease by Sellers to Buyer; provided, however, that as of the Execution Date, neither Party contemplates any such assignment, and absent further written agreement of the Parties, neither Party shall be deemed to have made or accepted any such assignment; or (e) any sublease of the Office Premises by Sellers to Buyer. Buyer shall pay Sellers, as consideration for the availability of such services, an amount equal to the actual out of pocket costs to Sellers in respect of rent payable by Sellers for the Office Premises pursuant to the Office Real Property Lease for any such period, the cost of any utilities provided to the Office Premises for any such period, and the cost of such employee's salary and employment benefits for such period (on a per diem basis), with neither such salary nor the cost of such benefits to exceed one hundred and ten percent (110%) of the amount of such salary and such cost paid by Sellers at such time and place as shall be mutually agreed upon by Sellers and Buyer. Buyer, at Buyer's sole discretion and at

Buyer's sole expense, may enter into separate negotiations with the owner of the Office Premises to lease the Office Premises directly from such owner to be effective upon the expiration, termination, or rejection by Sellers in the Bankruptcy Case, of the Office Real Property Lease.

**Section 4.**  
**Representations, Warranties, Disclosures, Disclaimers and Waivers**

**4.1. Access to Property and Information.** Buyer, its agents, attorneys, accountants and representatives will have the right, upon reasonable notice and at reasonable times during normal business hours, to inspect the Prototype Restaurant, the Office Facilities, the Personal Property included within the Purchased Assets, and the books and records of Sellers relating to the Grandy's Business, and to the extent, if any, that any Seller has the right to permit such inspection, the right to inspect the Managed Restaurants, if any, and the Franchise Restaurants; provided, however, that Buyer will not allow any interference or disruption of any such Restaurants or the Office Facilities to occur in connection with any such inspections, and Buyer will indemnify, defend and hold each Seller harmless from and against any claims for damages occurring in connection with any inspections. However, Buyer may not make any borings, pierce any walls or roofs, or conduct any other invasive testing. In undertaking any inspection hereunder, Buyer will treat, and will cause any representative of Buyer to treat, all information obtained by Buyer pursuant to the terms of this Agreement as strictly confidential.

**4.2. Sellers Representations and Warranties.** Sellers hereby jointly and severally make the following representations and warranties to Buyer:

**4.2.1. Organization, Standing and Power.** Subject to the applicable provisions of bankruptcy law, each Seller has all requisite entity power and authority to own, lease and operate its properties, to carry on its business as now being conducted and, upon obtaining the Approval Order, will have the power and authority to execute, deliver and perform this Agreement and all writings relating hereto.

**4.2.2. Authorization of Seller.** Subject to the Sellers obtaining the Approval Order, the execution and delivery of this Agreement, the consummation of the transactions herein contemplated, and the performance of, fulfillment of and compliance with the terms and conditions hereof by each Seller has been duly and validly authorized. Subject to the Sellers obtaining the Approval Order, the execution and delivery of this Agreement, the consummation of the transactions herein contemplated, and the performance of, fulfillment of and compliance with the terms and conditions hereof by the Sellers do not and will not: (a) conflict with or result in a breach of the articles of incorporation or the by-laws of any Seller; (b) violate any statute, law, rule or regulation, or any order, writ, injunction or decree of any court or governmental authority; or (c) violate or conflict with or constitute a default under any agreement, instrument or writing of any nature to which any Seller is a party or by which any Seller or its assets or properties may be bound.

**4.2.3. Title to Assets.** Sellers have, and as of the Closing Date, Buyer will have, in each case upon approval of and finding by the Bankruptcy Court in the Approval Order, good and legal title to the Purchased Assets free and clear of all liens, claims, interests or encumbrances other than the Assumed Obligations pursuant to Section 363(f) of the Bankruptcy Code.

**4.2.4. Actions and Proceedings.** Subject to the entry of the Approval Order, there are no (i) outstanding judgments, orders, injunctions or decrees of any court,



governmental authority or arbitration tribunal against any Seller or any of its affiliates, or (ii) lawsuits, actions or proceedings pending, or to the Knowledge of any Seller, threatened against any Seller or any of its affiliates, which in either case (A) have a material adverse effect on any Seller's ability to consummate the transactions contemplated by this Agreement (including the transfer of the Purchased Assets free and clear of all liens, claims, interests and encumbrances), or (B) could result in Buyer becoming liable for any liability or obligation of any Seller other than the Assumed Obligations.

As set forth in Section 3.8, Buyer may waive any condition precedent to Buyer's obligation to close the transactions contemplated by this Agreement, including, without limitation, the condition precedent set forth in Section 3.8.2, which condition precedent to Buyer's obligation to close the transactions contemplated by this Agreement provides that all of the representations and warranties of Sellers contained in this Agreement shall continue to be true and correct at the Closing in all material respects (if qualified by materiality) or in all respects (if not qualified by materiality).

**4.3. Buyer's Warranties and Representations.** In addition to the representations and warranties contained elsewhere in this Agreement, Buyer hereby makes the following representations and warranties to Sellers:

**4.3.1. Organization, Standing and Power.** If there is a Substitute Buyer and Substitute Buyer is not a natural person, then Substitute Buyer is a corporation, partnership or limited liability company duly organized, validly existing and in good standing under the laws of one of the fifty (50) States and is duly qualified to conduct business in all States in which it conducts such business. Buyer has all requisite entity power and authority to own, lease and operate its properties, to carry on its business as now being conducted and to execute, deliver and perform this Agreement and all writings relating hereto. Substitute Buyer, if any, has all requisite entity power and authority to own, lease and operate its properties, to carry on its business as now being conducted and to execute, deliver and perform this Agreement and all writings relating hereto.

**4.3.2. Authorization of Buyer.** The execution, delivery and performance of this Agreement and all writings relating hereto by Buyer have been duly and validly authorized. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated, and the performance of, fulfillment of and compliance with the terms and conditions hereof by Buyer do not and will not: (a) conflict with or result in a breach of the articles of incorporation or by-laws of Buyer; (b) violate any statute, law, rule or regulation, or any order, writ, injunction or decree of any court or governmental authority; or (c) violate or conflict with or constitute a default under any agreement, instrument or writing of any nature to which Buyer is a party or by which Buyer or its assets or properties may be bound.

**4.4. "AS IS" Transaction.** Buyer hereby acknowledges and agrees that, except as set forth in Section 4.2, Sellers make no representations or warranties whatsoever, express or implied, with respect to any matter relating to the Purchased Assets (including, without limitation, income to be derived or expenses to be incurred in connection with the Purchased Assets, the physical condition of any personal property comprising a part of the Purchased Assets or which is the subject of any Lease or Contract to be assumed by Buyer at the closing, the environmental condition or other matter relating to the physical condition of any real property or improvements which are the subject of any real property lease to be assumed by Buyer at the Closing or any other real property or improvements comprising a part of the Purchased Assets, the zoning of any

such real property or improvements, the value of the Purchased Assets (or any portion thereof), the transferability of the Purchased Assets, the terms, amount, validity, collectibility or enforceability of any assumed liabilities or Lease or Contract, the title of the Purchased Assets (or any portion thereof), the merchantability or fitness of any personal property included within the Purchased Assets or any other portion of the Purchased Assets for any particular purpose, or any other matter or thing relating to the Purchased Assets or any portion thereof). Without in any way limiting the foregoing, Sellers hereby disclaim any warranty (express or implied) of merchantability or fitness for any particular purpose as to any portion of the Purchased Assets. Buyer further acknowledges that Buyer has conducted an independent inspection and investigation of the physical condition of all portions the Purchased Assets and all such other matters relating to or affecting the Purchased Assets as Buyer deemed necessary or appropriate and that in proceeding with its acquisition of the Purchased Assets, Buyer is doing so based solely upon such independent inspections and investigations. Accordingly, except only for such surviving representations, Buyer will accept the Purchased Assets at the Closing "AS IS", "WHERE IS" and "WITH ALL FAULTS". The provisions of this Section 4.4 will survive the Closing or any termination of this Agreement.

#### **Section 5.** **Bankruptcy Court Approvals.**

**5.1. Sale Motion.** Sellers have made a motion ("Sale Motion") for an order from the Bankruptcy Court approving the transactions contemplated by this Agreement. Buyer's obligations under this Agreement are conditioned upon the entry by the Bankruptcy Court of an order ("**Sale Approval Order**") substantially in the form attached hereto as Exhibit "E" approving the Sale Motion; provided, however, that Buyer shall be obligated to consummate the transactions contemplated by this Agreement even if the Bankruptcy Court modifies the Sale Approval Order provided that such modifications: (a) have no material adverse impact on the rights or obligations of the Parties (it being agreed that the deletion by the Bankruptcy Court of any or all of Paragraphs 27, 29, 33, 39, 44, 45, 46 and 47 (the "**Optional Provisions**") will not be deemed to constitute such a material adverse impact), or (2) are mutually acceptable to the Parties. The Parties shall use commercially reasonable efforts to have the Bankruptcy Court enter the Sale Approval Order with the Optional Provisions. Buyer shall provide all information reasonably required, and use commercially reasonable efforts, to demonstrate that Buyer can provide adequate assurance of future performance under all Leases and Contracts to be assigned to Buyer pursuant to this Agreement, and Buyer shall be solely responsible for providing such adequate assurance. If the Bankruptcy Court refuses to enter the Sale Approval Order for any reason other than a default by Buyer hereunder, then, except as set forth in the last sentence of this Paragraph 5.1, this transaction shall automatically terminate and Sellers and Buyer shall be relieved of any further liability or obligation hereunder. If the Bankruptcy Court fails to approve the assignment to Buyer of any Lease or Contract contemplated to be assigned to Buyer pursuant to this Agreement (whether by reason of a failure by Buyer to provide adequate assurance of future performance as required by the Bankruptcy Code or otherwise), then Buyer, solely at Buyer's discretion, shall, within two (2) Business Days of such decision by the Bankruptcy Court, either: (x) terminate this Agreement upon written notice to Sellers, in which event Sellers and Buyer shall be relieved of any further liability or obligation hereunder, or (y) elect to proceed with the transaction notwithstanding such disapproval, in which event the Lease or Contract, the contemplated assignment of which was not approved by the Bankruptcy Court, will become an Excluded Asset, and the Parties shall proceed with the Closing without any corresponding adjustment to the Purchase Price. Notwithstanding anything in this paragraph to the contrary, if Buyer is not the winning bidder at the Auction and the winning bidder at the Auction thereafter fails to close the contemplated transaction, then Buyer will be a back-up bidder and will close the transactions contemplated by this Agreement pursuant to the back-up

bidder provisions contained in the Sale Approval Order, provided that any such obligation of Buyer to close the transaction contemplated by this Agreement as a back-up bidder shall terminate 25 days after the Outside Date.

**5.2. Bidding Procedures.** Prior to the Execution Date, the Bankruptcy Court authorized Bidding Procedures. Sellers agree that upon (a) receipt of a copy of this Agreement executed by Buyer, (b) receipt of the Deposit and (c) compliance by Buyer with the terms of the Bidding Procedures Order, Buyer shall, without the necessity of further action, be deemed to be a "Qualified Bidder" under the Bidding Procedures.

## **Section 6.** **Miscellaneous.**

**6.1. Conduct of Franchise Operations.** Sellers will exercise reasonable efforts to continue to operate the Grandy's Business in the ordinary course consistent with Sellers' business practices, the laws governing the Bankruptcy Case, and any orders entered by the Bankruptcy Court that govern use of cash collateral or other matters relating to the operation of the Grandy's Business, until the Closing or the termination of this Agreement. Each Seller shall promptly notify Buyer of any material adverse changes in the Purchased Assets within such Seller's Knowledge which occur or are discovered by such Seller after the Execution Date but prior to the Closing or the termination of this Agreement, and each Seller shall cause the Schedules to be promptly revised to reflect such changes (it being understood and agreed that any such revised schedules shall be deemed for all purposes under Section 3.8.6 not to have been presented to Buyer as of the date of the submission of this Agreement). However, if in connection with the continued operation of the Grandy's Business, any Seller desires to enter into a franchise agreement for a "Grandy's" restaurant not identified in the Schedules to this Agreement, then Sellers shall give notice of such intent to Buyer, and reasonable access to the information within any Seller's possession or control regarding the proposed new restaurant. No Seller will enter into any such agreement absent Buyer's approval (which approval shall not be unreasonably withheld, conditioned or delayed), and upon execution of such Buyer-approved agreement, such agreement shall be deemed a Franchise Agreement for all purposes relating to this Agreement.

**6.2. Damage and Destruction.** Sellers shall promptly notify Buyer of the occurrence of any material damage to or destruction of the Purchased Assets that occurs prior to the Closing Date. In the event of uninsured damage to or destruction of the Purchased Assets prior to the Closing Date the cost of which to repair would total \$50,000.00 or less, then such damage or destruction shall have no effect whatsoever on the Purchase Price or Buyer's or Sellers' obligation to close. Should any uninsured damage or destruction to the Purchased Assets occur prior to the Closing Date the cost of which to repair would total more than \$50,000.00 but less than \$250,000.00, then unless Sellers cause the same to be repaired and restored in all material respects prior to the Closing Date (in which case the Purchase Price shall be unaffected and the parties shall proceed with the Closing as though such damage, destruction or proceedings had never occurred or been initiated), Buyer's sole remedy shall be to receive a dollar-for-dollar reduction in the Purchase Price in an amount equal to the sum of (i) the cost of such repairs, less (ii) the amount of any insurance proceeds with respect thereto assigned to Buyer at the Closing, and consummate the transaction contemplated herein. If any uninsured damage or destruction to the Purchased Assets occurs prior to the Closing Date the cost of which to repair would total \$250,000.00 or more, then irrespective of whether the same can be repaired and/or restored prior to the Closing Date, Buyer shall have the right and option to either (i) terminate the transaction contemplated herein, or (ii) elect to receive, as its sole and exclusive remedy by reason of such damage or destruction, a Purchase Price reduction in the amount of \$250,000.00 and consummate the transaction contemplated herein as though the damage or destruction had never occurred or been initiated.

In all other events or in the event that Buyer elects to consummate the purchase pursuant to clause (ii) above, (xx) all insurance or condemnation proceeds, including business interruption and rental loss proceeds, collected by or paid to any Seller prior to the Closing Date, shall be credited against the Purchase Price on Buyer's account or the Purchase Price shall be adjusted by an amount agreed between Buyer and Sellers, and (yy) all entitlement to all other insurance or condemnation proceeds arising out of such damage or destruction or proceedings and not collected prior to the Closing Date shall be assigned to Buyer at the Closing. Notwithstanding anything to the contrary in this Agreement, the risk of loss or damage to the Purchased Assets shall unconditionally shift to the Buyer on the Closing Date. For avoidance of doubt, Buyer and Sellers intend that the provisions of this Section 6.2 shall control over any right or remedy to which the Buyer may otherwise be entitled under this Agreement by reason of the occurrence of any event subject to this Section 6.2.

**6.3. Attorneys' Fees.** In the event that either party hereto brings an action or other proceeding to enforce or interpret the terms and provisions of this Agreement, the prevailing party in that action or proceeding shall be entitled to have and recover from the non-prevailing party all such fees, costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as the prevailing party may suffer or incur in the pursuit or defense of such action or proceeding.

