



TAMPA BAY BANKRUPTCY CENTER, P.A.

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February 12, 2011

Round Table Pizza files for Bankruptcy

Round Table Pizza Inc has filed for Chapter 11 bankruptcy protection. In bankruptcy documents filed in bankruptcy court in Oakland, the company revealed assets between \$10 million to \$50 million and liabilities of about the same amount.

Most of the pizza chain's 483 restaurants in seven western states will not be affected by the bankruptcy. Out of these 483 restaurants, 355 are run by franchise operators and the rest are owned and run by Round Table Pizza Inc. itself. About 30 of the 128 Round Table-owned restaurants are in the Bay Area. Those are located primarily in the East Bay, South Bay, San Mateo County and Solano County.

According to the Jim Robertson, Vice President of Human Resources, "Some of the restaurants that we own and operate will be impacted," and some of them could even be closed down depending on negotiations with landlords. Round Table hopes to use the bankruptcy to renegotiate some of its leases and restructure its finances more favorably.

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Some of Round Table's restaurants are operating in leased premises at above market rental rates and are unprofitable. These are those that the company hopes to be able to negotiate for a better deal, failing which they will have to be closed. The company cannot discount the possibility of layoffs of workers in the company-owned restaurants. But they gave their assurance that affected workers would be relocated to other restaurants as far as possible.

In 2007, the company signed a credit agreement with General Electric Capital and Prudential Insurance for a \$65 million line of credit in order to finance their expansion. Round Table's annual turnover at that time was \$120 million. The line of credit was structured assuming revenues would be in excess of \$210 million in 2010.

Unfortunately, in 2008 recession set in and revenue fell drastically. As a result, the company had to shelve their plans for expansion. 2010's actual revenue amounted to only \$112 million prompting Round Table to try to renegotiate their loan agreement terms, including how much principal would have to be repaid, with their financiers. The discussions fell through.

However, Round Table believes that the company would eventually emerge from bankruptcy much stronger financially. At this point, the company is planning an international expansion and recently opened its first restaurant in Vietnam. Next week, the company will launch new products, including a fire-roasted pizza.

If you wish to avail yourself to bankruptcy protection, please call us at (813) 200 4133 for a free consultation.

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