



**ON READING** the Notice of Application, filed, the Affidavit of Keith Radford sworn June 28, 2011 (the "**Radford Affidavit**"), filed, the Preliminary Report of BDO Canada Limited ("**BDO**"), in its capacity as proposed information officer (the "**Information Officer**"), dated June 28, 2011, filed, the consent of BDO to act as Information Officer, filed, the Affidavit of Sara-Ann Wilson sworn June 30, 2011 (the "**Wilson Affidavit**"), and upon being provided with copies of the documents required by Section 46 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and the related orders of the U.S. Court dated June 30, 2011 in respect of the Chapter 11 Proceeding for each of the Foreign Representative and the other Chapter 11 Debtors, including the order of the U.S. Court authorizing the Applicant to act in the capacity of a Foreign Representative on behalf of the Chapter 11 Debtors (the "**Foreign Representative Order**"), and upon hearing the submissions of ~~counsel for the Foreign Representative, counsel for the proposed Information Officer,~~ and counsel for GE Canada Equipment Financing G.P., no one appearing for any other person on the service list, although properly served as appears from the Affidavits of Ingrid Rowe, sworn June 29, 2011 and June 30, 2011, filed, and upon being advised that no other persons were served with the Notice of Application:

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meaning given to such terms in the Initial Recognition Order dated July 4, 2011, made by this Honourable Court in these proceedings (the "**IRO**").
3. **THIS COURT ORDERS AND DECLARES** that <sup>subject to paragraph 4.50</sup> the terms of this Supplemental Order shall not amend the IRO or in any way limit the force and effect of the IRO.

## RECOGNITION OF THE CHAPTER 11 ORDERS

4. **THIS COURT ORDERS AND DECLARES** that the following orders of the U.S. Court in the Chapter 11 Proceeding, attached as Schedules "B" to "I" hereto (collectively, the "**Chapter 11 Orders**"), be and are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to Section 49 of the CCAA:

- (a) the Foreign Representative Order;
- (b) the U.S. Cash Collateral Order;
- (c) the U.S. Prepetition Wages Order;
- (d) the U.S. Prepetition Taxes Order;
- (e) the U.S. Utilities Order;
- (f) the U.S. Cash Management Order;
- (g) the U.S. Customer Obligations Order; and
- (h) the List of Creditors Order;

(each, as defined in the Wilson Affidavit),

provided, however, that in the event of any inconsistency between the terms of the Chapter 11 Orders and the IRO and this Order, the terms of the IRO and this Order shall govern with respect to the Property.)

*except the provisions of the U.S. Cash Collateral Order which shall prevail over the terms of the IRO and this Order*

### INFORMATION OFFICER

5. **THIS COURT ORDERS** that:

- (a) BDO be and is hereby appointed as Information Officer (in such capacity, the "**Information Officer**"), as an officer of this Court;
- (b) The Information Officer be and is hereby authorized and empowered, but not obligated, to provide such assistance to the Foreign

Representative in the performance of its duties as the Foreign Representative may request;

- (e) The Information Officer shall be granted unrestricted access to the books and records of the Chapter 11 Debtors, as may be required by the Information Officer, in order to carry out its mandate as required by the terms of this Order and the Chapter 11 Debtors shall cooperate with the Information Officer in order to provide all such information and documentation as may be requested by the Information Officer; and
- (d) The Information Officer shall deliver to the Court a report at least once every three (3) months outlining the status of these proceedings, the Chapter 11 Proceeding and such other information as the Information Officer believes to be material.

6. **THIS COURT ORDERS** that the Information Officer be and is hereby authorized and empowered to provide any stakeholder of the Chapter 11 Debtors with information obtained from the Chapter 11 Debtors in response to reasonable requests for information in respect of the Business or Property, made in writing by such stakeholder addressed to the Information Officer. The Information Officer shall not have any responsibility or liability with respect to information disseminated by it pursuant to this paragraph. In the case of information that the Information Officer has been advised by the Chapter 11 Debtors is confidential, the Information Officer shall not provide such information to any stakeholder unless otherwise directed by this Court or on such terms and conditions as the Information Officer, the Foreign Representative and the relevant Chapter 11 Debtor(s) may agree.

7. **THIS COURT ORDERS** that the Information Officer shall not employ any employees of the Chapter 11 Debtors, shall not take possession or control of the Property or the Business, and shall take no part whatsoever in the management or supervision of the Chapter 11 Debtors and shall not, by fulfilling its obligations under this Order, be deemed to have taken or maintained possession, occupation, care or control of the Chapter 11 Debtors, or the Business or Property, or any part thereof, including, but not limited to, any Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or

contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation, or rehabilitation of the environment or relating to the disposal of waste or other contamination, including, but not limited to, the *Canadian Environmental Protection Act* or similar other federal or provincial legislation (collectively, the "Environmental Legislation"); provided, however, that nothing herein shall exempt the Information Officer from any duty to report or make disclosure imposed by applicable Environmental Legislation.

