

EXHIBIT A

{N2521153.1}

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION**

IN RE:

**PICCADILLY RESTAURANTS, LLC,
ET AL.,**

DEBTORS

* **CASE NO. 12-51127**
*
* **(JOINT ADMINISTRATION)¹**
*
* **CHAPTER 11**
*
* **JUDGE ROBERT SUMMERHAYS**

DECLARATION OF THOMAS J. SANDEMAN

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, **THOMAS J. SANDEMAN**, declare, under penalty of perjury:

1. This Declaration (the "Declaration") is submitted in connection with the Motion for Authority, in Accordance with Local Bankruptcy Rule 2016-2, (1) to Pay Incentive Compensation, as Part of the Debtors' Established Pre-Petition Incentive Plan, to Certain Eligible Participants, and (2) to Continue Pay Base Compensation and Benefits to the same Eligible Participants, *Nunc Pro Tunc* to the Petition Date (the "Motion"), filed by Piccadilly Restaurants, LLC, Piccadilly Food Service, LLC, and Piccadilly Investments, LLC, the debtors and debtors-in-possession (collectively, the "Debtors").
2. Since well before the Petition Date, Piccadilly Restaurants, LLC ("Restaurants") has had a corporate incentive plan in effect for 2012 (the "Incentive Plan"). A true copy of the Incentive Plan is attached to the Motion as **Exhibit B**. The purpose of the Incentive Plan is to encourage its managers to increase profitability and to encourage the growth of Restaurants. To be eligible to participate in the Incentive Plan, an employee must be a current Vice President, Senior Vice President or officer of Restaurants.
3. The following individuals are eligible participants under the Incentive Plan (collectively, the "Participants"): Angele Anson, who is Vice President of Marketing; Jim Ortis, who

¹ Joint administration requested with *In re Piccadilly Food Service, LLC*, 12-51128 (Banker. W.D. La. 2012), and *In re Piccadilly Investments, LLC*, 12-51129 (Banker. W.D. La. 2012).

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is the Vice President of Risk Management; Fred Otillo, who is Vice President of Information Technology; Patrick Prudhomme, who is the Vice President of Purchasing; Chris Sanchez, who is the Chief Operating Officer; and Robin Tassin Liggett, who is the Vice President of Benefits and Human Resources; and Keith Brown, Vice President of Food Services.

4. Incentive compensation is paid on a semi-annual basis if and only if Restaurants' pre-set EBITDA targets are met. In order to be eligible to receive incentive compensation under the Incentive Plan, Restaurants must meet 100% of EBITDA target for the applicable period.
5. Nevertheless, I believe that the incentive compensation to the Participants is an integral part of the total compensation package for the Participants.
6. For the preceding six month period, Restaurants exceeded the pre-set EBITDA target established for the incentive payment under the Incentive Plan, as follows:

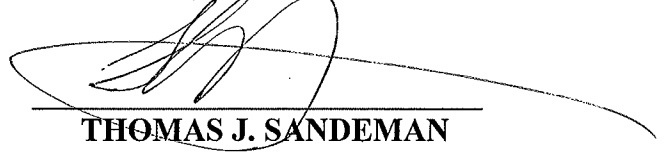
<u>Description</u>	<u>Actual</u>	<u>Target/Plan</u>	<u>Variance</u>
Operating EBITDA	\$2,735	\$2,569	\$166 (6.5% increase)
EBITDA	\$2,709	\$2,539	\$170 (6.7% increase)

Restaurants' target called for a doubling of profits from 2011. The actual results exceed the target by 6.5% and 6.7%, respectively, for the six month period. Results would have been higher had these Chapter 11 cases not been filed. The Chapter 11 cases have resulted in non-recoverable higher prices charged by Merchants FoodService of approximately \$400,000 on the Debtors' proprietary products.

7. Because Restaurants exceeded the 100% EBITDA target by at least 6%, the Incentive Plan provides that each Participant should receive incentive compensation equal to the Participant's incentive percentage. The incentive percentage for each of the Participants is 20%, except that one Participant's percentage eligibility is 25%. I have reviewed the calculation of the incentive compensation contained in the Motion at Paragraph 17, and have confirmed that the calculation for each Participant is correct.
8. I have also reviewed the information in the chart that appears at Paragraph 17 of the Motion regarding the annual base compensation that each Participant receives from Restaurants. The information contained in that chart is correct.
9. The base compensation paid to the Participants is paid in bi-weekly installments, subject to all applicable withholding and deductions. All compensation to the Participants has been paid by Restaurants, including benefits which includes reimbursements of ordinary medical expenses or premiums that are not included in base compensation, and is commensurate with practices before the Petition Date.

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Pursuant to 28 U.S.C. §1748, I declare, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge and information, this 31 day of Jan, 2013.