**6.4. Reasonable Access to Records and Certain Personnel.** For a period of three (3) years following the Closing, (a) Buyer shall permit Sellers' counsel and other professionals and counsel for any successor to Sellers and their respective professionals (collectively, "Permitted Access Parties") reasonable access to all books and records that existed as of the Closing Date (other than books and records constituting a part of the Excluded Assets, to the extent such books and records have been transferred and delivered to Buyer pursuant to Section 6.26(b)) relating to the Purchased Assets or the Grandy's Business, which access shall include the right of such Permitted Access Parties to copy, at such Permitted Access Parties' expense, such documents and records as they may request in furtherance of the purposes described below and (b) Buyer shall provide the Permitted Access Parties, at no cost to the Permitted Access Parties, with reasonable access to those persons responsible for the accounting books and records of the Grandy's Business, the then acting Controller, and Monty Whitehurst or that person serving in the position held by Monty Whitehurst as of the Execution Date, during normal business hours, to assist Sellers and the other Permitted Access Parties in their post-Closing activities (including preparation of tax returns), provided that such access does not unreasonably interfere with Buyer's business operations. Sellers agree not to use any information (a) contained in such books and records that relates solely to the Grandy's Business or (b) obtained through access to any such persons that relates solely to the Grandy's Business, in each case for any purpose other than (i) the prosecution of causes of action reasonably related to the Bankruptcy Case, (ii) the analysis or defenses of claims reasonably related to the Bankruptcy Case or (iii) for any other purpose reasonably related to the Bankruptcy Case.

**6.5. Entire Agreement.** This instrument, any Confidentiality Agreement executed by Buyer regarding the Grandy's Business or any other assets of any Seller, and the documents to be executed pursuant hereto, contain the entire agreement between the parties relating to the sale of the Purchased Assets. Any oral representations or modifications concerning this Agreement or any such other document shall be of no force and effect excepting a subsequent modification in writing, signed by the Party to be charged.

**6.6. Modification.** This Agreement may be modified, amended or supplemented only by a written instrument duly executed by all the parties hereto.

**6.7. Closing Date.** All actions to be taken on the Closing pursuant to this Agreement shall be deemed to have occurred simultaneously, and no act, document or transaction shall be deemed to have been taken, delivered or effected until all such actions, documents and transactions have been taken, delivered or effected.

**6.8. Severability.** Should any term, provision or paragraph of this Agreement be determined to be illegal or void or of no force and effect, the balance of the Agreement shall survive.

**6.9. Captions.** All captions and headings contained in this Agreement are for convenience of reference only and shall not be construed to limit or extend the terms or conditions of this Agreement.

**6.10. Further Assurances.** Each Party hereto will execute, acknowledge and deliver any further assurance, documents and instruments reasonably requested by any other Party for the purpose of giving effect to the transactions contemplated herein or the intentions of the Parties with respect thereto; provided that nothing herein shall be deemed to require any Party to execute or deliver any such further assurance, document or instrument to the extent that the same could in any material way increase the burdens, obligations or liabilities otherwise imposed upon such Party by this Agreement.

**6.11. Waiver.** No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

**6.12. Brokerage Obligations.** Sellers and the Buyer each represent and warrant to the other that, such party has incurred no liability to any real estate broker or other broker or agent with respect to the payment of any commission regarding the consummation of the transaction contemplated hereby, and if any claims for commissions, fees or other compensation, including brokerage fees, finder's fees or commissions are ever asserted against Buyer or any Seller in connection with this transaction, then all such claims shall be handled and paid by the party whose actions form the basis of such claim and such party shall indemnify, defend (with counsel reasonably satisfactory to the party entitled to indemnification), protect and save and hold the other harmless from and against any and all such claims or demands asserted by any person, firm or corporation in connection with the transaction contemplated hereby.

**6.13. Payment of Fees and Expenses.** Except as provided in Section 3.10 and Section 6.3, each party to this Agreement shall be responsible for, and shall pay, all of its own fees and expenses, including those of its counsel, incurred in the negotiation, preparation and consummation of the Agreement and the transaction described herein.

**6.14. Survival.** The provisions of Article 6 will survive the Closing or any termination of this Agreement. Except as otherwise specifically set forth in the previous sentence or elsewhere this Agreement, the respective representations, warranties, covenants and agreements of Sellers and Buyer under this Agreement will terminate and expire upon the Closing or any termination of this Agreement.

**6.15. Assignments.** Contemporaneously with the Closing and upon the funding of the Purchase Price in accordance with Section 2.2 (which funding will remain the obligation of Buyer notwithstanding any assignment to any Substitute Buyer), Buyer may, in writing, designate and assign all of Buyer's rights, interests and obligations under this Agreement to any affiliate of Buyer that, has the ability to perform the obligations of Buyer under this Agreement

and under any Leases, Subleases or Contracts to be assumed and assigned at Closing as part of the Purchased Assets (any such affiliate, the "Substitute Buyer"). In connection with any such designation and assignment, the Substitute Buyer will deliver to the Sellers a written agreement to be bound by the terms and conditions of this Agreement to the same extent as if the Substitute Buyer had originally been designated as the Buyer under this Agreement, and upon such delivery and without the necessity of any further action, but subject to Buyer's Purchase Price funding obligation, (a) Substitute Buyer shall immediately be deemed to be the Buyer for all purposes of this Agreement and (b) Buyer shall be released of all of its obligations under this Agreement to the same extent as if Buyer had never been a party hereto. Except as set forth in this Section 6.15, this Agreement shall not be assigned by any Party hereto without the prior written consent of the other party hereto, which consent the Parties may grant or withhold in their sole and absolute discretion.

**6.16. Binding Effect.** Subject to the provisions of Section 6.15, this Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the parties hereto.

**6.17. Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of California.

**6.18. Good Faith.** All parties hereto agree to do all acts and execute all documents required to carry out the terms of this Agreement and to act in good faith with respect to the terms and conditions contained herein before and after Closing.

**6.19. Construction.** In the interpretation and construction of this Agreement, the parties acknowledge that the terms hereof reflect extensive negotiations between the parties and that this Agreement shall not be deemed, for the purpose of construction and interpretation, drafted by either party hereto.

**6.20. Counterparts.** This Agreement may be signed in counterparts. The parties further agree that this Agreement may be executed by the exchange of facsimile or portable document format (pdf) signature pages provided that by doing so the parties agree to undertake to provide original signatures as soon thereafter as reasonable in the circumstances.

**6.21. Time is of the Essence.** Time is of the essence in this Agreement, and all of the terms, covenants and conditions hereof.

**6.22. Jurisdiction.** If any controversy or dispute arises in connection with this Agreement or the transactions contemplated hereunder, then the Bankruptcy Court will have exclusive personal and subject matter jurisdiction and be the exclusive venue to resolve any such issues, and Buyer and each Seller hereby consent and submit to such jurisdiction. Notwithstanding the forgoing, if the Bankruptcy Court for any reason declines to accept or exercise such jurisdiction, then the courts of the State of California will have exclusive personal and subject matter jurisdiction, and the exclusive venue to resolve any such issues will be Orange County, California, and Buyer and each Seller hereby consent and submit to such jurisdiction.

**6.23. Interpretation and Rules of Construction.** In this Agreement, except to the extent that the context otherwise requires:

**6.23.1.** when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or a Schedule to, this Agreement unless otherwise indicated;

6.23.2. the headings and captions used in this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

6.23.3. whenever the words “include”, “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;

6.23.4. the words “hereof”, “herein” and “hereunder” and works of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

6.23.5. all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

6.23.6. the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

6.23.7. any law defined or referred to herein or in any agreement or instrument that is referred to herein means such law or statute as from time to time amended, modified or supplemented, including by succession of comparable successor laws;

6.23.8. references to a person are also to its permitted successors and assigns;  
and

6.23.9. the use of “or” is not intended to be exclusive unless expressly indicated otherwise.

6.24. **Exhibits and Schedules.** The following Exhibits and Schedules are attached to this Agreement and incorporated into this Agreement by this reference:

- Exhibit “A” - Assignment Agreement
- Exhibit “B” - Bill of Sale and Assignment of Personal Property
- Exhibit “C” - Seller’s Wire Transfer Instructions
- Exhibit “D” - Closing Certificate
- Exhibit “E” - Form of Proposed Sale Approval Order
- Schedule 1.1.1 - Schedule of Franchise Restaurants
- Schedule 1.1.1(a) - Schedule of Franchise Agreements
- Schedule 1.1.1(b) - Schedule of Franchise Restaurant Real Property Leases
- Schedule 1.1.1(c) - Schedule of Franchise Restaurant Real Property Subleases
- Schedule 1.1.1(d) - Schedule of Franchise Restaurant Equipment Leases
- Schedule 1.1.1(e) - Schedule of Franchise Restaurant Equipment Subleases

- Schedule 1.1.1(f) - Schedule of Franchise Restaurant Equipment
- Schedule 1.1.2(a) - Schedule of Prototype Restaurant Real Property Lease
- Schedule 1.1.2(b) - Schedule of Prototype Restaurant Equipment Leases
- Schedule 1.1.2(c) - Schedule of Prototype Restaurant Contracts
- Schedule 1.1.2(d) - Schedule of Prototype Restaurant Equipment
- Schedule 1.1.2(e) - Schedule of Prototype Restaurant Inventory
- Schedule 1.1.3 - Schedule of Office Real Property Lease
- Schedule 1.1.3(a) - Schedule of Office Equipment Leases
- Schedule 1.1.3(b) - Schedule of Office Contracts
- Schedule 1.1.3(c) - Schedule of Office Equipment and Supplies
- Schedule 1.1.4 - Schedule of Managed Restaurants
- Schedule 1.1.4(b) - Schedule of Managed Restaurant Real Property Leases
- Schedule 1.1.4(c) - Schedule of Managed Restaurant Real Property Subleases
- Schedule 1.1.4(d) - Schedule of Managed Restaurant Equipment Leases
- Schedule 1.1.4(e) - Schedule of Managed Restaurant Equipment Subleases
- Schedule 1.1.4(f) - Schedule of Managed Restaurant Equipment and Supplies
- Schedule 1.1.4(g) - Schedule of Managed Restaurant Management Agreements
- Schedule 1.1.4(h) - Schedule of Managed Restaurant Contracts
- Schedule 1.1.4(i) - Schedule of Managed Restaurant Inventory
- Schedule 1.1.6 - Schedule of Paid Deposits
- Schedule 1.1.7 - Schedule of Accounts Receivable
- Schedule 1.1.8 - Schedule of Promissory Notes
- Schedule 1.1.14 - IP License Agreements
- Schedule 1.2(a) - Schedule of Additional Excluded Assets
- Schedule 1.3 - Schedule of Cross-Over Assets
- Schedule 1.4.5 - Customer Coupons



- Schedule 1.4.6 - Gift Certificates
- Schedule 1.4.7 - Schedule of Received Deposits
- Schedule 1.4.8 - Schedule of Employee Benefit Obligations
- Schedule 1.4.9 - Schedule of Trade Payables
- Schedule 1.4.10 - Schedule of Additional Scheduled Obligations
- Schedule 2.4 - Allocation Schedule

**6.25. Notices.** Unless otherwise provided herein, any notice, tender, or delivery to be given hereunder by any Party to the other in writing (except to the extent a writing would be inapplicable in the case of a tender) and will be deemed delivered (a) when delivered personally, (b) on the fifth Business Day after being mailed by certified mail, return receipt requested, (c) the next Business Day after delivery to a recognized overnight courier or (d) upon transmission and confirmation of receipt by a facsimile operator if sent by facsimile, to the parties at the following addresses or facsimile numbers (or to such other address or facsimile number as such party may have specified by notice given to the other party pursuant to this provision):

To any Seller                      Spectrum Restaurant Group, Inc. (Grandy's)  
18500 Von Karman Avenue - Suite 380  
Irvine, California 92612  
Attention:        Kenneth Mucha  
Facsimile:        (949) 225-5481

With a copy to:                      Weiland, Golden,  
Smiley, Wang Ekvall & Strok, LLP  
650 Town Center Drive - Suite 950  
Costa Mesa, California, 92626  
Attention:        Evan D. Smiley  
Facsimile:        (714) 966-1002

To Buyer:                              c/o Souper Salad, Inc.  
140 Heimer Rd, Suite 400  
San Antonio, Texas 78232  
Attention:        Doug Mzyk  
Facsimile:        (210) 495-9655

With a copy to:                      Hughes & Luce, LLP  
1717 Main Street, Suite 2800  
Dallas, Texas 74201  
Attention:        James S. Billingsley  
                         William B. Finkelstein  
                         Aaron R. Allred  
Facsimile:        (214) 939-5849

- and -

Sun Capital Securities Fund, LLC  
c/o Sun Capital Partners Group, Inc.  
5200 Town Center Circle, Suite 470  
Boca Raton, Florida 33486  
Attention: M. Steven Liff  
Facsimile: (561) 394-0540

- and -

Summit Investment Management LLC  
1700 Lincoln Street, Suite 2150  
Denver, Colorado 80203  
Attention: Oscar A. Bruni, Jr.  
Facsimile: (303) 830-9538

**6.26 Preservation of Books and Records.** Seller shall (a) preserve any books and records constituting a part of the Excluded Assets for a period of three (3) years from the Closing, or for such longer period as is required by any applicable law, and will permit Buyer (and Buyer's successors or assigns) or its authorized representatives (including any creditors' committees under the Bankruptcy Case) reasonable access thereto, including making any copies at Buyer's expense or (b) at any time following the Closing transfer and deliver all of the books and records constituting a part of the Excluded Assets to Buyer or Buyer's designee at the principal place of business of Buyer or any such designee. Such records may be sought under Section 6.26(a) for any reasonable purpose, including, without limitation, to the extent reasonably required in connection with the audit, accounting, tax, litigation, federal securities disclosure or other similar needs of the party seeking such records.

**6.27 Taxes.** Sellers and Buyer will each provide the other party with such cooperation and information as each of them reasonably may request of the other (provided that such cooperation does not impose any unreasonable cost or burden on the cooperating party) in filing any return, amended return or claim for a refund of Taxes, determining a liability for Taxes or a right to refund of Taxes or in conducting any audit or proceeding in respect of Taxes, but only with respect to Taxes imposed upon or related to the Purchased Assets. Such cooperation and information will include providing copies of relevant returns of Taxes, or portions thereof, imposed upon or related to the Purchased Assets, together with associated schedules and related work papers and documents relating to rulings or other determinations by taxing authorities. Each party will make its employees available on a mutually convenient basis to provide explanation of any documents or information provided hereunder.

[CONTINUED ON NEXT PAGE]

**Section 7.**  
**Definitions.**

7.1. The following words and phrases, when capitalized and used in this Agreement, will have the meaning assigned to them below:

“Accounts Receivable” is defined in Section 1.1.7.

“Additional Scheduled Obligations” is defined in Section 1.4.10.

“Agreement” means this Agreement including the Exhibits and Schedules hereto, as the same may be revised from time to time pursuant to the written agreement of Sellers and Buyer.

“Allocation Schedule” is defined in Section 2.4.

“Approval Order” is defined in Section 5.1.

“Assigned Insurance Claims” is defined in Section 1.1.9.

“Assignment Agreement” is defined in Section 3.3.1.

“Assumed Obligations” is defined in Section 1.4.

“Auction” means the receipt and evaluation by Sellers of any overbids for the Purchase Assets received from third parties and any increased bids for the Purchased Assets received from Buyer, and the determination by Sellers of the highest and best bid for the Purchased Assets, which shall occur prior to or at the hearing on the Sale Motion.

“Bankruptcy Case” is defined in the introductory paragraph.

“Bankruptcy Code” is defined in Recital “B”.

“Bankruptcy Court” is defined in the introductory paragraph.

“Base Purchase Price” is defined in Section 2.1.

“Bidding Procedures” is defined in Section 5.2.

“Bidding Procedures Order” is defined in Section 5.1.

“Bill of Sale and Assignment of Personal Property” is defined in Section 3.3.2.

“Break-Up Fee” is defined in Section 5.2.

“Business Day” means any day other than a Saturday, Sunday or a day on which banks and trust companies in Dallas, Texas are authorized by law, regulation or executive order to remain closed.

“Buyer” is defined in the introductory paragraph.

“Buyer Default Termination” is defined in Section 2.2.1.

“Closing” is defined in Section 3.1.

“COBRA” means the Consolidated Omnibus Reconciliation Act of 1985, as amended, and the applicable regulations promulgated thereunder.

“Contracts” means and includes the Franchise Agreements, Prototype Restaurant Contracts, Office Contracts, Managed Restaurant Management Agreements, the IP License Agreements and any other contracts or agreements to be assigned to Buyer pursuant to this Agreement.