8. **THIS COURT ORDERS** that the appointment of the Information Officer shall not constitute the Information Officer to be an employer or a successor employer or payor within the meaning of any legislation governing employment or labour standards or pension benefits or health and safety or any other statute, regulation or rule of law or equity for any purpose whatsoever and, further, that the Information Officer shall be deemed not to be an owner or in possession, care, control, or management of the Property or Business whether pursuant to Environmental Legislation, or any other statute, regulation or rule of law or equity under any federal, provincial or other jurisdiction for any purpose whatsoever.

9. **THIS COURT ORDERS** that the Information Officer and counsel to the Information Officer shall each be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Foreign Representative as part of the costs of these proceedings. The Foreign Representative is authorized to pay the accounts of the Information Officer and counsel for the Information Officer on a bi-weekly basis or such other period as the Foreign Representative and the Information Officer and its counsel may agree, and the fees and expenses of the Information Officer and its counsel shall be subject to the passing of accounts by this Court, and the Information Officer and its counsel shall not be required to pass their accounts in the Chapter 11 Proceeding, or in any other foreign proceeding. Any payments made to the Information Officer and its counsel in respect of their accounts shall not be subject to approval in the Chapter 11 Proceeding, or in any other foreign proceeding. In addition, the Foreign Representative is authorized to pay the Information Officer a retainer of \$50,000 to be held by the Information Officer as security for payment of its fees and disbursements outstanding from time to time and to pay to the Information Officer's counsel a retainer of \$25,000, to be held by the Information Officer's counsel as security for payment of their respective fees and

disbursements outstanding from time to time.

10. **THIS COURT ORDERS** that the Information Officer and its counsel, as security for the professional fees and disbursements incurred in respect of the within proceedings both before and after the granting of this Order, shall be entitled to the benefit of and are hereby granted a first-ranking charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$75,000.

11. **THIS COURT ORDERS** that the Information Officer shall have the benefit of all of the rights and protections afforded to a Monitor under the CCAA, or as an officer of this Court, and the Information Officer shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or willful misconduct on its part as determined by final order of this Court.

12. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Foreign Representative, the other Chapter 11 Debtors, or the Information Officer in any court or other tribunal as a result of or relating in any way to the appointment of the Information Officer, the fulfillment of the duties of the Information Officer or the carrying out of this or any other orders of this Court, unless the leave of this Court is first obtained on motion on at least seven (7) days' prior notice to the Information Officer, the Foreign Representative, the Chapter 11 Debtors, and the parties on the service list.

#### **VALIDITY AND PRIORITY OF CHARGES**

13. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge in Canada shall not be required, and that the Administration Charge is and shall be valid and enforceable against the Property for all purposes in Canada and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, including, but without limitation, any and all deemed trusts whether existing as of the date hereof or arising in the future and any and all claims in respect of breaches of fiduciary duties (collectively, "**Encumbrances**").

14. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be ordered by this Court, the Chapter 11 Debtors shall not grant any Encumbrances

over any Property that rank in priority to, or *pari passu* with the Administration Charge, unless the Chapter 11 Debtors also obtain the prior written consent of the chargees entitled to the benefit of the Administration Charge (collectively, the "**Chargees**") or further Order of this Court.

15. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not be limited or impaired in any way by: (a) the pendency of these proceedings and any declarations of insolvency made in these proceedings; (b) any application(s) for bankruptcy order(s) issued pursuant to the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), or any bankruptcy orders made pursuant to such application(s); (c) any proceeding taken or that might be taken against the Chapter 11 Debtors under the BIA or the *Winding-Up and Restructuring Act*, R.S.C. 1985, c. W-11, as amended; (d) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (e) the provisions of any federal or provincial statutes; or (f) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of any Encumbrances contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Chapter 11 Debtors.

16. **THIS COURT ORDERS** that notwithstanding any provision to the contrary in any such Agreement or otherwise:

(i) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Chapter 11 Debtors of any Agreement to which they are party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and

(iii) the payments made by the Chapter 11 Debtors pursuant to this Order and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive

conduct, or other challengeable or voidable transactions under any applicable law.

17. **THIS COURT ORDERS** that the Administration Charge shall attach to the Property (including, without limitation, any lease, sub-lease, offer to lease, license, permit or other contract), notwithstanding any requirement for the consent of the lessor or other party to any such lease, license, permit or contract or any other person or the failure to comply with any other condition precedent.

18. **THIS COURT ORDERS** that the Administration Charge created by this Order over leases of real property in Canada shall only attach to the Chapter 11 Debtors' interest in such real property leases

#### **AID AND ASSISTANCE OF OTHER COURTS**

19. **THIS COURT HEREBY ORDERS AND REQUESTS** the aid and recognition of any court, tribunal, regulatory, governmental or administrative body having jurisdiction in Canada, the United States or elsewhere, to give effect to this Order and to assist the Foreign Representatives, the Chapter 11 Debtors, the Information Officer and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory, governmental and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Chapter 11 Debtors, the Foreign Representative, the Information Officer and their respective agents, as may be necessary or desirable to give effect to this Order or to assist the Chapter 11 Debtors, the Foreign Representative, the Information Officer and their respective agents in carrying out the terms of this Order.

