

ALERT

## Opportunities Created By The Sbarro's Bankruptcy Filing

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March 18, 2014

On Monday, March 10, 2014, the companies that own and operate the Sbarro pizza chain, Sbarro LLC and 33 affiliates, filed for bankruptcy reorganization under Chapter 11 of the federal Bankruptcy Code. The Sbarro companies operate 217 restaurants in the U.S. and there are 582 franchised restaurants, 176 in the U.S. and 406 at international locations.

The filing was a “pre-packaged” plan of reorganization, which allows the secured lenders to credit bid to purchase the business. The proposed plan provides for an overbid process for interested purchasers to bid on the Sbarro companies’ assets. Potential purchasers must submit a non-binding indication of interest by April 14, 2014. The proposed bid deadline is May 9, 2014, and the bidding procedures and plan are subject to Bankruptcy Court approval. According to papers filed with the Bankruptcy Court, as part of the reorganization, the Sbarro companies have identified 230 locations to close. These closures include the more than 180 unprofitable stores that were closed prior to bankruptcy filing.

The filing creates several opportunities for interested parties—an opportunity to bid on the purchase of the brand, as well as an opportunity to acquire individual units that are shuttered.