“Cross-Over Assets” is defined in Section 1.3.1.

“Default” is defined, with respect to either Party, as the occurrence of any of the following: (a) any representation by such Party contained in this Agreement being false or misleading in any material respect when made; or (b) any breach by such Party of this Agreement which remains uncured for five (5) days following notice of such breach.

“Deposit” is defined in Section 2.2.1.

“Escrow” is defined in Section 2.2.1.

“Escrow Holder” is defined in Section 2.2.1.

“Excluded Assets” is defined in Section 1.2.

“Excluded Liabilities” is defined in Section 1.5.

“Excluded Locations” is defined in Section 1.1.1(b).

“Execution Date” is defined in the introductory paragraph.

“Franchise Agreements” is defined in Section 1.1.1(a).

“Franchise Restaurants” is defined in Section 1.1.1.

“Franchise Restaurant Equipment” is defined in Section 1.1.1(f).

“Franchise Restaurant Equipment Leases” is defined in Section 1.1.1(d).

“Franchise Restaurant Equipment Subleases” is defined in Section 1.1.1(e).

“Franchise Restaurant Real Property Leases” is defined in Section 1.1.1(b).

“Franchise Restaurant Real Property Subleases” is defined in Section 1.1.1(c).

“Good Funds” is defined in Section 2.2.1.

“Grandy’s Business” is defined in Recital “A”.

“IP Licenses” is defined in Section 1.1.14.

**“Knowledge” and “known”:** Each Seller will be deemed to have “Knowledge” of a particular matter, and the particular matter will be deemed to be “known” by each Seller, if Monty Whitehurst, Jill Olson, Stan Bimmerle or John Reidy, has actual knowledge of such matter or would reasonably be expected to have knowledge of such matter following reasonable inquiry under the circumstances.

**“Leases”** means and includes the Franchise Restaurant Real Property Leases, Franchise Restaurant Equipment Leases, Prototype Restaurant Real Property Lease, Prototype Restaurant Equipment Leases, Office Equipment Leases, and any other leases to be assigned to Buyer pursuant to this Agreement.

**“Lender”** is defined in Section 1.1.4.

**“Managed Restaurants”** is defined in Section 1.1.4.

**“Managed Restaurant Management Agreement”** is defined in Section 1.1.4(g).

**“Material Adverse Change”** is defined in Section 3.8.7.

**“Non Cross-Over Assets”** is defined in Section 1.3.2.

**“Obligations”** is defined in Section 1.4.

**“Office Contracts”** is defined in Section 1.1.3(b).

**“Office Equipment and Supplies”** is defined in Section 1.1.3(c).

**“Office Equipment Leases”** is defined in Section 1.1.3(a).

**“Office Facilities”** is defined in Section 1.1.3.

**“Office Premises”** is defined in Section 1.1.3.

**“Office Real Property Lease”** is defined in Section 1.1.3.

**“Optional Provisions”** is defined in Section 5.1.

**“Outside Date”** is defined in Section 3.2.

**“Overbid Agreement”** is defined in Section 5.1.

**“Overbidder”** is defined in Section 5.1.

**“Paid Deposits”** is defined in Section 1.1.6.

**“Parties”** is defined in the introductory paragraph.

**“Party”** is defined in the introductory paragraph.

**“Permitted Access Parties”** is defined in Section 6.4.

"Person" means any individual, corporation, limited liability company, partnership, trust, estate, agency, unincorporated association or other entity.

"Personal Property" is defined in Section 1.1.5.

"Promissory Notes" is defined in Section 1.1.8.

"Prototype Restaurant" is defined in Section 1.1.2.

"Prototype Restaurant Operating Cash" is defined in Section 1.1.2(f).

"Prototype Restaurant Contracts" is defined in Section 1.1.2(c).

"Prototype Restaurant Equipment" is defined in Section 1.1.2(d).

"Prototype Restaurant Equipment Leases" is defined in Section 1.1.2(b).

"Prototype Restaurant Inventory" is defined in Section 1.1.2(e).

"Prototype Restaurant Real Property Lease" is defined in Section 1.1.2(a).

"Purchase Price" is defined in Section 2.1.

"Purchase Price Adjustment Escrow Agent" is defined in Section 2.2.2.

"Purchase Price Adjustment Escrow Funds" is defined in Section 2.2.2.

"Purchased Assets" is defined in Section 1.1.

"Received Deposits" is defined in Section 1.4.7.

"Recitals" is defined in the introductory paragraph.

"Sale Approval Order" is defined in Section 5.1.

"Sale Motion" is defined in Section 5.1.

"Seller" and "Sellers" are each defined in the introductory paragraph.

"Subleases" means and includes the Franchise Restaurant Real Property Subleases, Franchise Restaurant Equipment Subleases, and any other subleases to be assigned to Buyer pursuant to this Agreement.

"Substitute Buyer" is defined in Section 6.15.

"Tax" or "Taxes" means any and all taxes, charges, fees, levies, assessments, duties or other amounts payable to any federal, state, local or foreign taxing authority or agency, including without limitation: (a) income, franchise, profits, gross receipts, minimum, alternative minimum, estimated, ad valorem, value added, sales, use, service, real or personal property, capital stock, license, payroll, withholding, disability, employment, social security, workers compensation, unemployment compensation, utility, severance, excise, stamp, windfall profits, transfer and

gains taxes; (b) customs, duties, imposts, charges, levies or other similar assessments of any kind; and (c) interest, penalties and additions to tax imposed with respect thereto.

“**Transferred Employees**” is defined in Section 3.11.

“**Trade Payables**” is defined in Section 1.4.9.

[SIGNATURE PAGE(S) ATTACHED]

In Witness Whereof, Buyer and Sellers have executed this Asset Purchase Agreement as of the day and year first above written.

**BUYER:**

SOUPER SALAD, INC., a Texas corporation

Name: *[Signature]*

Title: HAZEN OUF  
CEO

**SELLERS:**

SPECTRUM RESTAURANT GROUP, INC., a Delaware corporation; GRANDY'S, INC., a California corporation; SPOONS RESTAURANTS, INC., a Texas corporation; SPECTRUM FOODS, INC., a California corporation; CRABBY BOB'S FRANCHISE CORP., a California corporation; LOCAL FAVORITE, INC., a California corporation; Substantively consolidated reorganized debtors under Case No. SA 03-15911 ES, as the Debtor and Debtor-In-Possession in that certain Chapter 11 bankruptcy case filed in the United States Bankruptcy Court, Central District of California, Santa Ana Division, as Case No, SA 06-11444 ES

By: *[Signature]*

Name: Ken Mucha

Title: CEO

as duly authorized representative of each Seller



Schedule 1.1.1 - Schedule of Franchise Restaurants  
 NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Legal Name of Franchisee	Franchisee	Store Number	Name	Address	City	State
AFFI Corporation, a Texas corporation	Affi Corporation	2444	Loop 12	501 S. Loop 12	Irving	TX
Shatquat Ahmed and Ishitaique Ahmed, husband and wife	Ahmed	2391	Garland LBJ	2155 Northwest Highway	Garland	TX
Allison Avenue Corporation, a Texas corporation	Allison Avenue	2381	Balch Springs	12011 Elam Road	Balch Springs	TX
Allison Avenue Corporation, a Texas corporation	Allison Avenue	2267	Beckham	1226 South Beckham	Tyler	TX
Allison Avenue Corporation, a Texas corporation	Allison Avenue	2268	Texarkana	3225 Kennedy Lane	Texarkana	TX
Antonie Freeway Food Mart, Inc., a Texas corporation,	Antonie Freeway Food	2423	Anna	1700 S. Hwy 75	Anna	TX
Banyan, Inc., a New Mexico corporation	Banyan, Inc.	2297	Juan Tabo	1400 Juan Tabo	Albuquerque	NM
BR Associates, Inc., an Indiana corporation	BR Associates	2262	Eastland	700 N. Green River Road	Evansville	IN
BR Associates, Inc., an Indiana corporation	BR Associates	2278	Henderson	US 41 North	Henderson	KY
BR Associates, Inc., an Indiana corporation	BR Associates	2366	Huntingburg	2 mile radius from location of unit located at: 1205 North Main	Huntingburg	IN
BR Associates, Inc., an Indiana corporation	BR Associates	2364	Jasper	2 mile radius from location of unit located at: 3891 North Newton Street	Jasper	IN
BR Associates, Inc., an Indiana corporation	BR Associates	2273	Landbridge	722 Landbridge Way	Evansville	IN
BR Associates, Inc., an Indiana corporation	BR Associates	2374	Oakland City	Highway Junction 57 & 64	Oakland City	IN
BR Associates, Inc., an Indiana corporation	BR Associates	2266	Owensboro	Towne Square Mall	Owensboro	KY
BR Associates, Inc., an Indiana corporation	BR Associates	2439	Rockport	815 Sycamore Street	Rockport	IN
BR Associates, Inc., an Indiana corporation	BR Associates	2408	Vincennes	6th Street and Executive Blvd	Vincennes	IN
Camera, Inc., a New Mexico corporation	Carrera, Inc.	2435	Hobbs	1917 N. Turner	Hobbs	NM
George Cherucheri and Thomas Chacko, individuals	Cherucheri	2390	Northstar	145 North Garland Avenue	Garland	TX
Citizen Restaurant Group, Inc., a Texas corporation	Citizens Restaurant	2389	Beltline	2815 Beltline Road	Irving	TX
CM&K Corporation, a Texas corporation	CM&K Corporation	2386	Midway North	3330 E. Trinity Mills	Carrollton	TX
D&J Richie, Inc., an individual	D&J Richie, Inc.	2424	39th / MacArthur	5900 NW 39th Expressway	Oklahoma City	OK
D&J Richie, Inc., an individual	D&J Richie, Inc.	2407	Ardmore	819 Commerce	Ardmore	OK
D&J Richie, Inc., a Oklahoma corporation	D&J Richie, Inc.	2440	Moore	610 N.W. 12th Street	Moore	OK
D&J Richie, Inc., a Oklahoma corporation	D&J Richie, Inc.	2259	Southwestern	7704 Southwestern	Oklahoma City	OK
D&J Richie, Inc., a Oklahoma corporation	D&J Richie, Inc.	2270-227021	Midwest City	212 S Air Depot Blvd.	Midwest City	OK
Eagle C-Stores Inc., a Texas corporation	Eagle C-Stores Inc.	2410	Rhome	SEC Hwy 287 and FM 3433	Rhome	TX
Ali Sharaf, an individual	EBLA Corporation	2433	Italy	NWC I-35 and Hwy 34	Italy	TX
Fogex, Inc., a Texas corporation	Fogex, Inc.	2376	Piano East	620 East 15th Street	Piano	TX

Schedule 1.1.1 - Schedule of Franchise Restaurants  
 NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Legal Name of Franchisee	Franchisee	Store Number	Name	Address	City	State
Fort Worth Zoo	Fort Worth Zoo	2365	Fort Worth Zoo	Fort Worth Zoo	Ft. Worth	TX
Gidestar, Inc., a Texas corporation	Gidestar, Inc.	2411	Ohio	NWC Ohio/McDermott	Plano	TX
Gidestar, Inc., a Texas corporation	Gidestar, Inc.	2380	Plano West	2240 Coit Road	Plano	TX
Grand Eats, LLP, a Texas partnership	Grand Eats	2434	Atlanta	2003 W. Main St.	Atlanta	TX
Green Oaks Restaurant Group, Inc. a Texas corporation	Green Oaks Rest.	2438	360 / Green Oaks	SWC Highway 360 & Green	Arlington	TX
HM Sherman Inc., a Texas corporation	HM Sherman Inc.	2382	Sherman	3201 Texoma Parkway	Sherman	TX
Homestyle Food Corporation, a Texas corporation	Homestyle Food	2394	Red Bird	3230 West Camp Wisdom	Dallas	TX
Homestyle Food Corporation, a Texas corporation	Homestyle Food	2383	Valwood	1753 I-35 South	Carrollton	TX
IMAD Enterprises, Inc., a Texas corporation	Imad Industries	2443	Rufe Snow	5205 Rufe Snow and Hwy 821 N.	Richard Hills	TX
Kerry Armistead, an individual	Kerry Armistead	2448	Lubbock	4631 50th Street	Lubbock	TX
Kerry Armistead, an individual	Kerry Armistead	2432	San Angelo	109 N. Koenigheim	San Angelo	TX
Khandar, LLC, a Texas limited liability corporation	Khandar LLC	2429	Abilene Mail	4134 Buffalo Gap Road	Abilene	TX
Carlos A. and Anna M. Mendoza, husband and wife	Mendoza	2397	Greenville	6112 Wesley Street	Greenville	TX
MAIH, Inc., a Texas corporation	Miah, Inc.	2379	Jim Miller	8228 East R.L. Thornton	Dallas	TX
MAIH, Inc., a Texas corporation	Miah, Inc.	2377	Towneast	2009 N. Towneast Blvd.	Mesquite	TX
Obaid Nehal and Ismat Nehal, individuals	Nehal	2441	Grapevine	301 State Hwy 114	Grapevine	TX
Pizza Enterprises, Inc.	Pizza Enterprises	2368	Rockwall	2 mile radius from location of Rockwall	Rockwall	TX
Red Apple Corporation, a Kansas corporation	Red Apple	2274	Las Cruces	1345 El Paseo Road	Las Cruces	NM
Red Apple Corporation, a Kansas corporation	Red Apple	2276	Vista	10599 Vista Del Sol Drive	El Paso	TX
Red Label, Inc., a Texas corporation	Red Label, Inc.	2378	Richardson	106 West Campbell Road	Richardson	TX
Rheesang Rhee, an individual	Rhee's Investment	2445	Denton Mail	2217 I-35E South	Denton	TX
Robinson Franchina, Inc., a Florida corporation	Robinson Franchina	2447	Fowler	4025 Fowler Street	Ft. Myers	FL
SAD Restaurants, Inc., an Oklahoma corporation	SAD Restaurant, Inc.	2414	Norman	701 West Main	Norman	OK
SEL Incorporated, a Texas corporation	SEL Incorporated	2398	Cooper	4180 S. Cooper	Arlington	TX
SEL Incorporated, a Texas corporation	SEL Incorporated	2401	Seminary	4301 South Freeway	Ft. Worth	TX

Schedule 1.1.1 - Schedule of Franchise Restaurants  
 NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Legal Name of Franchisee	Franchisee Name	Store Number	Address	City	State
Sarah J. Corporation, a Texas corporation	Sarah J Corp.	2392	10443 Central Expressway	Dallas	TX
Seema Virani, an individual	Seema Virani	2404	1112 N. Greenville	Allen	TX
Select Food Enterprises, Inc., a Texas corporation	Select Food Enterprises	2446	Bank of America 901 Elm Street, Suite 106A	Dallas	TX
Drummond Spence, Harvey Anderson and Grandy's of Gainesville, Inc.	Spence	2296	3401 West University Drive	Gainesville	FL
Spence & Anderson Food Services, Inc.	Spence/Anderson	2251	(Information to be inserted)	Brunswick	GA
Northeast Group, Inc., a Texas corporation	Spring Creek Foods LLC	2442	808 W. University	Denton	TX
Enefiok Sunday Anang, an individual	Sunny Anang	2431	3645 N. Lincoln Blvd.	Oklahoma City	OK
SYP Enterprises Inc., a Texas corporation	SYP Enterprises, Inc.	2402	1302 South Parkway	Alvarado	TX
T. Brown Enterprises LLC, a limited liability company	T. Brown Enterprises	2430	401 Westwood Drive	Abilene	TX
Talmadge E. Foster	T. Foster	2258	City of Monroe	Monroe	LA
Talmadge E. Foster	T. Foster	2355	City of West Monroe	West Monroe	LA
Texas Multibrand Corporation, a Texas corporation	Texas Multibrand	2373	819 Access Road	Longview	TX
Topline Management, Inc., a Texas corporation	Topline Mgmt	2291	4201 North Navarro	Victoria	TX
Yasmin Poonawala, an individual	Yasmin Poonawala	2396	1607 Regal Row	Dallas	TX
	Camp Bowie Pleasant Run Beach Polk				

**TRADE MARK**

The Midwest City location is to be opened before the Closing Date. (Already opened - Revise)

These locations are currently managed by Grandy's as Grandy's restaurants. It is anticipated these will be sold to franchisees prior to the closing of this sale.