#### **NOTICE OF PROCEEDINGS**

20. **THIS COURT ORDERS** that within 3 business days from the date of this Order, or as soon as practicable thereafter, the Information Officer shall publish a notice as required by subsection 53(b) of the CCAA substantially in the form attached to this Order as Schedule "J" in The Globe and Mail (National Edition) or the National Post for one (1) day in two (2) consecutive weeks without delay following the issuance of this Order.




## GENERAL PROVISIONS

21. **THIS COURT ORDERS** that the Information Officer or the Foreign Representative may, from time to time, apply to this Court for advice, directions, or for such further or other relief as they may advise in connection with the proper execution of this Order or the IRO, the discharge or variation of their respective powers and duties under this Order, and the recognition in Canada of subsequent orders of the U.S. Court made in the Chapter 11 Proceeding.

22. **THIS COURT ORDERS** that nothing in this Order shall prevent the Information Officer from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Chapter 11 Debtors, or in respect of the Business or the Property, upon further order of the Court.

23. **THIS COURT ORDERS** that each of the Foreign Representative, the Chapter 11 Debtors and the Information Officer be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order or the IRO.

24. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, and except with respect to paragraph 4 of this Order, any interested person may apply to this Court to vary or rescind this Order or seek other relief upon seven (7) days notice to the Foreign Representative, the Chapter 11 Debtors and their counsel, the Information Officer and its counsel and to any other party likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.



ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JUL 04 2011

PER/PAR:



## **SCHEDULE A**

### **CHAPTER 11 DEBTORS**

1. Massachusetts Elephant & Castle Group, Inc.
2. Repechage Investments Limited
3. Elephant & Castle Group Inc.
4. The Elephant and Castle Canada Inc.
5. Elephant & Castle, Inc. (a Texas Corporation)
6. Elephant & Castle Inc. (a Washington Corporation)
7. Elephant & Castle International, Inc.
8. Elephant & Castle of Pennsylvania, Inc.
9. E & C Pub, Inc.
10. Elephant & Castle East Huron, LLC
11. Elephant & Castle Illinois Corporation
12. E&C Eye Street, LLC
13. E & C Capital, LLC
14. Elephant & Castle (Chicago) Corporation

# SCHEDULE B

## IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF MASSACHUSETTS EASTERN DIVISION

In re: : Chapter 11  
: :  
Massachusetts Elephant & Castle :  
Group, Inc., et al.<sup>1</sup> :: Case No.  
: :  
Debtors : Jointly Administered

### **ORDER AUTHORIZING DEBTOR MASSACHUSETTS ELEPHANT & CASTLE GROUP, INC. TO ACT AS FOREIGN REPRESENTATIVE OF THE DEBTORS**

Upon the motion (the "Motion") of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), pursuant to section 1505 of title 11 of the United States Code (the "Bankruptcy Code"), for authorization for Debtor, Massachusetts Elephant & Castle Group, Inc.<sup>2</sup> to act as the foreign representative of the Debtors in Canada in order to seek recognition of the Chapter 11 Cases on behalf of the Debtors, and to request that the Ontario Superior Court of Justice (Commercial List) (the "Ontario Court") lend assistance to this Court in protecting the Debtors' property, and to seek any other appropriate relief from the Ontario Court that the Ontario Court deems just and proper, all as more fully described in the Motion, and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. Sections 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. Section 157(b); and venue being

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<sup>1</sup> The debtors in these cases, along with the last four digits of the federal tax identification number for each of the debtors, are Massachusetts Elephant & Castle Group, Inc. (5090), Elephant and Castle of Pennsylvania, Inc. (9152), E&C Pub, Inc. (4001), Elephant & Castle Inc. (Washington) (3988), Elephant & Castle (Chicago) Corporation (5254), Elephant & Castle East Huron, LLC (8642), E&C Capital, LLC (4895), Elephant & Castle Illinois Corporation (2811), E&C Eye Street, LLC (1803), Elephant & Castle International, Inc. (5294), Elephant & Castle Pratt Street, LLC (7898), Elephant & Castle Group Inc. (no U.S. EIN), Elephant & Castle Canada Inc. (no U.S. EIN), Repechage Investments Limited (no U.S. EIN), Elephant & Castle, Inc. (Texas) (no U.S. EIN). The debtors' corporate offices are located at 50 Congress Street, Suite 900, Boston, MA 02109.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

proper before this Court pursuant to 28 U.S.C. Sections 1408 and 1409; and due and proper notice of the Motion having been provided to the parties listed therein, and it appearing that no other or further notice need be provided; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.
2. The Debtor, Massachusetts Elephant & Castle Group, Inc. is hereby authorized (a) to act as the "foreign representative" of the Debtors in Canada, as such term is defined in the CCAA, (b) to seek recognition by the Ontario Court of the Chapter 11 Cases and of certain orders made by the Court in the Chapter 11 Cases from time to time, (c) to request that the Ontario Court lend assistance to this Court, and (d) to seek any other appropriate relief from the Ontario Court that the Debtors deem just and proper.
3. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.
4. This Court shall retain jurisdiction to interpret and enforce this Order.

