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Perkins & Marie Callender's Restaurant Companies File for Bankruptcy

The companies behind the Perkins and Marie Callender's restaurant chains voluntarily filed for chapter 11 bankruptcy protection on Monday morning in Delaware. The companies, which employ over 12,000 people and generated 2010 revenues of \$507 million, blamed their bankruptcy filings on "excessive leverage and poor sales results." They missed a \$9.5 million interest payment on their senior notes on April 1, 2011 and acknowledge in court filings that they were also in default of several other provisions of their prepetition credit agreement. However, prior to filing for chapter 11 protection, the companies reached agreement on the terms of a pre-negotiated restructuring with holders of their senior notes.

Under the terms of the [Restructuring Support Agreement](#) entered into by the parties as of June 6, 2011, senior secured note claims will be reinstated. Senior secured note claimholders will agree to waive prepayment premiums owed by the debtors by voting in favor of the plan of reorganization, however. The senior secured note indenture would also be amended in certain ways. Holders of senior note claims (\$190 million plus interest) will receive new equity interests in exchange for their claims. Holders of general unsecured claims will also receive new equity interests in exchange for their claims. Alternatively, holders of general unsecured claims in amounts less than \$500,000 would have the option of receiving the lesser of (1) 10% of the amount of the claim in cash or (2) the holder's pro rata share of \$1.5 million in cash. Holders of small general unsecured claims would have the option of making a convenience class election and receive payment in full in cash up to a maximum per claim amount of \$5,000. Existing equity would be extinguished.

The Restructuring Support Agreement also sets forth a required timeline for the companies' chapter 11 cases. The timeline set forth in the Agreement provides the following milestones:

- By July 14, 2011: File proposed plan of reorganization and disclosure statement
- By August 23, 2011 (but no later than six weeks after filing the plan and disclosure statement): Obtain court approval of the disclosure statement
- By October 4, 2011 (but no later than five weeks after the disclosure statement hearing): Obtain confirmation of the plan of reorganization and entry of the court order confirming the plan
- By October 21, 2011 (but no later than 17 days after entry of the confirmation order): Effective date of the plan of reorganization must occur



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Access copies of key court filings by visiting the following links:

- [Chapter 11 Voluntary Petition](#)
- [List of Creditors](#)
- [Affidavit of Joseph F. Trungale in Support of Debtors' Chapter 11 Petitions and First Day Motions \(Includes Copy of Restructuring Support Agreement\)](#)
- [Motion for an Order Authorizing the Debtors to \(I\) Reject Nunc Pro Tunc to the Petition Date Certain Unexpired Non-Residential Real Property Leases Related to Closed Restaurant Locations, and \(II\) Abandon any Property that Remains on the Premises Covered by the Leases Filed by Perkins & Marie Callender's Inc.. \(Attachments: # 1 Proposed Form of Order\)](#)
- [Motion to Authorize Debtors to Pay Certain Pre-Petition Claims of Suppliers and Vendors of Goods Entitled to Administrative Priority Filed by Perkins & Marie Callender's Inc.. \(Attachments: # 1 Proposed Form of Order\)](#)
- [Motion to Pay PACA/PASA Claims under PACA and State Statutes of Similar Effect Filed By Perkins & Marie Callender's Inc. \(Attachments: # 1 Proposed Form of Order\)](#)
- [Motion to Continue Customer Programs Filed By Perkins & Marie Callender's Inc. \(Attachments: # 1 Proposed Form of Order\)](#)

Search and download copies of all key court filings from this case by visiting: http://www.chapter11cases.com/Perkins-Marie-Callenders-Inc_c_26392.html