This location is currently managed by Grandy's as a Grandy's restaurant. This may be transitioned to a franchisee prior to the closing of this sale, or it may continue to be managed by Grandy's at the time of the closing of this sale.

NOTE: This schedule is subject to be updated to reflect any changes to franchised vs. managed stores as detailed in schedule 1.1.4

[Revise to include store 2062 and 2026?]  
 2062 is Quail Springs and is non Grandy's location and 2026 will be provided, as applicable, prior to closing.

*Including location listed on 1.1.4.*

Schedule 1.1.1(a) - Schedule of Franchise Agreements  
NOTE: This schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Legal Description of Franchise Agreement	Store Number	Restaurant Name	Initial Franchise Term			Franchise Term Option			Additional Franchise Term	
			Initial Agreement	Term	Initial Expiration	1st Extension	Expiration	2nd Extension	Expiration	
Grandy's Franchise Agreement dated November 19, 2002, by and between Grandy's Inc. and Green Oaks Restaurant Group, Inc.	2438	360 / Green Oaks	11/25/02	15	11/24/17	10		11/24/27		
Grandy's Franchise Agreement dated December 21, 2001 by and between Grandy's Inc. and Dan Richie	2424	39th / MacArthur	01/25/02	15	01/24/17	10		01/24/27		
Grandy's Franchise Agreement dated May 1, 2006, by and between Grandy's Inc. and Khandar, LLC	2429	Abilene Mall	05/10/06	15	05/09/21	10		05/09/31		
Grandy's Franchise Agreement dated June 21, 2000 by and between Grandy's Inc. and Seema Virani	2404	Allen	08/14/00	15	08/13/15	10		08/13/25		
Grandy's Franchise Agreement dated June 7, 2000, by and between Grandy's Inc. and SYP Enterprises, Inc.	2402	Alvarado	06/24/00	15	06/23/15	10		06/23/25		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated 9/30/05 by Grandy's Inc. in favor of Antoine Freeway Food Mart, Inc (Assignee) at the request of AFFI International Inc. (Assignor) [(1)]	2423	Anna	10/04/01	15	10/03/16	10		10/03/26		
Grandy's Franchise Agreement dated May 7, 2001, by and between Grandy's Inc. and Dan Richie	2407	Ardmore	05/24/01	15	05/23/16	10		05/23/26		
Grandy's Franchise Agreement dated June 18, 2002, by and between Grandy's Inc. and Grand Eats, LLP	2434	Atlanta	10/01/02	15	09/30/17	5		09/30/22		
Grandy's Franchise Agreement dated December 18, 1998 by and between Grandy's Inc. and Allison Avenue Corporation	2381	Balch Springs	02/26/99	15	02/25/14	10		02/25/24		
Grandy's Franchise Agreement dated June 1, 2004, by and between Grandy's Inc. and Select Food Enterprises, Inc.	2446	Bank of America	12/01/04	15	11/30/19	5		11/30/24		
Grandy's Franchise Agreement dated February 1, 1996, and between Grandy's Inc. and Allison Avenue Corporation (Renewal)	2267	Beckham	04/25/82	15	04/25/97	15		04/24/12		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated January 18, 2000 by Grandy's Inc. in favor of Citizen Restaurant Group, Inc. (Assignee) at the request of Abjul Jalil (Assignor) [(1)]	2389	Bettline	12/08/99	15	12/07/14	10		12/07/24		

Schedule 1.1.1(a) - Schedule of Franchise Agreements  
 NOTE: This schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Legal Description of Franchise Agreement	Store Number	Restaurant Name	Initial Franchise Term		Franchise Term Option		Additional Franchise Term	
			Initial Term	Initial Expiration	1st Extension	Expiration	2nd Extension	Expiration
Grandy's Franchise Agreement dated August 5, 1998, by and between Grandy's Inc. and Spence & Anderson Food Services, Inc. (Renewal)	2251	Brunswick	09/09/77	09/08/97	15	09/08/12		
Grandy's Franchise Agreement dated September 13, 2006, by and between Grandy's Inc. and SEL Incorporated	2398	Cooper	10/05/06	10/04/21	10	10/04/31		
Grandy's Franchise Agreement dated January 6, 2005, by and between Grandy's Inc. and Northeast Group	2442	Denton Center	02/08/05	02/07/20	10	02/07/30		
Grandy's Franchise Agreement dated March 24, 2005, by and between Grandy's Inc. and Jaesang Rhee	2445	Denton Mall	04/06/05	04/05/20	10	04/05/30		
Grandy's Franchise Agreement dated August 2, 2000, by and between Grandy's Inc. and BR Associates, Inc.	2262	Eastland	08/01/80	07/31/00	20	07/31/15	10	07/31/25
Grandy's Franchise Agreement dated October 18, 1996, by and between Grandy's Inc. and Texas Multibrand Corporation.	2373	Exxon	11/21/96	11/20/11	15	11/20/21		
Grandy's Franchise Agreement dated August 17, 2006, by and between Grandy's Inc. and Robinson Franchina, Inc.	2447	Fowler	08/18/06	08/17/21	15	08/17/31		
Grandy's License Agreement dated September 12, 1995, between Grandy's Inc. and Fort Worth Zoo	2365	Ft. Worth Zoo	09/12/95	09/11/00	5	09/11/05		
Grandy's Franchise Agreement dated February 8, 1984, between Grandy's Inc. and Drummond Spence, Harvey Anderson and Grandy's of Gainesville	2296	Gainesville	02/08/84	02/07/99	15	06/26/10	5	06/26/15
Transfer of Rights and Consent to Assignment of Franchise Agreement dated September 29, 2004 by Grandy's Inc. in favor of Shafoquat Ahmed and Ishitlaque Ahmed (Assignee) at the request of Shafoquat Ahmed and Ishitlaque Ahmed and Ismat Nehal and Obaid Nehal (Assignor) [(1)]	2391	Garland LBJ	01/31/00	01/30/15	15	01/30/25		

Schedule 1.1.1(a) - Schedule of Franchise Agreements  
NOTE: This schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Legal Description of Franchise Agreement	Store Number	Restaurant Name	Initial Franchise Term		Franchise Term Option		Additional Franchise Term	
			Initial Term	Initial Expiration	1st Extension	Expiration	2nd Extension	Expiration
Waiver of Rights and Consent to Assignment of Franchise Agreement dated April 15, 2006, by Grandy's Inc. in favor of Obaid Nehal and Ismat Nehal (Assignee) at the request of Mohammad Komal and Shafiq Ahmed and Ishiaque Ahmed (Assignor) [(1)]	2441	Grapevine	15	01/17/20	10	01/17/30		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated November 14, 2003, by Grandy's Inc. in favor of Carlos A. and Anna M. Mendoza (Assignee) at the request of MC & Sons, Inc. (Assignor) [(1)]	2397	Greenville	15	06/04/15	10	06/04/25		
Grandy's Franchise Agreement dated August 2, 2000, between Grandy's Inc. and BR Associates	2278	Henderson	20	07/31/00	15	07/31/15	10	07/31/25
Waiver of Rights and Consent to Assignment of Franchise Agreement dated January 20, 2005, by Grandy's Inc. in favor of Carrera, Inc. (Assignee) at the request of Hostco, Inc. (Assignor) [(1)]	2435	Hobbs	15	11/06/17	10	11/06/27		
Franchise Agreement dated December 20, 1995, by and between Grandy's Inc. and BR Associates, Inc.	2366	Huntingburg	15	12/17/10	15	12/17/25		
Grandy's Franchise Agreement dated September 2, 2001, by and between Grandy's Inc. and Ali Sharaf Inc.	2433	Italy	15	11/01/16	10	11/01/26		
Grandy's Franchise Agreement dated October 3, 2005, by and between Grandy's Inc. and BR Associates	2364	Jasper	15	09/25/10	15	09/25/25		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated February 1, 2005, by Grandy's Inc. in favor of MIAH, Inc. (Assignee) at the request of Allison Avenue Corporation (Assignor) [(1)]	2379	Jim Miller	15	02/25/14	10	02/25/24		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated February 11, 2002, by Grandy's Inc. in favor of Banyan, Inc. (Assignee) at the request of Ronald G. Hone (Assignor) [(1)]	2297	Juan Tabo	15	03/08/14	10	03/08/24		
Grandy's Franchise Agreement dated August 2, 2000, by and between Grandy's Inc. and BR Associates	2273	Landbridge	20	07/31/00	15	07/31/15	10	07/31/25

Schedule 1.1.1(a) - Schedule of Franchise Agreements  
 NOTE: This schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Legal Description of Franchise Agreement	Store Number	Restaurant Name	Initial Franchise Term		Franchise Term Option		Additional Franchise Term	
			Initial Agreement Term	Initial Expiration	1st Extension	Expiration	2nd Extension	Expiration
Grandy's Franchise Agreement dated March 24, 1997, by and between Grandy's Inc. and Red Apple Corporation	2274	Las Cruces	02/01/83	07/20/98	10	01/31/08		
Grandy's Franchise Agreement dated April 4, 2001, by and between Grandy's Inc. and Enefiok Sunday Anang	2431	Lincoln	05/06/02	05/05/17	10	05/05/27		
Grandy's Franchise Agreement dated January 10, 2005, by and between Grandy's Inc. and AFFI Corporation	2444	Loop 12	04/01/05	03/31/20	10	03/31/30		
Grandy's Franchise Agreement dated July 28, 2006, by and between Grandy's Inc. and Kerry Armistead	2448	Lubbock	10/21/06	10/20/21	10	10/20/31		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated January 18, 2000, by Grandy's Inc. in favor of Sarah J. Corporation (Assignee), at the request of Ibrahim Asad (Assignor) [(1)]	2392	Meadow	01/31/00	01/30/15	10	01/30/25		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated October 26, 2005, by Grandy's Inc. in favor of CM&K Corporation (Assignee) at the request of Homestyle Food Corporation (Assignor) [(1)]	2386	Midway North	12/03/99	12/02/14	10	12/02/24		
Franchise Agreement by and between Grandy's Inc. and D&J Richie, Inc. f#3	2270 [**] [22072]	Midwest City f#3	[REDACTED]	[REDACTED]	10	[REDACTED]		
Franchise Agreement between Grandy's Inc. and Talmadge E. Foster dated January 19, 1993	2258	Monroe	05/21/79	05/20/94	15	05/20/09		
Grandy's Franchise Agreement dated July 9, 2004, by and between Grandy's Inc. and D&J Richie, Inc.	2440	Moore	09/15/04	09/14/19	10	09/14/29		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated August 17, 2005, by Grandy's Inc. in favor of SAD Restaurants, Inc. (Assignee) at the request of Dan Richie (Assignor) [(1)]	2414	Norman	10/18/01	10/17/16	10	10/17/26		

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Schedule 1.1.1(a) - Schedule of Franchise Agreements  
 NOTE: This schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Legal Description of Franchise Agreement	Store Number	Restaurant Name	Initial Franchise Term		Franchise Term Option		Additional Franchise Term	
			Initial Agreement	Term	Initial Expiration	1st Extension	Expiration	2nd Extension
Waiver of Rights and Consent to Assignment of Franchise Agreement dated December 13, 2005, by Grandy's Inc. in favor of George Cheruchini and Thomas Chacko (Assignee) at the request of Chennangattu Thomas Lukose (Assignor) [(1)]	2390	Northstar	10/24/05	15	10/23/20	10	10/23/30	
Grandy's Franchise Agreement dated October 20, 1997, by and between Grandy's Inc. and BR Associates	2374	Oakland City	10/20/97	15	10/19/12	10	10/19/22	
Grandy's Franchise Agreement dated August 5, 2000, by and between Grandy's Inc. and Guidestar, Inc.	2411	Ohio	11/07/00	15	11/06/15	10	11/06/25	
Grandy's Franchise Agreement dated August 2, 2000, by and between Grandy's Inc. and BR Associates	2266	Owensboro	08/01/80	20	07/31/00	15	07/31/15	07/31/25
Assignment of Franchise Agreement dated August 1, 2005 between MIAH, Inc. (Assignor) and Fogex, Inc. (Assignee) [(1)]	2376	Piano East	07/15/03	15	07/14/18	10	07/14/28	
Waiver of Rights and Consent to Assignment of Franchise Agreement dated February 11, 2005, by Grandy's Inc. in favor of Gidestar, Inc. (Assignee) at the request of Feedal, Inc. (Assignor) [(1)]	2380	Piano West	02/25/99	15	02/25/14	10	02/25/24	
Grandy's Franchise Agreement dated March 23, 2000, by and between Grandy's Inc. and Homestyle Food Company	2394	Red Bird	03/27/00	15	03/26/15	10	03/26/25	
Grandy's Franchise Agreement dated November 5, 1999, by and between Grandy's Inc. and Yasmin Poonwala	2396	Regal Row	11/13/99	15	11/12/14	10	11/12/24	
Grandy's Franchise Agreement dated September 6, 2000, by and between Grandy's Inc. and Eagle C-Stores,	2410	Rhome	09/13/00	15	09/12/15	10	09/12/25	
Waiver of Rights and Consent to Assignment of Franchise Agreement dated February 21, 2005, by Grandy's Inc. in favor of Red Label, Inc. (Assignee) at the request of Basic Country Foods, Inc. (Assignor) [(1)]	2378	Richardson	02/25/99	15	02/25/14	10	02/25/24	
Grandy's Franchise Agreement dated July 14, 2003, by and between Grandy's Inc. and BR Associates	2439	Rockport	03/31/04	15	03/30/19	10	03/30/29	



Schedule 1.1.1(a) - Schedule of Franchise Agreements  
 NOTE: This schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Legal Description of Franchise Agreement	Store Number	Restaurant Name	Initial Franchise Term		Franchise Term Option		Additional Franchise Term		
			Initial Agreement	Term	Initial Expiration	1st Extension	Expiration	2nd Extension	Expiration
Franchise Agreement between Grandy's Inc. and Pizza Enterprises dated December 20, 1995	2368	Rockwall	12/20/95	15	12/19/10	15	12/19/25		
Grandy's Franchise Agreement dated February 22, 2005, by and between Grandy's Inc. and IMAD Inc.	2443	Rufe Snow	03/02/05	15	03/01/20	10	03/01/25		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated August 20, 2003, by Grandy's Inc. in favor of Kerry Amistead (Assignee) at the request of YAJR Enterprises, Inc. (Assignor) [(1)]	2432	San Angelo	07/11/02	15	07/10/17	10	07/10/27		
Grandy's Franchise Agreement dated September 13, 2006, by and between Grandy's Inc. and SEL, Inc.	2401	Seminary	10/05/06	15	10/04/21	10	10/04/31		
Grandy's Franchise Agreement dated October 27, 2000, by and between Grandy's Inc. and HM Sherman Inc.	2382	Sherman	12/19/00	15	12/18/15	10	12/18/25		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated June 5, 2006, by Grandy's Inc. in favor of D&J Richie, Inc. (Assignee) at the request of OKC Food Services (Assignor) [(1)]	2259	Southwestern	12/14/81	20	12/13/01	15	12/13/16	12/13/26	
Grandy's Franchise Agreement dated February 1, 1996, by and between Grandy's Inc. and Allison Avenue Corporation	2268	Texarkana	04/25/82	15	04/25/97	15	04/24/12		
Waiver of Rights and Consent to Assignment of Franchise Agreement dated March 1, 2006, by Grandy's Inc. in favor of MIAH, Inc. (Assignee) at the request of Allison Avenue Corporation (Assignor) [(1)]	2377	Towneast	02/26/99	15	02/25/14	10	02/25/24		
Grandy's Franchise Agreement dated October 4, 1999, by and between Grandy's Inc. and Homestyle Foods Inc.	2383	Valwood	12/03/99	15	12/02/14	10	12/02/24		
Grandy's Franchise Agreement dated April 11, 2005, by and between Grandy's Inc. and Topline Management	2291	Victoria	06/15/05	20	06/14/25				
Grandy's Franchise Agreement dated January 15, 2001, by and between Grandy's Inc. and BR Associates	2408	Vincennes	02/06/01	15	02/05/16	10	02/05/26		

Schedule 1.1.1(a) - Schedule of Franchise Agreements  
 NOTE: This schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Legal Description of Franchise Agreement	Store Number	Restaurant Name	Initial Franchise Term		Franchise Term Option		Additional Franchise Term	
			Initial Term	Initial Expiration	1st Extension	1st Expiration	2nd Extension	2nd Expiration
Grandy's Franchise Agreement dated March 24, 1997, by and between Grandy's Inc. and Red Apple Corporation	2276	Vista	02/01/83	15	07/20/98	10	01/31/08	
Franchise Agreement between Grandy's Inc. and Taimadge E. Foster dated January 19, 1993	2355	West Monroe	05/21/79	15	05/20/94	15	05/20/09	
Grandy's Franchise Agreement dated January 3, 2006, by and between Grandy's Inc. and T. Brown Enterprises LLC	2430	Westwood	01/23/06	15	01/22/21	10	01/22/31	
N/A *** [Revise?]		Camp Bowie						
N/A *** [Revise?]		Pleasant Run Beach						
N/A *** [Revise?]		Polk						

\*\*\* - The Midwest City location is expected to be opened before the closing date. [Already opened - Revise] Midwest City information to be provided Monday morning.  
 \*\*\*\* - These locations are currently managed by Grandy's as Grandy's restaurants. It is anticipated these will be sold to franchisees prior to the closing of this sale  
 \*\*\*\*\* - This location is currently managed by Grandy's as a Grandy's restaurant. This may be transitioned to a franchisee prior to the closing of this sale, or it may continue to be managed by Grandy's at the time of the closing of this sale.