Dated: June 30, 2011

  
\_\_\_\_\_  
UNITED STATES BANKRUPTCY JUDGE  
*Henry J. Borell*



**Certified to be a true and correct copy of the original James M. Lynch, Clerk U.S. Bankruptcy Court District of Massachusetts**

By: *Alberta Brown*  
Deputy Clerk

Date: 6/30/11

# SCHEDULE C

## IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF MASSACHUSETTS EASTERN DIVISION

In re: : Chapter 11  
:  
Massachusetts Elephant & Castle :  
Group, Inc., et al.<sup>1</sup> : Case No. 11-16155  
:  
Debtors : Jointly Administered

### INTERIM ORDER (A) AUTHORIZING USE OF CASH COLLATERAL; (B) GRANTING ADEQUATE PROTECTION; (C) SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001; AND (D) GRANTING RELATED RELIEF

This matter having come before the Court on the Motion of the Debtors for an Order Pursuant to Sections 105, 362, 362, and 363 of Bankruptcy Code (A) Authorizing Use of Collateral;' (B) Granting Adequate Protection; (C) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001; and (D) Granting Related Relief (the "Motion") filed by Massachusetts Elephant & Castle Group, Inc. on behalf of itself and affiliated debtors and debtors in possession (collectively the "Debtors"); and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and notice of the Motion and the hearing being and sufficient notice under the circumstances; and it appearing from the record before the Court that sufficient cause exists for the entry of this order; the Court **FINDS AS FOLLOWS:**<sup>2</sup>

A. On June 28,2011 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the

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<sup>1</sup> The debtors in these cases, along with the last four digits of the federal tax identification number for each of the debtors, are Massachusetts Elephant & Castle Group, Inc. (5090), Elephant and Castle of Pennsylvania, Inc. (9152), E&C Pub, Inc. (4001), Elephant & Castle Inc. (Washington) (3988), Elephant & Castle (Chicago) Corporation (5254), Elephant & Castle East Huron, LLC (8642), E&C Capital, LLC (4895), Elephant & Castle Illinois Corporation (2811), E&C Eye Street, LLC (1803), Elephant & Castle International, Inc. (5294), Elephant & Castle Pratt Street, LLC (7898), Elephant & Castle Group Inc. (no U.S. EIN), Elephant & Castle Canada Inc. (no U.S. EIN), Repechage Investments Limited (no U.S. EIN), Elephant & Castle, Inc. (Texas) (no U.S. EIN). The debtors' corporate offices are located at 50 Congress Street, Suite 900, Boston, MA 02109.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

United States Bankruptcy Court for the District of Massachusetts (the "Court"). A Motion for Joint Administration was simultaneously filed therewith.

B. The Debtors continue to operate their businesses and manage their property as debtors in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. No official committee of unsecured creditors has been appointed in these cases.

C. This matter is a core proceeding pursuant to 28 U.S.C. 157(b)(2).

D. The Debtors require the use of the cash collateral in order to preserve their operations and the value of their assets. The entry of the relief contained in this Order is in the best interests of the Debtors, their estates, and their creditors.

E. GE Canada Equipment Financing G.P. ("GE CEF"), Fifth Street Finance Corp. ("Fifth Street") Sysco San Diego, Inc. ("Sysco"), Royal Bank of Canada ("Royal Bank") and Toronto Dominion Bank ("TD Bank") (collectively, GE CEF, Fifth Street, Sysco, Royal Bank and TD Bank shall be referred to as "Lenders") have asserted, or may assert, a lien against the property of certain of the Debtors and the cash proceeds thereof (the "Cash Collateral").

F. For avoidance of doubt, the provisions and protections of this Interim Order shall apply to each Lender only with respect to the Debtor(s) against whom such Lender has a prepetition secured claim (in each case, the "Applicable Debtor"), and nothing contained herein shall grant any Lender any rights or claims against any Debtor that is not an Applicable Debtor of such Lender. Similarly, unless otherwise provided, the adequate protection and other obligations of a Debtor under this Interim Order shall only apply to the Lender(s) that hold a prepetition secured claim against such Debtor (in each case, the "Applicable Lender").

G. This Court has not been asked to find and it does not find, that any security interest asserted by any Lender is valid or perfected. Nothing in this order constitutes a limitation on the applicability of Massachusetts Local Bankruptcy Rules. *and subject to the reservation of rights provisions in paragraph 11*

H. Pending a final hearing on the Motion, the replacement liens and other forms of protection set forth below will adequately protect the interests of the Lenders for the purposes of sections 361, 363(e) and 507(b) of the Bankruptcy Code.