THOMAS J. SANDEMAN

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EXHIBIT B

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Corporate Incentive Plan Effective 2012

OBJECTIVES

This plan is designed to achieve the following objectives:

- Increase the profitability and growth of Piccadilly Restaurants, LLC. (Company)
- Contribute to the successful accomplishment of the Company's strategic EBITDA targets.
- Provide competitive incentive compensation for management.
- Motivate and reward those members of management who contribute to the success of the company.

INCENTIVE PAYOUT

Incentive payouts are directly tied to Company's financial performance.

- EBITDA targets will be set for the first and last six months of the year and payouts will be made on a semi-annual basis if the targets are met.
- The first and last six month targets are independent of each other.
- The Company must meet 100% of target for any payout.

ELIGIBILITY

- Plan participants are restricted to Vice Presidents, Senior Vice Presidents and Officers of the Company.
- New employees of the Company are not eligible for plan participation until after three months of employment.
- Individuals demoted for performance or put on an individual performance plan due to poor performance during the fiscal year, will not be eligible.

- Voluntary or involuntary termination of employment will eliminate a participant for incentive consideration.
- If a participant dies, retires, or is granted a leave of absence the Company may, at its discretion award partial incentive compensation.
- Incentive payments will be prorated for all employees that become eligible during the fiscal year due to promotion.

ADMINISTRATION

- The Company has the right to interpret the Plan, to determine effective dates and to select all who are eligible.
- Incentives will be paid as soon as practicable after the end of the first half of the year and then again after the end of the full year.
- It is not the Company's intent to grant exceptions to this Plan; however any exception must be approved by the CEO and CFO.
- Piccadilly Restaurants, LLC reserves the right to alter, amend, revise or discontinue this incentive Plan at any time for any reason without notice.

EXHIBIT C

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EXHIBIT C; PROPOSED ORDER

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE DIVISION**

IN RE:

**PICCADILLY RESTAURANTS, LLC,
ET AL.,**

DEBTORS

* **CASE NO. 12-51127**
*
* **(JOINT ADMINISTRATION)¹**
*
* **CHAPTER 11**
*
* **JUDGE ROBERT SUMMERHAYS**

**ORDER GRANTING DEBTORS' AUTHORITY, IN ACCORDANCE WITH LOCAL
BANKRUPTCY RULE 2016-2, (1) TO PAY INCENTIVE COMPENSATION,
AS PART OF THE DEBTORS' ESTABLISHED PRE-PETITION INCENTIVE PLAN,
TO CERTAIN ELIGIBLE PARTICIPANTS, AND (2) TO CONTINUE TO PAY BASE
COMPENSATION AND BENEFITS TO THE SAME ELIGIBLE PARTICIPANTS,
NUNC PRO TUNC TO THE PETITION DATE**

¹ Joint administration requested with *In re Piccadilly Food Service, LLC*, 12-51128 (Bankr. W.D. La. 2012), and *In re Piccadilly Investments, LLC*, 12-51129 (Bankr. W.D. La. 2012).

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Considering the Motion for Authority, in Accordance with Local Bankruptcy Rule 2016-2, (1) to Pay Incentive Compensation, as Part of the Debtors' Established Pre-Petition Incentive Plan, to Certain Eligible Participants, and (2) to Continue to Pay Base Compensation and Benefits to the same Eligible Participants, *Nunc Pro Tunc* to the Petition Date (the "Motion") (Docket #) filed on February 1, 2013, by the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"),² and the Declaration of Thomas J. Sandeman in support of the Motion, good cause having been shown for the entry of an Order granting the Motion; the Debtors having represented to the Court that the Motion was filed and served in conformity with the Local Rules of this Court, that no pleading or response having been filed in opposition thereto, and that the relief to be granted in this Order is consistent with the relief pled for in the Motion.

IT IS ORDERED that that the Motion is hereby **GRANTED**.

IT IS FURTHER ORDERED that the Debtors are hereby authorized to pay the Participants³ the incentive compensation that is described and set forth in Paragraph 17 of the Motion.

IT IS FURTHER ORDERED the Debtors are authorized, *Nunc Pro Tunc* to the filing of the bankruptcy cases in these procedurally consolidated bankruptcy cases on September 11, 2012 (the "Petition Date"), to pay the base compensation to the Participants, which is

² The debtors in these Chapter 11 cases include Piccadilly Restaurants, LLC, Piccadilly Food Service, LLC, and Piccadilly Investments, LLC.

³ Unless otherwise stated herein, capitalized terms used in this Order shall have the meanings ascribed to them in the Motion.

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commensurate with the base compensation that they were paid before the Petition Date, payable in bi-weekly installments, subject to all applicable withholding and deductions.

IT IS FURTHER ORDERED that the Debtors are authorized to continue to provide each of the Participants with benefits that are commensurate with the benefit that they received before the Petition Date, including the payments and reimbursements of ordinary medical expenses and premiums that are not included in their base compensation, *Nunc Pro Tunc* to the Petition Date.

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This Order was prepared and is being submitted by:

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