NOTE: Schedule 1.1.1(a) and 1.1.2(a) [Revise?] make up the total footprint of Grandy's locations

NOTE: This schedule is subject to be updated to reflect any changes to franchised vs. managed stores as detailed in schedule 1.1.4

[Revise to include store 2062 and 20267] 2062 is Quail Springs and is non Grandy's location and 2026 will be provided, as applicable, prior to closing.

[(1) Revise to include underlying franchise agreements.] Legal description reflects most recent document relative to the Franchise location and is intended to include original Franchise agreement an

*Note: Seller will revise to include franchise agreement's and related to agreement agreement linked above.*

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REEL: 004738 FRAME: 0074

Schedule 1.1.1(b) - Schedule of Franchise Restaurant Real Property Leases  
NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Store Number	Name	Initial Term Date	Grandy's Lease Term		Landlord	Description of Lease
			Available	Extension		
2424	39th / MacArthur	06/30/09	1 - 5 yr option		Salt Creek LP	Addendum to Ground Lease dated 10/19/83 between A. Sam Coury, Gary B. Homsey (Lessor) and Grandy's Country Cookin (Lessee)
2429	Abilene Mail	12/11/16	2 - 5 yr options		CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2407	Ardmore	12/11/16	2 - 5 yr options		CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2381	Balch Springs	03/15/14	4 - 5 yr options		W&M Realty Inc.	Ground Lease dated 10/10/1984 by and between Grandy's Inc., Tenant and K Mart Corporation, Landlord
2389	Bellline	12/11/16	2 - 5 yr options		CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2398	Cooper	12/11/16	2 - 5 yr options		CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2442	Denton Center	02/28/09	2 - 5 yr options		Retail Plazas, Inc.	Agreement of Lease for Denton Shopping Center dated January 12, 1989 by and between Denton Joint Venture, Folsom Investments, Inc., Managing Partner, Lessor and Grandy's Inc., Lessee
2445	Denton Mall	04/30/09	1 - 5 yr option		Denton Mall Company	Ground Lease dated November 21, 1983, by and between Denton Mall Company, Landlord and Grandy's Inc., Tenant
2447	Fowler	n/a	-		John E. Savickas	Grandy's Restaurant #2024 Lease dated June 1, 2005 between Joahn E. Savickas, Landlord and Grandy's Inc. Tenant
2391	Garland LBJ	01/30/15	2 - 5 yr options		CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2441	Grapevine	12/11/16	2 - 5 yr options		CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2397	Greenville	12/11/16	2 - 5 yr options		CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2435	Hobbs	12/11/16	2 - 5 yr options		CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)

Schedule 1.1.1(b) - Schedule of Franchise Restaurant Real Property Leases.  
NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Store Number	Name	Initial Term Date	Grandy's Lease Term		Landlord	Description of Lease
			Available	Extension		
2379	Jim Miller	09/30/09	-	-	William C. Nelson, Jr.	Assignment of Lease Agreement dated October 17, 1983 between Sambos Restaurants, Inc. and Grandy's Inc. (Assignee)
2431	Lincoln	12/11/16	2 - 5 yr options	-	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2448	Lubbock	12/11/16	2 - 5 yr options	-	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2386	Midway North	12/11/16	2 - 5 yr options	-	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2440	Moore	12/11/16	2 - 5 yr options	-	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2414	Norman	12/11/16	2 - 5 yr options	-	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2390	Northstar	12/11/16	2 - 5 yr options	-	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2376	Plano East	12/11/16	2 - 5 yr options	-	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2380	Plano West	02/28/15	2 - 5 yr options	-	ASG Parkwest Plaza	Model/Grandy's Ground Lease - Lease Agreement between Caroline Hunt Trust Estate, whose Trustee is Don W. Crisp; Lessor and Grandy's Inc., Lessee, Commencement Date March 2, 1985.
2394	Red Bird	12/11/16	2 - 5 yr options	-	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2378	Richardson	11/27/08	1 - 5-yr option	-	KIR Richardson, LP	Agreement to Build Lease dated March 23, 1983 between SSG Investments, Lessor and Grandy's Inc., Lessee
2443	Rufe Snow	11/27/17	-	-	Oneida Realty	Lease Agreement between Oneida Realty Company, Lessor and Grandy's Inc., Lessee dated July 27, 1982
2401	Seminary	12/11/16	2 - 5 yr options	-	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)

Schedule 1.1.1(b) - Schedule of Franchise Restaurant Real Property Leases  
NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Grandy's Lease Term		Landlord		Description of Lease
Store Number	Name	Initial Term Date	Available Extension	
2382	Sherman	12/31/08	Sher-Den Mall	Lease Agreement for Sher Den Mall by and Between Meyer Steinberg dba Sher Den Mall and Denton Food Industries of Lewisville, Inc. dated July 20, 1978
2377	Towneast	03/15/14	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2383	Valwood	12/02/14	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2430	Westwood	04/03/08	Oneida Realty	Lease Agreement between Oneida Realty, Lessor and Grandy's Inc., Lessee dated April 1, 1983
NOTE: The following locations are in addition to the those listed above and are the obligation of Grandy's, Inc.				
2598	Beach	12/11/16	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2596	Camp Bowie	10/15/59	Thomas A. Howe	Original lease October 15, 1959, assigned to Grandy's April 4, 1983
2594	Pleasant Run	12/11/16	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
2593	Polk	12/11/16	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)

NOTE: Schedule 1.1.1(b) and 1.1.2(a) [Revise?] make up the total footprint of Grandy's locations

[Revise to include store 2062 and 2026? - Should synch to CNL Ground lease] Edmond and Quail Springs are non Grandy's Franchise locations.

*related*  
Note: Seller will revise to include franchise agreements ~~attached~~ to assignment agreements listed above and lease agreements, as appropriate.

*Note: Files / Schedule to include modifications to Denton lease / sub-lease as described to Buyer*

Schedule 1.1.1(c) - Schedule of Franchise Restaurant Real Property Subleases  
NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Franchisee	Store Number	Name	Landlord	Description of Sublease
Ahmed	2391	Garland LBJ	Grandy's/CNL	Assignment of Sublease Agreement dated 6/19/03 between Sarah J. Corporation (Assignor) and Shaifuat Ahmed, Ishtiaque Ahmed, Ismat Nehal and Ohaid Nehal (Assignee)
Allison Avenue	2381	Balch Springs	Grandy's/W&M Realty Inc.	Sublease Agreement, Reference Date 12/11/98 between Grandy's Inc. and Allison Avenue Corporation
Armistead	2448	Lubbock	Grandy's/CNL	Sublease Agreement, Reference Date 7/28/06 between Grandy's Inc. and Kerry Armistead
Carrera, Inc.	2435	Hobbs	Grandy's/CNL	Assignment of Sublease Agreement dated 01/20/05 between Hostco, Inc.(Assignor) and Carrera, Inc. (Assignee)
Cherucheril	2390	Northstar	Grandy's/CNL	Assignment of Sublease Agreement dated 05/01/06 between George Cherucheril and Thomas Chacko(Assignor) and George K. Cherucheril and George T. Cherucheril (Assignee)
Citizens Restaurant	2389	Beltline	Grandy's/CNL	Assignment of Sublease Agreement dated 1/19/00 between Abjul Jalil (Assignor) and Citizens Restaurant Group Inc. (Assignee)
CM&K Corporation	2386	Midway North	Grandy's/CNL	Sublease Agreement, Reference Date 10/26/05 between Grandy's Inc. and CM&K Corporation
D&J Richie, Inc.	2424	39th / MacArthur	Grandy's/Salt Creek LP	Sublease Agreement, Reference Date 12/21/01 between Grandy's Inc. and Dan Richie
D&J Richie, Inc.	2407	Ardmore	Grandy's/CNL	Sublease Agreement, Reference Date 5/7/01 between Grandy's Inc. and Dan Richie
D&J Richie, Inc.	2440	Moore	Grandy's/CNL	Sublease Agreement, Reference Date 7/9/04 between Grandy's Inc. and D&J Richie, Inc.
Fogex, Inc.	2376	Plano East	Grandy's/CNL	Sublease Agreement, Reference Date 7/15/05 between Grandy's Inc. and Fogex, Inc.
Gidestar, Inc.	2380	Plano West	Grandy's/ASG Parkwest Plaza	Assignment of Sublease Agreement dated 2/11/05 between Feedal, Inc.(Assignor) and Guidestar, Inc. (Assignee)

Schedule 1.1.1(c) - Schedule of Franchise Restaurant Real Property Subleases  
NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Franchisee	Store Number	Name	Landlord	Description of Sublease
HM Sherman Inc.	2382	Sherman	Grandy's/Sher-Den Mall	Assignment of Sublease Agreement dated September 21, 2000 between Red River Restaurant - Sherman, Inc. and HM Sherman, Inc.
Homestyle Food	2394	Red Bird	Grandy's/CNL	Original Sublease Agreement dated June 18, 1999 by and between Grandy's, Inc. and Red River Restaurant - Sherman, Inc.
Homestyle Food	2383	Valwood	Grandy's/CNL	Sublease Agreement, Reference Date 3/23/00 between Grandy's Inc. and Homestyle Food Corporation
Imad Industries	2443	Rufe Snow	Grandy's/Oneida Realty	Sublease Agreement, Reference Date 10/04/00 between Grandy's Inc. and Homestyle Food Corporation
Khandar LLC	2429	Abilene Mall	Grandy's/CNL	Sublease Agreement, Reference Date 1/14/05 between Grandy's Inc. and Imad Industries, Inc.
Mendoza	2397	Greenville	Grandy's/CNL	Sublease Agreement, Reference Date 5/1/06 between Grandy's Inc. and Khandar LLC
Miah, Inc.	2379	Jim Miller	Grandy's/William C. Nelson, Jr.	Assignment of Sublease Agreement dated 11/14/03 between MC & Sons, Inc. (Assignor) and Carols A. & Anna M. Mendoza (Assignee)
Miah, Inc.	2377	Towneast	Grandy's/CNL	Assignment of Sublease Agreement dated 02/01/05 between Allison Avenue Corporation (Assignor) and MIAH, Inc. (Assignee)
Nehal	2441	Grapevine	Grandy's/CNL	Sublease Agreement, Reference Date 3/1/06 between Grandy's Inc. and MIAH, Inc.
Red Label, Inc.	2378	Richardson	Grandy's/KJR Richardson LP	Assignment of Sublease Agreement dated 04/15/06 between Mohammad Kamal Nehal, Ishiaque and Shaquaq Ahmed (Assignor) and Ismat Nehal and Obaid Nehal (Assignee)
Rhee's Investment	2445	Denton Mall	Grandy's/Denton Mail Company	Sublease Agreement, Reference Date 3/15/05 between Grandy's Inc. and Red Label

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Schedule 1.1.1(c) - Schedule of Franchise Restaurant Real Property Subleases  
NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Franchisee	Store Number	Name	Landlord	Description of Sublease
Robinson Francina	2447	Fowler	Grandy's/John E. Savickas	Sublease Agreement, Reference Date 8/17/06 between Grandy's Inc. and Robinson Francina
SAD Restaurant, Inc.	2414	Norman	Grandy's/CNL	Assignment of Sublease Agreement dated 8/17/05 between Dan Richie (Assignor) and SAD Restaurants, Inc. (Assignee)
SEL Incorporated	2398	Cooper	Grandy's/CNL	Sublease Agreement, Reference Date 9/13/06 between Grandy's Inc. and SEL Inc.
SEL Incorporated	2401	Seminary	Grandy's/CNL	Sublease Agreement, Reference Date 9/13/06 between Grandy's Inc. and SEL Inc.
Spring Creek Foods LLC	2442	Denton Center	Grandy's/Retail Plazas, Inc.	Sublease Agreement, Reference Date 1/6/05 between Grandy's Inc. and Northeast Group, Inc.
Sunny Anang	2431	Lincoln	Grandy's/CNL	Sublease Agreement, Reference Date 4/4/02 between Grandy's Inc. and Eneflok Sunday Anang
T. Brown Enterprises	2430	Westwood	Grandy's/Oneida Realty	Sublease Agreement, Reference Date 1/3/06 between Grandy's Inc. and T. Brown Enterprises
	2598	Beach	CNL	Ground Lease Agreement dated December 12, 1996,
	2596	Camp Bowie	Thomas A. Howe	Original lease October 15, 1959, assigned to Grandy's April 4, 1983
	2594	Pleasant Run	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
	2593	Polk	CNL	Ground Lease Agreement dated December 12, 1996, between US Restaurant Properties Operating L.P. (Ground Lessor) and Grandy's Inc (Ground Lessee)
	2004	Pioneer	CNL	N/A
	2038	Buckner	CNL	N/A
	2073	Landcaster	CNL	N/A
	2047	Edmond	USRP	N/A
	2062	Quail Springs	USRP	N/A

} should not be deleted.

Note: The following lease obligations are in addition to the those listed above and are the obligation of Grandy's [1]

The following locations are closed. [(2)]

The following locations are sub-leased to non Grandy uses [(2)]

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REEL: 004738 FRAME: 0080



Schedule 1.1.1(c) - Schedule of Franchise Restaurant Real Property Subleases  
NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Franchisee	Store Number	Name	Landlord	Description of Sublease
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[(1) Determine whether each of these subleases belong on this Schedule.]  
These are managed restaurants that have a motion approving the sale and these subleases will be included as part of the sale.

[(2) Determine whether references to these locations should be removed from this Schedule.]

[Revise to include store 2062 and 2026?] 2062 included in row 85, not aware of a 2026.

Note: Seller will advise to include franchise sublease agreement related to assignment agreement listed above.