I. Due and adequate notice of the hearing has been given, and no further notice of the hearing is required before the entry of the relief provided for in this Order.

**NOW THEREFORE, IT IS HEREBY ORDERED THAT:**

1. The Motion is allowed, on an interim basis, as set forth herein.
2. The Debtors are authorized to use Cash Collateral in the ordinary course of their business substantially in accordance with the budget attached hereto as Exhibit A (the "Budget") for the period (the "Specified Period") from the Petition Date through the date which is the earliest to occur of: (a) an Event of Default (subject to the Debtor's right to obtain further authorization to use Cash Collateral within the Notice Period) or (b) the final hearing on the Motion.
3. The Debtors shall use Cash Collateral during the Specified Period, at the times, in the amounts and solely for the purposes identified in the Budget (as such may be amended with the consent of the Lenders or approval of the Court) provided, however, the Debtors shall be authorized to exceed the expenses in the Budget by no more than ten percent (10%) (on an aggregate basis) (the "Permitted Variance") and to apply any unused portion in one week to any subsequent weekly period.

4. For the purposes of sections 361, 363(e) and 507(b) of the Bankruptcy Code and adequate protection for the Debtors' use of Cash Collateral, the Lenders are hereby granted replacement liens (the "Replacement Liens") in and to all property of the kind presently securing the prepetition obligations of the Debtors to the Lenders, including property purchased or acquired with the Cash Collateral together with any proceeds thereof, but excluding causes of action under chapter 5 of the Bankruptcy Code and proceeds thereof. The Replacement Liens shall only attach to and be enforceable against the same types of property, to the same extent, and in the same order of priority as existed immediately prior to the Petition Date. The Replacement Liens shall be recognized only to the extent of any post-petition diminution in value of the prepetition collateral of each Applicable <sup>Lender</sup> including without limitation as a result of, arising from, or otherwise attributable to the use of of Cash Collateral during these bankruptcy cases, the deterioration, use, sale, lease or other disposition of the prepetition collateral, and the imposition of the automatic stay. *Claims for intercompany transfers will be entitled to priority status under sections 507(a)(2) and 503(b) of the Bankruptcy Code*

5. The Replacement Liens shall not attach to any avoidance powers held by the Debtors or any trustee for the Debtors, including avoidance set forth in sections 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code, or to the proceeds of any claims under or actions commenced pursuant such powers.

6. On the third business day of each week following entry of this Order, the Debtors shall furnish to the ~~Applicable~~ Lenders and their counsel (and any official committee of unsecured creditors appointed in this bankruptcy case and its counsel): (i) a weekly cash report setting forth, in comparative form, the actual results achieved against projected for the prior week, including the actual cash receipts and disbursements and the variance of the actual results from those estimated in the Budget; and (ii) such other documents information as may be



reasonably requested. The Debtors shall also furnish copies of their monthly operating reports as filed with the Office of the United States Trustee. Upon reasonable notice by an ~~Applicable~~ Lender, the Debtors shall permit such Lender and any of its agents reasonable access to the Debtors' records and place of business during normal business hours to verify the existence, condition and location of collateral in which the ~~Applicable~~ Lender holds a security interest and to audit the Debtors' cash receipts and disbursements.

7. The Debtors' authority to use Cash Collateral as provided for in this Order shall terminate upon the occurrence of any of the following events, unless waived by the Applicable Lender in writing (collectively, the "Events of Default"):

- (a) the failure by the Debtors to perform, in any material respect, any of the terms, provisions, conditions, covenants, or obligations under this Order;
- (b) a default by the Debtors after the Petition Date in reporting the information specified in paragraph 6 above, if such default will remain uncured for three (3) days following written notice from the Applicable Lender to the Debtors; *which notice shall also be submitted to the United States Trustee and any creditors committee.*
- (c) reversal, vacatur, or modification (without the express prior written consent of the Lenders, each in its sole discretion) of this Order, other than in accordance with the final order approving the Motion; or
- (d) dismissal of the case or conversion of the case to a chapter 7 case, or appointment of a chapter 11 trustee, examiner with enlarged powers, other responsible person.

8. Upon the occurrence of an Event of Default, the Debtors' authority to use Cash Collateral shall cease if the Debtors do not within five (5) days thereof (the "Notice Period") seek an emergency hearing with the Court and obtain the further use of Cash Collateral.

9. This Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the Replacement Liens to the extent set forth in Paragraph 4 without the necessity of filing or recording any financing statement or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction or the taking

of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement) to validate or perfect (in accordance with applicable non-bankruptcy law) the Replacement Liens, or to entitle the Lenders to the priorities granted herein. The Lenders, in their sole discretion, may file a photocopy of this Order as a financing statement with any filing or recording office or with any registry of deeds or similar office, in addition to or in lieu of such financing statements, notices of lien or similar instrument.