Note 2: Final schedule will include restaurant Denton leg

Schedule 1.1.1(d) - Schedule of Franchise Restaurant Equipment Leases

None

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REEL: 004738 FRAME: 0082

Schedule 1.1.1(e) - Schedule of Franchise Restaurant Equipment Subleases

None

Schedule 1.1.1(f) - Schedule of Franchise Restaurant Equipment

None

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Schedule 1.1.2(a) - Schedule of Prototype Restaurant Real Property Lease

Formal Name of Lease	Store Number	City	Initial Term Date	Lease Term Available Extensions	Landlord
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Lease Agreement Between Charles Curtis and Denton Food Industries (Lewisville), Inc.	2002	Lewisville	06/30/06	2 - 5 yr options	Charles Curtis
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*Handwritten notes:*  
 A circled '1' is written above the '2 - 5 yr options' text.  
 An arrow points from the circled '1' down to the '06/30/06' date.  
 There are some illegible handwritten initials or marks next to the arrow.

① Seller is currently operating in the first five year option period.  
 There is one five-year option period remains.

Schedule 1.1.2(b) - Schedule of Prototype Restaurant Equipment Leases

None

Schedule 1.1.2(c) - Schedule of Prototype Restaurant Contracts  
NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Contract	Description of Contract	Term
ABC Pest and Lawn Services	Pest Control	Month to Month
ADT Security Services, Inc.	Security	Month to Month
Green Mountain Energy Company	Electricity	Month to Month
Sophisticated Sound, Inc.	Background Music	12/31/04 - 12/31/10 with 60 month extension
Waste Management of North Texas	Waste Management	November 2006 - November 2009, 1 year extension available at end of term.

Note: Additional contracts at Grandy's corporate level are included in Schedule 1.1.3(c)

**Schedule 1.1.2(d) - Schedule of Prototype Restaurant Equipment**  
 NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Inventory-Date: 12/7/2006 (VJ)

Outside	Quantity
Building sign	3
Directional signs	4
Menu board (Drive-thru)	1
Parking-lot pole lights	9
Pole signs	1
Dining Room	Quantity
Accent lights	16 recessed
Blinds	12
Booster chairs	3
Booth units (4 person)	9
Booth units (circular)	1
Chairs	28
Emergency lights	2
Hanging lights	9
High chairs	3
Pictures (décor)	5
Satellite speakers	7
Self-serve cabinet	1
Table units (2,4 persons, circular)	16
Trash receptacles (2 units, single unit)	2
Lobby	Quantity
Coffee machine	1
Drink machine	1 + 1 bin
Photo board	6
Refrigerated Saled Container	1
Front Counter	Quantity
Back-counter assembly	1
Cinnamon roll display	1
Cup holders	6
Florescent lights	9
Ice bins	1
Menu-board intercom system	1
Microwaves (hot unit, glazing station)	1
POS system	3
Proofer	1
Trays (14x8)	36
Fly Machines	1
Heat Wells	9
Cold Well	1
Drive-Thru	Quantity
Drink unit with Ice bins	1
Drive-thru refrigerator	1
Drive-thru sound equipment	1
Hand sink	1
POS system	1
POS monitor	1
Office Area	Quantity
Chair	1
Computer	1
Desk	1
Fax Machine	1
Filing cabinet	2
Flourescent lights	1
Phone	1
Safe	1
Satellite System	1
Television monitor	1
VCR	1

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**Schedule 1.1.2(d) - Schedule of Prototype Restaurant Equipment**  
 NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.B.6 of the Asset Purchase Agreement to which these Schedules are attached.

Restrooms	Quantity
Bathroom commodes	3
Bathroom mirrors	2
Bathroom partitions	2
Bathroom sinks	2
Bathroom urinals	1
Fluorescent lights	1
Soap dispenser	4
Towel dispenser	1
Trash container	3

Kitchen	Quantity
Ansul system	1
Bath table	1
Breakfast-grill stands	2
Emergency lights	2
Faucets	3
Filter systems	1
Fluorescent lights	7
Stainless Work Table and shelf	1
Tomato Slicer	1
Fryers Satisfyer MJP 320 Degrees	3
Fryers Satisfyer 355 Degrees	2
Groove-top grill	1
Groove-top stand	1
Hand sink (soap dispensment towel)	1
Hobart mix	1
Hobart stand	1
Hood system (with fan)	1
Tilt Skillet	1
Ingredient bin	3
Kitchen-storage shelves	4
Oven shroud (stainless)	1
Roll Racks	2
Booster Heater and Faucets	1
Sink (3-compartment)	1
Speaker	1
Tinets	3
Trash container	2

Store room	Quantity
Emergency alarm door system	1
Fluorescent lights	2
Hose hanger	1
Metal chemical Lockers	1
Mop & broom holder	1
Mop sink	1
Water heater	1
Shelving	5

Walk-in Cooler	Quantity
Light fixtures	1
Roll racks	3
Shelves	4

Walk-in Cooler Freezer	Quantity
Light fixtures	1
Wire shelves	6

{(+) -Revise to remove date reference}

Schedule 1.1.2(e) - Schedule of Prototype Restaurant Inventory  
NOTE: This Schedule to be revised prior to the Closing in accordance with, and  
subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules  
are attached.

Note: Schedule to be updated at closing

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Schedule 1.1.3 - Schedule of Office Real Property Lease

Lessor	Address	Description of Lease	Term
GL Corporate Pointe, L.P., c/o Trinity Interests, Inc.	12750 Merit Drive Suite 1300 Dallas, Texas 75251	By and between GL Corporate Pointe, L.P. and Grandy's Inc.	11/01/05 - 01/31/2010

5086

Schedule 1.1.3(a) - Schedule of Office Equipment Leases  
NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Lessor	Description of Leased Equipment	Description of Lease	Term
Lanier	LD060 - Mail Room Industrial Copier	Between Grandy's Inc. (Lessee) and Lanier (Lessor)	8/1/05 - 7/31/09
Lanier	LD235 - Office Copier	Between Grandy's Inc. (Lessee) and Lanier (Lessor)	5/1/06 - 4/30/09
Pitney Bowes	Postage Machine and Scale	Between Grandy's Inc. (Lessee) and Pitney Bowes (Lessor)	7/1/03 - 12/31/07
Pitney-Bowes	Felder/inserter		

NOTE: The "folding" machine will be rejected.

Schedule 1.1.3(b) - Schedule of Distributor/Product Contracts  
NOTE: This Schedule to be revised and updated prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Distributor	Agreement Term	Extended Term	Description of Contract
Performance Food Group	6/13/2008	n/a	Food service product distribution Company

Schedule 1.1.3(b) - Schedule of Distributor/Product Contracts

Sub Distributor Agreements	Agreement Term	Extended Term	Description of Contract
ACH Cheese	12/31/2006	See NOTE	Shredded Cheese
Allen Canning	8/31/2007	n/a	Green Beans, pork and beans
Ampac	6/30/2007	n/a	Grandy's paper bags
Atlantic Mills	6/30/2007	n/a	reusable food service towel
Basic American	12/31/2008	n/a	Potato pearls
Cereal Foods	1/31/2007	See NOTE	Grandy's flour
Cal Tex	7/31/2007	n/a	Orange Juice 10 & 6 oz.
CF Chefs pot pie sauce	9/15/2007	n/a	pot pie sauce
CF Chefs White gravy	5/31/2007	n/a	white gravy mix
Coke	12/31/2007	n/a	Coke, Diet Coke, Sprite, Pibb, Mello Yellow Minute Maid, Barqs
Dart (styrofoam)	12/31/2007	n/a	food containers, lids, plastic cup
Dr Pepper	7/31/2007	n/a	styrofoam drink cups
Diamond Crystal	12/31/2007	n/a	Dr. Pepper, Diet 7 up, Sunkist, Country Time
Domino Foods	12/31/2007	n/a	sugar packets, salt and pepper shakers, salt and pepper packets, splenda
Durable packaging	12/31/2007	n/a	sugar 50#, powdered sugar 25#
Fast Pak	6/30/2007	n/a	pot pie tins
Frankston	6/30/2007	n/a	catering boxes, cinnamon rolls bags,
GenPak	6/30/2007	n/a	paper carryout boxes small med, large
Georgia Pacific	12/31/2006	See NOTE	Styrofoam to go containers
Golden Oval	12/31/2007	n/a	paper cups, forks, spoons, knives
Heinz	12/31/2007	n/a	liquid eggs, whole eggs
Holmes	4/30/2007	n/a	ketchup pouch and single serve
Jet Plastic	4/30/2007	n/a	bone in chicken
John Morrell Ham	12/31/2007	n/a	straws, wet nap,
John Morrell Sausage	2/28/2007	n/a	breakfast ham steaks
John Morrell Bacon	2/28/2007	See NOTE	sausage patties
Kay	12/31/2006	See NOTE	bacon
Kehs Bakery	9/1/2007	See NOTE	chemicals
Kerry Coatings	12/31/2006	n/a	cobbler, pecan pie
Kraft	12/31/2006	See NOTE	chicken fried steak batter and breader
Log Cabin	12/31/2006	See NOTE	salad dressings
MJM	12/31/2007	n/a	breakfast steaks, steak fingers, dinner steaks, country fried steaks,
Morrell Foods	4/30/2007	n/a	Uncle Bens Southwest Rice Pilaf
Max Packaging	8/16/2007	n/a	to-go cutlery, napkin, seasoning packages
Michaels Foods	12/31/2007	n/a	liquid eggs
Mission Foods	8/1/2007	n/a	fortillas
Nestle Foods	12/31/2006	See NOTE	cocoa mix, tea, mac and cheese
Newly Weds	9/15/2007	n/a	Grandy's green bean seasoning, corn seasoning, catfish breading seasoning, roasted chicken seasoning
Ocean Cuisine	12/31/2006	See NOTE	breaded shrimp

**Schedule 1.1.3(b) - Schedule of Distributor/Product Contracts**

Sub Distributor Agreements	Agreement Term	Extended Term	Description of Contract
Pactiv	12/31/2006	See NOTE	laminated platters and plates
Pilgrims	12/31/2006	See NOTE	processed chicken
PPI	5/31/2007	n/a	portion packs
Premier Blending	1/14/2007	See NOTE	batter and mixes
RPMco	12/31/2007	n/a	t shirt bags
Simplot	10/31/2007	n/a	fries and hash browns
SCA	7/31/2007	n/a	napkins and paper towels
Stampede Meats	12/31/2007	n/a	cooked roast beef
Southsteam Seafood's	12/31/2007	n/a	catfish filets
Supply link	6/30/2007	n/a	carry out bags
Todd's	12/31/2007	n/a	Grandy's beef flavored gravy
TVDV POS	3/1/2007	n/a	POS cash register tapes
Vaughn Foods	5/18/2007	n/a	coleslaw
Ventura	12/31/2006	See NOTE	ranch dressing, honey sauce, Mel Fry, margerine, mayonnaise, chum spread
VIP Sales	12/31/2006	See NOTE	breaded okra
Watts Bros	8/31/2007	n/a	super sweet cut corn

NOTE: In ordinary course of business, contracts are renewed, extended or replaced as necessary.

**Schedule 1.1.3(c) - Schedule of Office Equipment and Supplies**

NOTE: This Schedule to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Schedule 1.1.4 - Schedule of Managed/Owned Restaurants  
 NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Managed/Owned	Owned	Contact	Store Name	Store Number	City	State
Grandy's Managed	United Central Bank	Pervez Bajani	Beach	2598	Ft. Worth	TX
Grandy's Managed	United Central Bank	Pervez Bajani	Camp Bowie	2596	Ft. Worth	TX
N/A	Grandy's	Monty Whitehurst	Polk	2593	Dallas	TX
N/A	Grandy's	Monty Whitehurst	Pleasant Run	2594	Lancaster	TX

Note: This schedule is subject to be updated to reflect any changes to franchised stores noted in schedule 1.1.1 vs. managed stores as of the closing date



**Schedule 1.1.4(b) - Schedule of Managed Restaurant Real Property Leases**

Note: Items described in Section 1.1.4(b) are included in Schedule 1.1.1(b)

**Schedule 1.1.4(c) - Schedule of Managed Restaurant Real Property Subleases**

Note: Items described in Section 1.1.4(c) are included in Schedule 1.1.1(c)

Schedule 1.1.4(d) - Schedule of Managed Restaurant Equipment Leases

None

Schedule 1.1.4(e) - Schedule of Managed Restaurant Equipment Subleases

None

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Schedule 1.1.4(f) - Schedule of Managed Restaurant Equipment and Supplies  
 NOTE: This Schedule to be revised and updated prior to the Closing in accordance with, and subject to,  
 Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Inventory Date: \_\_\_\_\_ to be updated at closing.

Quantity	to be updated
Outside	to be updated
Building sign	to be updated
Directional signs	to be updated
Landscape lights (Flood)	to be updated
Menu board (Drive-thru)	to be updated
Outdoor light fixtures (Flourescent)	to be updated
Parking-lot pole lights	to be updated
Pole signs	to be updated

Quantity	to be updated
Dining Room	to be updated
Accent lights	to be updated
Blinds	to be updated
Booster chairs	to be updated
Booth units (2 person)	to be updated
Booth units (4 person)	to be updated
Booth units (circular)	to be updated
Ceiling fans	to be updated
Chairs	to be updated
Coffee machine	to be updated
Decor items	to be updated
Emergency lights	to be updated
Flourescent lights	to be updated
Hanging lights	to be updated
High chairs	to be updated
Machine-trash inserts	to be updated
Photo board	to be updated
Pictures (décor)	to be updated
Pictures (divide)	to be updated
Plant containers (floor to hanging)	to be updated
Satellite speakers	to be updated
Self-serve cabinet	to be updated
Table units (2,4 persons, circular)	to be updated
Trash receptacles (2 units, single unit)	to be updated

Quantity	to be updated
Lobby	to be updated
Bar	to be updated
Ceiling Fans	to be updated
Coffee machine	to be updated
Drink machine	to be updated
Emergency lights	to be updated
Flourescent lights	to be updated
Fly machines	to be updated
Hanging lights	to be updated
Heat lights	to be updated
Heat wells	to be updated
Ice tea machine	to be updated
Photo board	to be updated
Self-service bar	to be updated
Shades	to be updated
Sneeze Guard	to be updated
Refrigerated Salad Container	to be updated

Schedule 1.1.4(f) - Schedule of Managed Restaurant Equipment and Supplies  
 NOTE: This Schedule to be revised and updated prior to the Closing in accordance with, and subject to,  
 Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Inventory Date: \_\_\_\_\_ to be updated at closing \_\_\_\_\_

Front Counter	Quantity
Back-counter assembly	to be updated
Cinnamon roll display	to be updated
Cup holders	to be updated
Double-drawer warmer	to be updated
Flourescent lights	to be updated
Ice bins	to be updated
Menu-board intercom system	to be updated
Microwaves (hot unit, glazing station)	to be updated
POS system	to be updated
Proofer	to be updated
Trays (14x8)	to be updated
Fly Machines	to be updated
Heat Wells	to be updated
Cold Well	to be updated

Drive-Thru	Quantity
Coffee machine	to be updated
Drink unit with ice bins	to be updated
Drive-thru refrigerator	to be updated
Drive-thru sound equipment	to be updated
Flourescent lights	to be updated
Hand sink	to be updated
POS system	to be updated
POS monitor	to be updated
Shades	to be updated

Office Area	Quantity
Chair	to be updated
Computer	to be updated
Desk	to be updated
Fax Machine	to be updated
Filing cabinet	to be updated
Flourescent lights	to be updated
Ice machine	to be updated
Phone	to be updated
Printer	to be updated
Safe	to be updated
Satellite System	to be updated
Television monitor	to be updated
VCR	to be updated

Restrooms	Quantity
Bathroom commodes	to be updated
Bathroom mirrors	to be updated
Bathroom partitions	to be updated
Bathroom sinks	to be updated
Bathroom urinals	to be updated
Flourescent lights	to be updated
Soap dispenser	to be updated
Towel dispenser	to be updated
Trash container	to be updated

Schedule 1.1.4(f) - Schedule of Managed Restaurant Equipment and Supplies  
 NOTE: This Schedule to be revised and updated prior to the Closing in accordance with, and subject to,  
 Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Inventory Date: to be updated at closing.

Quantity	Kitchen
to be updated	Ansel system
to be updated	Bath table
to be updated	Breakfast-grill stands
to be updated	Emergency lights
to be updated	Faucets
to be updated	Filter systems
to be updated	Florescent lights
to be updated	Stainless Work Table and shelf
to be updated	Tomato Slicer
to be updated	Fryers Satisfryer MJP 320 Degrees
to be updated	Fryers Satisfryer 355 Degrees
to be updated	Groove-top grill
to be updated	Groove-top stand
to be updated	Hand sink (soap dispensment towel)
to be updated	Hobart mix
to be updated	Hobart stand
to be updated	Hood system (with fan)
to be updated	Tilt Skillet
to be updated	Ingredient bin
to be updated	Kitchen-storage shelves
to be updated	Oven shroud (stainless)
to be updated	Roll Racks
to be updated	Booster Heater and Faucets
to be updated	Sink (3-compartment)
to be updated	Speaker
to be updated	Timers
to be updated	Trash container

Quantity	Store room
to be updated	Store room
to be updated	Emergency alarm door system
to be updated	Emergency lights
to be updated	Florescent lights
to be updated	Fry machina
to be updated	Grease recycle tank
to be updated	Hose hanger
to be updated	Store Room (continued)
to be updated	Metal chemical Lockers
to be updated	Mop & broom holder
to be updated	Mop sink
to be updated	Water heater
to be updated	Shelving

Quantity	Walk-in Cooler
to be updated	Walk-in Cooler
to be updated	Batter container
to be updated	Cool-door curtains
to be updated	Drainage racks
to be updated	Light fixtures
to be updated	Marmation vats
to be updated	Roll racks
to be updated	Shelves

Quantity	Walk-in Cooler Freezer
to be updated	Walk-in Cooler Freezer
to be updated	Light fixtures
to be updated	Wire shelves

Note: Schedule 1.1.4(f) will be provided for each Managed Store and will be updated at closing

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Schedule 1.1.4(g) - Schedule of Managed Restaurant Management Agreements  
 NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Responsible Party	Management Agreement Name	Store Name	Store Number	City	State	Term
United Central Bank	Northeast Restaurant	Beach	2598	Ft. Worth	TX	12/31/2006
United Central Bank	Northeast Restaurant	Camp Bowie	2596	Ft. Worth	TX	12/31/2006
Grandy's	N/A	Pojk	2593	Dallas	TX	N/A
Grandy's	N/A	Pleasant Run	2594	Lancaster	TX	N/A

Note: This schedule is subject to be updated to reflect any changes to franchised stores noted in schedule 1.1.1 vs. managed stores as of the closing date



**Schedule 1.1.4(h) - Schedule of Managed Restaurant Contracts**

NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

Note: Contracts utilized by Grandy's or any Managed Store included in schedule 1.1.4(h) are listed in [Schedule 1.1.3(c)] [?]

Note: Contracts utilized by Grandy's or any Managed Store included in schedule 1.1.4(h) are listed in [Schedule 1.1.3(c)] [?]

**Schedule 1.1.4(i) - Schedule of Managed Restaurant Inventory**

**NOTE:** This Schedule to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

**Note:** Schedule to be updated at closing

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Schedule 1.1.6 - Schedule of Paid Deposits

NOTE: This Schedule to be revised and updated through January 31, 2007 (or through such later date as may be agreed upon by the Parties) prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

As of October 30, 2006

Store Name	Store #	Amount	
		Rent	Utility
Greenville	2006	\$ 15,675	\$ -
Plano East	2007	15,675	-
Garland LBJ	2008	11,129	-
Abilene Mall	2009	15,675	-
Lubbock	2010	15,675	-
Bellline	2011	15,675	-
Red Bird	2012	13,010	-
Ardmore	2021	9,248	-
Valwood	2022	14,264	-
Fowler	2024	-	6,120
Towneast	2026	15,675	-
Northstar	2029	15,448	-
Hobbs	2033	15,675	-
Norman	2035	14,891	-
Buckner	2038	11,913	-
Polk	2040	6,270	-
Pleasant Run	2046	15,204	-
Seminary	2078	13,950	-
Beach	2079	14,577	-
Lincoln	2083	13,480	-
Cooper	2102	13,167	-
Midway North	2105	15,675	-
Moore	2109	15,675	-
Grapevine	2110	15,675	-
401 E. Corporate Drive	Corp	6,364	-
Sherman	2005	2,700	-
Camp Bowie	2596	-	3,616
		<u>\$ 332,365</u>	<u>\$ 6,120</u>

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Schedule 1.1.8 - Schedule of Promissory Notes  
 NOTE: This Schedule to be revised and updated through January 31, 2007 (or through such later date as may be agreed upon by the Parties) prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

As of October 30, 2006

Debtor Name	Store Name	Store Number	Legal Description of Promissory Note	Amount	
				Balance	Short term Long Term
H.M. Sherman, Inc.	Sherman	2005	Franchise Transfer Fee per Master Franchise Agreement	3,000	3,000
A.J. Jalil	Beltline	2011	Debtors, A.J. Jalil, jointly and severally promises to pay to the order of Grandy's Inc.	13,691	13,691
Kerry Armistead	Lubbock	2010	Debtors, Kerry Armistead, jointly and severally promises to pay to the order of Grandy's Inc.	70,000	7,000
Homestyle Food Corporation, Jerry Williams, President	Homestyle	2012	Debtors, Homestyle Food Corporation, jointly and severally promises to pay to the order of Grandy's Inc.	149,726	21,480
Kerry Armistead	San Angelo	2015	Debtors, Kerry Armistead, jointly and severally promises to pay to the order of Grandy's Inc.	33,513	33,513
Terry Brown and Janis Brown	Westwood	2018	Debtors, Tim and Janis Brown, jointly and severally promises to pay to the order of Grandy's Inc.	67,845	6,819
Luz Llamas and Guadalupe Villaverde	Hobbs	2033	Debtors, Luz Llamas and Guadalupe Villaverde, jointly and severally promises to pay to the order of Grandy's Inc.	38,370	10,096
Stacy Dunger	Norman	2035	Debtors, Stacy Dunger, jointly and severally promises to pay to the order of Grandy's Inc.	118,623	675
Shafquat Ahmed, Ishtiaque Ahmed and Mohammad Kamal Nehal	Grapevine	2110	Debtors, Shafquat Ahmed, Ishtiaque Ahmed and Mohammad Kamal Nehal, jointly and severally promises to pay to the order of Grandy's Inc.	4,491	4,491
Banyan Inc. Total	Juan Tabo	2297	Franchise Transfer Fee per Master Franchise Agreement	3,000	3,000
				502,259	103,765
					398,494

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Schedule 1.2(a) - Schedule of Additional Excluded Assets

None

**Schedule 1.3 - Schedule of Cross-Over Assets**

NOTE: This Schedule to be revised prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

NOTE: All Furniture, Fixtures and Equipment located at 450 Corporate Drive; Lewisville, TX 75057, will go to the Buyer. [Unclear]

NOTE: All Furniture, Fixtures and Equipment located at 18500 Von Karman Ave; Ste 380; Irvine, CA 92612 will stay with the Seller. [Unclear]

To be discussed and clarified.

**Schedule 1.4.5 - Schedule of Customer Coupons**

NOTE: This Schedule to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

To be discussed.

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**Schedule 1.4.6 - Schedule of Gift Certificates**

NOTE: This Schedule to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

To be completed prior to closing



Schedule 1.4.7 - Schedule of Received Deposits

Subtenant	Store Name	Store Number	City	State	Amount
Wigee's	Edmond	2047	Edmond	OK	\$ 5,372
Swadley's BBQ, Inc.	Quail Springs	2062	Quail Springs	OK	
Total Credit to Buyer					\$ 9,072

**Schedule 1.4.8 - Schedule of Employee Benefit Obligations**

NOTE: This Schedule to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

**Schedule 1.4.8 - Schedule of Employee Benefit Obligations**

NOTE: This Schedule to be delivered by Sellers prior to the Closing in accordance with Section 3.8.6 of the Asset Purchase Agreement to which these are attached.

As of December 25, 2006

Employee Name	Unit Staff / Mgmt Classification	Benefit Obligation	
		Vacation	Sick Day
Choice, Patricia	Mgmt	\$ 1,043.12	\$ -
Sanchez, Rosa	Mgmt	1,876.10	-
Taylor, Benjamin	Mgmt	962.84	-
Rice, Vicki	Mgmt	355.74	-
Session, Donald	Mgmt	429.91	-
Bailey, Terry	Mgmt	5,000.00	-
Whitehurst, Monty	Mgmt	11,539.20	-
Olson, Robbi	Mgmt	1,296.44	-
Bohrer, Janet	Mgmt	1,427.30	-
Reidy, John	Mgmt	5,866.88	-
Olson, Jill	Mgmt	3,200.87	-
Caldwell, Susan	Mgmt	866.55	-
Storing, Deanna	Mgmt	1,084.89	-
McGill, Sherry	Mgmt	183.69	-
Leonard, Cynthia	Mgmt	2,313.93	-
Olson, Donald	Mgmt	481.25	-
Tyler, Megan	Mgmt	190.84	-
		<u>\$ 38,119.55</u>	<u>\$ -</u>

NOTE: This Schedule to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

As of October 30, 2006

Vend Nbr	Name	Dept	JY	Ref	Inv Nbr	Inv Date	Acct Per	Due Date	Amount
2158	SONNTAG INC	2800	1AP	72973	54689	9/15/2006	6-Sep	10/30/2006	1,187.60
2158	SONNTAG INC	2800	1AP	73773	54862	9/30/2006	6-Oct	11/14/2006	1,087.50
2520	ALLENS OLD TOWN LOCKSMITHS	2595	1AP	73174	55764	9/20/2006	6-Sep	10/30/2006	126.36
3159	DALLAS MORNING NEWS	2769	1AP	73371	14011126	9/29/2006	6-Oct	11/3/2006	18,986.18
4140	MEISEL PHOTOCHROME CORPORATION	2800	1AP	73773	113276	9/29/2006	6-Oct	10/29/2006	463.74
4140	MEISEL PHOTOCHROME CORPORATION	2800	1AP	73974	113414	10/12/2006	6-Oct	11/11/2006	3,445.75
4970	CRAWFORD & CO	2800	1AP	74175	72408930	9/8/2006	6-Oct	10/8/2006	3,475.00
6354	BAILEY, TERRY	2926	1AP	74175	VEX0908	11/1/2006	6-Oct	11/2/2006	205.58
7381	ONE SAFE PLACE MEDIA CORP	2800	1AP	73371	43078	9/26/2006	6-Oct	11/10/2006	250.00
66690	COCA COLA USA	2595	1AP	74175	28215390	10/24/2006	6-Oct	12/3/2006	82.12
66690	COCA COLA USA	2002	1AP	74175	27866607	10/17/2006	6-Oct	11/26/2006	191.74
63149	ACCOMTEMS	2800	1AP	73974	16995538	10/16/2006	6-Oct	11/6/2006	361.05
65405	REALTIME-COMPUTER CORPORATION	2800	1AP	73773	60926	9/26/2006	6-Oct	11/5/2006	2,493.00
65405	REALTIME-COMPUTER CORPORATION	2800	1AP	73773	61006	10/6/2006	6-Oct	11/15/2006	3,000.00
71259	MID CONTINENT PRINTING CO.	2800	1AP	73974	23321	10/16/2006	6-Oct	11/10/2006	1,526.33
72897	NUCO2 INC.	2695	1AP	74175	N174044008	10/23/2006	6-Oct	11/13/2006	182.02
77422	OFFICE DEPOT	2815	1AP	73974	358000000000	10/19/2006	6-Oct	11/18/2006	43.49
77422	OFFICE DEPOT	2867	1AP	73974	358000000000	10/19/2006	6-Oct	11/18/2006	188.98
77422	OFFICE DEPOT	2815	1AP	73974	357000000000	10/12/2006	6-Oct	11/11/2006	62.46
77422	OFFICE DEPOT	2815	1AP	73773	355000000000	10/5/2006	6-Oct	11/4/2006	181.72
77422	OFFICE DEPOT	2867	1AP	73773	355000000000	10/5/2006	6-Oct	11/4/2006	504.94
77422	OFFICE DEPOT	2852	1AP	73974	357000000000	10/12/2006	6-Oct	11/11/2006	93.38
77422	OFFICE DEPOT	2852	1AP	73974	357000000000	10/19/2006	6-Oct	11/18/2006	62.46
77422	OFFICE DEPOT	2867	1AP	73974	357000000000	10/19/2006	6-Oct	11/18/2006	2,019.77
81307	BRINK'S INC.	2800	1AP	73974	367000000	9/30/2006	6-Oct	10/30/2006	5,410.00
81307	BRINK'S INC.	2800	1AP	74175	364000000	8/31/2006	6-Oct	11/3/2006	1,033.92
83646	CREATIVE TYPE & GRAPHICS, INC.	2769	1AP	73572	25823	9/14/2006	6-Oct	10/13/2006	32.48
83646	CREATIVE TYPE & GRAPHICS, INC.	2769	1AP	73572	QC25823	9/14/2006	6-Oct	10/13/2006	(156.96)
83646	CREATIVE TYPE & GRAPHICS, INC.	2769	1AP	72973	QC25823	9/14/2006	6-Sep	10/29/2006	156.96
83646	CREATIVE TYPE & GRAPHICS, INC.	2800	1AP	73572	QC26144	10/5/2006	6-Oct	10/13/2006	21.85
83870	HOSFORD LAW, P.C.	2815	1AP	73572	100306	10/3/2006	6-Oct	12/2/2006	540.00
84446	MCGILL, SHERRY	2836	1AP	74175	103106	10/31/2006	6-Oct	11/1/2006	19.85
86415	CDW COMPUTER CENTERS, INC.	2815	1AP	73974	CFX4471	10/13/2006	6-Oct	11/3/2006	174.63
86415	CDW COMPUTER CENTERS, INC.	2815	1AP	74175	CG13637	10/16/2006	6-Oct	11/8/2006	105.77
86415	CDW COMPUTER CENTERS, INC.	2815	1AP	74175	BZ50622	9/25/2006	6-Oct	10/16/2006	118.64
86441	TXU ENERGY	2038	1AP	74175	57500000000	10/20/2006	6-Oct	10/21/2006	37.52
86740	LEVY & SON	2696	1AP	73572	0503854IN	9/30/2006	6-Oct	10/30/2006	977.50
86922	STAR-TELEGRAM	2769	1AP	73974	2	10/20/2006	6-Oct	11/17/2006	8,741.00
86922	STAR-TELEGRAM	2769	1AP	73773	GRA106	9/30/2006	6-Oct	10/30/2006	8,471.00
88438	VERIZON SOUTHWEST	2852	1AP	74175	9720000000	10/13/2006	6-Oct	10/14/2006	1,013.77
88455	DISCOVER BUSINESS SERVICES	2800	1AP	73773	739415	10/3/2006	6-Oct	11/2/2006	164.58
88455	DISCOVER BUSINESS SERVICES	2800	1AP	73773	739687	10/3/2006	6-Oct	11/2/2006	14.90
88455	DISCOVER BUSINESS SERVICES	2000	1AP	73773	739786	10/3/2006	6-Oct	11/2/2006	18.15
88455	DISCOVER BUSINESS SERVICES	2800	1AP	73773	740694	10/3/2006	6-Oct	11/2/2006	117.40
88455	DISCOVER BUSINESS SERVICES	2800	1AP	73773	740714	10/3/2006	6-Oct	11/2/2006	57.47
90271	HMA ADMINISTRATORS (MEDICAL)	2800	1AP	74175	SRG200611	10/13/2006	6-Oct	10/25/2006	682.00
91678	AMERICAN SOLUTIONS FOR BUSINESS	2836	1AP	72973	2760013	8/29/2006	6-Sep	11/3/2006	158.55
91678	AMERICAN SOLUTIONS FOR BUSINESS	2836	1AP	72973	2760014	8/29/2006	6-Sep	11/10/2006	225.04
91678	AMERICAN SOLUTIONS FOR BUSINESS	2836	1AP	72973	2760015	8/29/2006	6-Sep	11/10/2006	61.70
91678	AMERICAN SOLUTIONS FOR BUSINESS	2836	1AP	72973	2760016	8/29/2006	6-Sep	11/3/2006	84.61
91678	AMERICAN SOLUTIONS FOR BUSINESS	2836	1AP	72973	2760018	8/29/2006	6-Sep	11/3/2006	433.73
91678	AMERICAN SOLUTIONS FOR BUSINESS	2836	1AP	72973	2760020	8/29/2006	6-Sep	11/3/2006	114.85
91678	AMERICAN SOLUTIONS FOR BUSINESS	2836	1AP	73773	2790152	9/29/2006	6-Oct	10/29/2006	34.41
91783	HAYNES AND BOONE, LLP	2800	1AP	73773	20322065	10/9/2006	6-Oct	11/8/2006	1,236.00
91896	ATMOS ENERGY	2598	1AP	74175	32300000000000	10/11/2006	6-Oct	10/12/2006	262.26
91930	DARLING INTERNATIONAL, INC.	2002	1AP	74175	561000000	10/20/2006	6-Oct	11/19/2006	32.28
91995	ALLIANCE RESTAURANT SERVICE	2598	1AP	74175	2375	10/18/2006	6-Oct	11/10/2006	633.28
91995	ALLIANCE RESTAURANT SERVICE	2596	1AP	25681	2398	9/28/2006	6-Oct	11/7/2006	1,045.89
92066	ABC PEST AND LAWN	2002	1AP	74175	939642	10/17/2006	6-Oct	10/24/2006	94.38
92214	ALLIANCE SCREENING, LLC	2800	1AP	73773	1051	10/5/2006	6-Oct	11/4/2006	11.50
92219	ADAMS MCCLURE L.P.	2800	1AP	73773	42458513	10/9/2006	6-Oct	11/8/2006	1,568.00
92254	THE COMPANY CORPORATION	2800	1AP	73174	70788199	9/9/2006	6-Sep	11/8/2006	215.00
92261	ALL COLOR BADGE & AWARDS	2769	1AP	73773	98236	9/22/2006	6-Oct	11/6/2006	840.02
92261	ALL COLOR BADGE & AWARDS	2769	1AP	73773	98237	9/22/2006	6-Oct	11/6/2006	844.35
92269	FISHER'S PLUMBING, HEATING & AIR	2594	1AP	74175	22991	10/9/2006	6-Oct	11/18/2006	439.50
92269	FISHER'S PLUMBING, HEATING & AIR	2594	1AP	74175	23009	10/16/2006	6-Oct	11/25/2006	283.21
92272	FAST-PAK SUPPLY CORP.	2002	1AP	74175	52551	10/13/2006	6-Oct	11/12/2006	79.57
92272	FAST-PAK SUPPLY CORP.	2598	1AP	74175	52552	10/13/2006	6-Oct	11/12/2006	79.57
92272	FAST-PAK SUPPLY CORP.	2595	1AP	74175	52553	10/13/2006	6-Oct	11/12/2006	79.57
92272	FAST-PAK SUPPLY CORP.	2594	1AP	74175	52554	10/13/2006	6-Oct	11/12/2006	78.57
92272	FAST-PAK SUPPLY CORP.	2598	1AP	74175	52558	10/17/2006	6-Oct	11/16/2006	79.57
6515855	FEDERAL EXPRESS CORP	2595	1AP	73974	848000000	10/19/2006	6-Oct	10/29/2006	615.05
									77,488.59