10. Nothing herein affects the validity or enforceability of that certain Interlender Agreement, dated as of October 16, 2009, between GE CEF and Fifth Street, as amended, restated, or otherwise modified.

11. Notwithstanding anything herein to the contrary, the entry of this Order is without prejudice to, and does not constitute a waiver of (a) the Lenders' right to seek any other or supplemental relief in respect of any Applicable Debtor, including the right to seek additional adequate protection (without prejudice to any other person's right to object to or otherwise oppose such additional adequate protection) or oppose the further use of Cash Collateral; (b) any of the rights of any Lender under the Bankruptcy Code or under non-bankruptcy law, including, without limitation, the right to (i) request modification of the automatic stay of section 362 of the Bankruptcy Code, (ii) request dismissal of any of these cases or successor cases, conversion of any of these cases to cases under chapter 7, (iii) request appointment of a chapter 11 trustee or examiner with expanded powers, or (iv) propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan or plans.

12. This Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be enforceable nunc pro tunc to


the Petition Date immediately upon execution thereof. The Court has and will retain jurisdiction to enforce this Order according to its terms.

13. Nothing in this Order shall constitute a waiver by or restrict the Debtors' right to seek, or Lenders' right to oppose, the further use of Cash Collateral.

14. This Order and the Debtors' use of Cash Collateral as authorized in this Order shall become effective immediately upon entry of this Order by the Court.

15. A continued hearing on the Debtors' Motion shall be held on ~~July~~ <sup>August 1</sup> \_\_\_\_\_, 2011 at 9:30 a.m. in Worcester, Massachusetts

16. A copy of this Order, shall be served by the Debtors via first class mail on or before July 5, 2011 upon: (a) the Office of the United States Trustee; (b) the Lenders, or their counsels; (c) the creditors holding the thirty (30) largest claims against the Debtors; (d) all known taxing authorities that have claims against the Debtor; (e) any party which has filed, prior to the date of entry of this Order, a request for service of pleadings in this case; and (f) counsel for any official committee of unsecured creditors appointed in this case pursuant to section 1102 of the Bankruptcy Code. Service in accordance with this paragraph shall be deemed good and sufficient notice and service of this Order and of the final hearing on the use of Cash Collateral.

  
\_\_\_\_\_  
United States Bankruptcy Judge  
Henry J. Boroff

Dated: June 30, 2011



Certified to be a true and correct copy of the original  
James M. Lynch, Clerk  
U.S. Bankruptcy Court  
District of Massachusetts

By: Alberte Brown  
Deputy Clerk

Date: 6/30/11

# SCHEDULE D

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
EASTERN DIVISION

_____	:	Chapter 11
In re:	:	
	:	Case No. 11-16155 ( )
MASSACHUSETTS ELEPHANT &	:	
CASTLE GROUP, INC., <i>et al.</i> , <sup>1</sup>	:	Jointly Administered
	:	
Debtors.	:	
_____	:	

**ORDER AUTHORIZING DEBTORS TO PAY WAGES, COMPENSATION,  
EMPLOYEE BENEFITS AND OTHER RELATED OBLIGATIONS**

Upon consideration of the Debtors' Motion for Order (I) Authorizing (A) Payment of Pre-Petition Wages, Salaries, and Employee Benefits, (B) Reimbursement of Employee Business Expenses, and (C) Payment of other Employee Related Amounts; and (II) Authorizing Applicable Banks and Other Financial Institutions To Receive, Process, Honor and Pay All Checks and Drafts Drawn on Debtors' Bank Accounts Relating to the Foregoing (the "Motion"); the Court having reviewed the Motion; the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) venue of these chapter 11 cases in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409 and (d) notice of the Motion was sufficient under the circumstances; the Court determining that the legal and factual bases set forth in the Motion establish just cause

<sup>1</sup> The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are Massachusetts Elephant & Castle Group, Inc. (5090), Elephant and Castle of Pennsylvania, Inc. (9152), E&C Pub, Inc. (4001), Elephant & Castle Inc. (Washington) (3988), Elephant & Castle (Chicago) Corporation (5254), Elephant & Castle East Huron, LLC (8642), E&C Capital, LLC (4895), Elephant & Castle Illinois Corporation (2811), E&C Eye Street, LLC (1803), Elephant & Castle International, Inc. (5294), Elephant & Castle Pratt Street, LLC (7898), Elephant & Castle Group Inc. (no U.S. EIN), Elephant & Castle Canada Inc. (no U.S. EIN), Repechage Investments Limited (no U.S. EIN), Elephant & Castle, Inc. (Texas) (no U.S. EIN). The Debtors' corporate offices are located at 50 Congress Street, Suite 900, Boston, MA 02109.

for the relief granted by this Order; and it appearing that the relief requested is in the best interest of the Debtors' estates, their creditors and other parties in interest;

IT IS HEREBY DETERMINED, ORDERED AND ADJOURNED THAT:

A. The Motion is GRANTED in its entirety.

B. The Debtors are authorized, in their sole discretion, but not directed, to pay pre-petition employee wages, bonuses, employee insurance benefits premiums or claims, business expenses, deductions, garnishments, withholdings and processing costs accrued but unpaid as of the Petition Date to or for the benefit of its employees.