Note: Prorated items are excluded from this schedule.  
 Note: These are the baseline values for purposes of calculating the purchase price adjustments

Schedule 1.4.10 - Schedule of Additional Scheduled Obligations

NOTE: This Schedule to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

{Note: Schedule to be updated at closing.} {Delete}

**Schedule 1.1.14 - Schedule of IP Licenses**

NOTE: This Schedule to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

**Schedule 2.4 - Allocation Schedule**

**NOTE:** This Schedule to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which these Schedules are attached.

**Exhibit A  
Assignment Agreement**

NOTE: This Exhibit to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which this Exhibit cover sheet is attached.

**TRADEMARK  
REEL: 004738 FRAME: 0120**



**Exhibit B**  
**Bill of Sale and Assignment of Personal Property**

NOTE: This Exhibit to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which this Exhibit cover sheet is attached.

NOTE: This Exhibit to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which this Exhibit cover sheet is attached.

**Exhibit B**  
**Bill of Sale and Assignment of Personal Property**

**Exhibit C**  
**Seller's Wire Transfer Instructions**

As set forth in Exhibit "2" to Debtor's Notice of Approved Overbid Procedures for Sale of Certain Debtor's Assets, dated January 16, 2007

**Exhibit D**  
**Closing Certificate**

NOTE: This Exhibit to be delivered by Sellers prior to the Closing in accordance with, and subject to, Section 3.8.6 of the Asset Purchase Agreement to which this Exhibit cover sheet is attached.

Schedule 2.1.1 - Schedule of Revenue and Expense Proration Purchase Price Adjustment

Estimated closing date February 21, 2007

# days in year 52  
 # days in months 20

(a) Management fees payable to any Seller pursuant to any management agreements

Management assumes that Camp Bowie and Beach will close prior to APA closing

Assumed # of days in each month at 30

(b) Rent payable by any Seller under any Leases assigned to Buyer

Store Number	Name	Landlord	Monthly Rent	Credit to Seller
2424	39th / MacArthur	Salt Creek LP	\$ 2,917	\$ 972
2429	Ablene Mall	CNL	5,501	1,834
2407	Ardmore	CNL	3,246	1,082
2381	Balch Springs	W&M Realty Inc.	-	-
2389	Bellline	CNL	5,501	1,834
2398	Cooper	CNL	4,621	1,540
2442	Denton Center	Retail Plazas, Inc.	3,353	1,118
2445	Denton Mall	Denton Mall Company	3,122	1,041
2447	Fowler	John E. Savickas	4,167	1,389
2391	Garland LBJ	CNL	3,906	1,302
2441	Grapevine	CNL	5,501	1,834
2397	Greenville	CNL	5,501	1,834
2435	Hobbs	CNL	5,501	1,834
2379	Jlm Miller	William C. Nelson, Jr.	-	-
2431	Lincoln	CNL	4,731	1,577
2448	Lubbock	CNL	5,501	1,834
2386	Midway North	CNL	5,501	1,834
2440	Moore	CNL	5,501	1,834
2414	Norman	CNL	5,226	1,742
2390	Northstar	CNL	5,501	1,834
2376	Plano East	CNL	5,501	1,834
2380	Plano West	ASG Parkwest Plaza	5,526	1,842
2394	Red Bird	CNL	4,566	1,522
2378	Richardson	KIR Richardson, LP	-	-
2443	Rufe Snow	Oneida Realty	-	-
2401	Seminary	CNL	4,896	1,632
2382	Sherman	Sher-Den Mall	1,970	657
2377	Towneast	CNL	5,501	1,834
2383	Valwood	CNL	5,006	1,669
2430	Westwood	Oneida Realty	3,750	1,250
2598	Beach	CNL	5,116	1,705
2596	Camp Bowie	Thomas A. Howe	2,974	991
2594	Pleasant Run	CNL	6,834	2,278
2593	Polk	CNL	2,200	733
2062	Quail Springs	CNL	-	-
2002	Lewisville	Charles Curtis	3,848	1,283
Corp	Grandys Corp	GL Corporate Point, LP	5,848	1,949
			<u>\$ 148,332</u>	<u>\$ 49,444</u>

(b) continued - Equipment leases

Corp	Pitney Bowes	\$ 1,047	\$ 349
Corp	Lanier Copier	1,224	408
Corp	Storage - Mcgee	1,158	386
		<u>\$ 3,429</u>	<u>\$ 1,143</u>

(c) Rent payable to any Seller under any Subleases assigned to Buyer

Franchisee	Store Number	Name	Landlord	Rent Receivable
D&J Richie, Inc.	2424	38th / MacArthur	Grandy's/Salt Creek LP	\$ 2,917
Khandar LLC	2429	Abilens Mall	Grandy's/CNL	5,501
D&J Richie, Inc.	2407	Ardmore	Grandy's/CNL	3,246
Allison Avenue	2381	Balch Springs	Grandy's/W&M Realty Inc.	-
Citizens Restaurant	2389	Beltline	Grandy's/CNL	5,501
SEL Incorporated	2398	Cooper	Grandy's/CNL	4,621
Spring Creek Foods I	2442	Denton Center	Grandy's/Retail Plazas, Inc.	3,353
Rhee's Investment	2445	Denton Mall	Grandy's/Denton Mall Company	3,122
Robinson Francina	2447	Fowler	Grandy's/John E. Savickas	4,167
Ahmed	2391	Garland LBJ	Grandy's/CNL	3,906
Nehal	2441	Grapevine	Grandy's/CNL	5,501
Mendoza	2397	Greenville	Grandy's/CNL	5,501
Carrera, Inc.	2435	Hobbs	Grandy's/CNL	5,501
Mlah, Inc.	2379	Jim Miller	Grandy's/William C. Nelson, Jr.	-
Sunny Anang	2431	Lincoln	Grandy's/CNL	4,731
Armistead	2448	Lubbock	Grandy's/CNL	5,501
CM&K Corporation	2386	Midway North	Grandy's/CNL	5,501
D&J Richie, Inc.	2440	Moore	Grandy's/CNL	5,501
SAD Restaurant, Inc.	2414	Norman	Grandy's/CNL	5,226
Charucheril	2390	Northstar	Grandy's/CNL	5,501
Fogex, Inc.	2376	Plano East	Grandy's/CNL	5,501
Gidestar, Inc.	2380	Plano West	Grandy's/ASG Parkwest Plaza	5,526
Homestyle Food	2394	Red Bird	Grandy's/CNL	4,566
Red Label, Inc.	2378	Richardson	Grandy's/KIR Richardson LP	-
Imad Industries	2443	Rufe Snow	Grandy's/Onelda Realty	-
SEL Incorporated	2401	Seminary	Grandy's/CNL	4,896
HM Sherman Inc.	2382	Sherman	Grandy's/Sher-Den Mall	1,970
Mlah, Inc.	2377	Towneast	Grandy's/CNL	5,501
Homestyle Food	2383	Valwood	Grandy's/CNL	5,006
T. Brown Enterprises	2430	Westwood	Grandy's/Onelda Realty	3,750
	2598	Beach	CNL	5,116
	2596	Camp Bowie	Thomas A. Howe	2,974
	2594	Pleasant Run	CNL	6,834
	2593	Polk	CNL	2,200
	2062	Quail Springs	CNL	-
				<u>138,636</u>
			Accrued as of Closing	103,977
			Amount estimated to be collected before estimated APA closing date:	\$ <u>82,895</u>
			Credit to Seller	<u>21,082</u>

(d) Utilities payable by Seller in connection with Leases & Subleases

Store Number	Name	Est. Monthly Utilities		Credit to Buyer
2002	Lewisville	\$	4,500	\$ 3,000
2504	Pleasant Run		1,500	1,000 **
Corp	Corporate office		750	500
		\$	6,750	\$ 4,500

NOTE: Managed stores Beach and Camp Bowie are not the responsibility of Grandy's.

\*\* - Pleasant Run is assumed to be a partial month due to the ongoing sale and it is not anticipated to be Grandy's liability.

(f) Property taxes related to Purchased Assets and Subleases assigned to Buyer

Store Number	Name	Landlord	Estimated 2007 Amount			Credit to Buyer
			Real Estate	Personal Property	Total	
	Corporate Office	GL Corporate Points LP	\$ -	\$ 500	\$ 500	71
2002	Lewisville	Charles Curtis	12,100	5,200	17,300	2,451
2424	39th / MacArthur	Salt Creek LP	5,000	-	5,000	708
2429	Ablene Mall	CNL	18,000	-	18,000	2,550
2407	Ardmore	CNL	4,000	-	4,000	567
2381	Balch Springs	W&M Realty Inc.	-	-	-	0*
2389	Bellline	CNL	15,200	-	15,200	2,153
2398	Cooper	CNL	26,500	-	26,500	3,754
2442	Denton Center	Retail Plazas, Inc.	4,700	-	4,700	666
2445	Denton Mall	Denton Mall Company	12,500	-	12,500	1,771
2447	Fowler	John E. Savickas	12,800	-	12,800	1,813
2391	Garland LBJ	CNL	22,500	-	22,500	3,188
2441	Grapevine	CNL	14,800	-	14,800	2,097
2397	Greenville	CNL	12,000	-	12,000	1,700
2435	Hobbs	CNL	2,700	-	2,700	383
2379	Jim Miller	William C. Nelson, Jr.	-	-	-	0*
2431	Lincoln	CNL	5,400	-	5,400	765
2448	Lubbock	CNL	10,500	-	10,500	1,488
2386	Midway North	CNL	19,200	-	19,200	2,720
2440	Moore	CNL	7,400	-	7,400	1,048
2414	Norman	CNL	6,100	-	6,100	864
2390	Northstar	CNL	14,000	-	14,000	1,983
2376	Plano East	CNL	18,100	-	18,100	2,564
2380	Plano West	ASG Parkwest Plaza	16,100	-	16,100	2,281
2394	Red Bird	CNL	-	-	-	0*
2378	Richardson	KIR Richardson, LP	-	-	-	0*
2443	Rufe Snow	Oneida Realty	-	-	-	0*
2401	Seminary	CNL	26,900	-	26,900	3,811
2382	Sherman	Sher-Den Mall	10,000	-	10,000	1,417
2377	Towmeast	CNL	-	-	-	0*
2383	Valwood	CNL	-	-	-	0*
2430	Westwood	Oneida Realty	15,000	-	15,000	2,125
2598	Beach	CNL	17,100	2,800	19,900	2,819
2596	Camp Bowie	Thomas A. Howe	21,800	2,800	24,600	3,485
2594	Pleasant Run	CNL	17,000	2,300	19,300	2,734
2593	Polk	CNL	8,800	2,800	11,600	1,643
2082	Quail Springs	CNL	-	-	-	0*
			<b>\$ 376,200</b>	<b>\$ 16,400</b>	<b>\$ 392,600</b>	<b>55,619</b>

\* Subtenant pays directly to taxing authority

Note: Assumes that 2007 partial year taxes are not paid by Seller at closing.

NOTE TO THE USERS OF THIS FORM:

Physically attach this form as the last page of the proposed Order or Judgment  
Do not file this form as a separate document.

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In re	(Short Title)	Chapter <u>11</u> Case No:
SPECTRUM RESTAURANT GROUP, INC.		SA 06-11444 ES

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Debtors.

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NOTICE OF ENTRY OF JUDGMENT OR ORDER  
AND CERTIFICATE OF MAILING

TO ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST:

You are hereby notified, pursuant to Local Bankruptcy Rule 9021-1,  
that a judgment or order entitled (specify):

ORDER APPROVING SALE OF ALL OR SUBSTANTIALLY ALL ASSETS RELATED TO THE  
GRANDY'S BUSINESS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND  
INTERESTS AND (B) ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS  
AND UNEXPIRED LEASES INCIDENTAL THERETO

was entered on (specify date):

2/7/07

I hereby certify that I mailed a copy of this notice and a true  
copy of the order or judgment to the persons and entities on the attached  
service list on (specify date):

2/7/07

DATED:

2/7/07

JON D. CERETTO  
Clerk of the Bankruptcy Court

By: Elizabeth Steinberg  
Deputy Clerk



**In re Spectrum Restaurant Group, Inc.  
Case No. SA 06-11444 ES**

**SERVICE LIST:**

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Santa Ana, CA 92701

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