C. The amount of payments made by the Debtors pursuant to the terms of this Order shall not exceed \$500,000 for accrued employee wages and salaries.

D. All applicable banks and financial institutions are authorized and directed, when requested by the Debtors and in the Debtors' sole discretion, to receive, process, honor and pay any and all checks drawn on the Debtors' accounts with respect to pre-petition employee wages, benefits, insurance premiums, business expenses, deductions, garnishments, withholdings and processing costs, whether such checks were presented prior to or after the Petition Date, provided that sufficient funds are available in the applicable accounts to make such payment.

E. Nothing in the Motion shall be deemed a request for authority to assume, and nothing in this Order shall be deemed an authorization to assume, any executory contract under 11 U.S.C. § 365, nor shall any provision of the Motion or this Order be deemed to limit the Debtors' right to seek authority to modify or terminate any right or claim to compensation or benefits.

F. The Debtors shall not make any payments pursuant to the terms of this Order in excess of \$11,750.00 to any single employee.

Dated: June 30, 2011

  
Honorable United States Bankruptcy Judge  
Henry J. Boroff



**Certified to be a true and correct copy of the original James M. Lynch, Clerk U.S. Bankruptcy Court District of Massachusetts**

By: Alberto Basso  
**Deputy Clerk**

Date: 6/30/11

SCHEDULE E

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
EASTERN DIVISION

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In re:	:	Chapter 11
	:	
	:	Case No. 11-16155 ( )
MASSACHUSETTS ELEPHANT & CASTLE GROUP, INC., <i>et al.</i> , <sup>1</sup>	:	Jointly Administered
	:	
Debtors.	:	

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**ORDER GRANTING DEBTORS' MOTION FOR AN ORDER AUTHORIZING (I) THE DEBTORS TO REMIT AND PAY CERTAIN TAXES AND FEES AND (II) FINANCIAL INSTITUTIONS TO PROCESS AND CASH RELATED CHECKS AND TRANSFERS**

Upon consideration of the Debtors' Motion for an Order Authorizing (I) the Debtors to Remit and Pay Certain Taxes and Fees and (II) Financial Institutions to Process and Cash Related Checks and Transfers (the "Motion"); the Court having reviewed the Motion; the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) venue of these chapter 11 cases in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409 and (d) notice of the Motion was sufficient under the circumstances; the Court determining that the legal and factual bases set forth in the Motion establish just cause for the relief granted by this Order; and it appearing that the relief requested is in the best interest of the Debtors' estates, their creditors and other parties in interest;

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<sup>1</sup> The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are Massachusetts Elephant & Castle Group, Inc. (5090), Elephant and Castle of Pennsylvania, Inc. (9152), E&C Pub, Inc. (4001), Elephant & Castle Inc. (Washington) (3988), Elephant & Castle (Chicago) Corporation (5254), Elephant & Castle East Huron, LLC (8642), E&C Capital, LLC (4895), Elephant & Castle Illinois Corporation (2811), E&C Eye Street, LLC (1803), Elephant & Castle International, Inc. (5294), Elephant & Castle Pratt Street, LLC (7898), Elephant & Castle Group Inc. (no U.S. EIN), Elephant & Castle Canada Inc. (no U.S. EIN), Repechage Investments Limited (no U.S. EIN), Elephant & Castle, Inc. (Texas) (no U.S. EIN). The Debtors' corporate offices are located at 50 Congress Street, Suite 900, Boston, MA 02109.

IT IS HEREBY DETERMINED, ORDERED AND ADJOURNED THAT:

- A. The Motion is GRANTED in its entirety, *but the sales and use taxes which may be paid shall not exceed those collected on or after June 1, 2011.*
- B. The Debtors are authorized, ~~but not~~ *and* directed, to pay the Taxes and Fees as set

forth in the Motion.

Dated: June 30, 2011

  
\_\_\_\_\_  
Honorable United States Bankruptcy Judge  
*Henry J. Boroff*



Certified to be a true and correct copy of the original  
James M. Lynch, Clerk  
U.S. Bankruptcy Court  
District of Massachusetts

By: *Alberto Barrera*  
Deputy Clerk

Date: *6/30/11*



# SCHEDULE F

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
EASTERN DIVISION

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In re:	:	Chapter 11
	:	
	:	Case No. 11-16155 ( )
MASSACHUSETTS ELEPHANT & CASTLE GROUP, INC., <i>et al.</i> , <sup>1</sup>	:	Jointly Administered
	:	
Debtors.	:	

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**FINAL ORDER: (I) PROHIBITING UTILITIES FROM ALTERING, REFUSING OR DISCONTINUING SERVICES FOR PRE-PETITION INVOICES; (II) DETERMINING THAT THE UTILITIES ARE ADEQUATELY ASSURED OF POST-PETITION PAYMENT; AND (III) ESTABLISHING PROCEDURES FOR DETERMINING REQUESTS FOR ADDITIONAL ADEQUATE ASSURANCE**

Upon consideration of the Debtors' Motion Pursuant to Section 366 of the Bankruptcy Code for Entry of an Order: (I) Prohibiting Utilities from Altering, Refusing or Discontinuing Services for Pre-Petition Invoices; (II) Determining that the Utilities are Adequately Assured of Post-Petition Payment; and (III) Establishing Procedures for Determining Requests (the "Motion") for a Final Order; the Court having reviewed the Motion; the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) venue of these chapter 11 cases in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409 and (d) notice of the Motion was sufficient under the circumstances; the Court determining that the legal and factual bases set forth in the Motion establish just cause for the relief granted by this Final Order; and it appearing that the relief

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<sup>1</sup> The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are Massachusetts Elephant & Castle Group, Inc. (5090), Elephant and Castle of Pennsylvania, Inc. (9152), E&C Pub, Inc. (4001), Elephant & Castle Inc. (Washington) (3988), Elephant & Castle (Chicago) Corporation (5254), Elephant & Castle East Huron, LLC (8642), E&C Capital, LLC (4895), Elephant & Castle Illinois Corporation (2811), E&C Eye Street, LLC (1803), Elephant & Castle International, Inc. (5294), Elephant & Castle Pratt Street, LLC (7898), Elephant & Castle Group Inc. (no U.S. EIN), Elephant & Castle Canada Inc. (no U.S. EIN), Repechage Investments Limited (no U.S. EIN), Elephant & Castle, Inc. (Texas) (no U.S. EIN). The Debtors' corporate offices are located at 50 Congress Street, Suite 900, Boston, MA 02109.

requested is in the best interest of the Debtors' estates, their creditors and other parties in interest;

IT IS HEREBY DETERMINED, ORDERED AND ADJOURNED THAT:

A. The Motion is GRANTED and the Debtors' obligations to provide assurance of payment is hereby finalized as set forth in this Final Order.

B. The Debtors are authorized to pay on a timely basis, in accordance with its pre-petition practices, all undisputed invoices with respect to post-petition utility services rendered by the Utility Companies.

C. Subject to the procedures described in the Motion and repeated below, absent any further order of this Court, no Utility Company shall alter, refuse, or discontinue service to, or discriminate against the Debtors, solely on the basis of the commencement of these cases, pending the negotiation or determination of adequate assurance of payment pursuant to the Determination Procedures set forth in the Motion.

D. The following procedures shall be used by the Court to determine, if necessary, whether the requested assurance of payment by a Utility Company is adequate:

(a) The Debtors shall provide each such Utility Company which is not currently holding a security deposit with a security deposit (the "Security Deposit") in an amount equal to the average one month obligation for utility service over the past twelve months prior to the Petition Date for such Utility Company. If the Utility Company currently holds a Security Deposit, the Debtors shall not be required to post an additional deposit.

(b) If a Utility Company asserts that the treatment provided pursuant to paragraph (a) above does not constitute satisfactory assurance of payment, then such Utility Company may request additional adequate assurance (an "Additional Assurance Request") pursuant to section 366(c)(3) of the Bankruptcy Code. Any such Additional Assurance Request must be sent so as to be received within 30 days after the entry of the interim order on this Motion (the "Utility Order"), attached hereto as Exhibit "B", to Massachusetts Elephant & Castle Group, Inc., 50 Congress Street, Suite 900, Boston, MA 02109-4002 (Attn: Keith A. Radford) with a copy to Eckert Seamans Cherin & Mellott, LLC, Two International Place, 16<sup>th</sup> Floor, Boston, MA 02110-2602 (Attn: John G.

Loughnane, Esquire) and shall specify (i) the amount and nature of assurance of payment that would be satisfactory to the Utility Company, (ii) the type of utility services that are provided, (iii) a list of any deposits or other security currently held by such Utility Company and held by such Utility Company immediately prior to the Petition Date on account of the Debtors, (iv) a description of any payment delinquency or irregularity by the Debtors for the post-petition period, and (v) detailed reason(s) why the Security Deposit does not constitute satisfactory assurance of payment.

(c) Without further order of the Court, the Debtors may enter into agreements granting to the Utility Companies any assurance of payment that the Debtors, in their sole discretion, determine is reasonable.

(d) If a Utility Company timely makes an Additional Assurance Request that the Debtors believe is unreasonable, then, upon the written request of the Utility Company and after good faith negotiations by the parties, the Debtors will (i) file a motion seeking to modify the Additional Assurance Request to an amount that the Debtors believe is adequate (a "Determination Motion"), and (ii) schedule the Determination Motion to be heard by the Court at the next regularly-scheduled omnibus hearing in this case that is at least 20 days after the filing of the Determination Motion (a "Determination Hearing"). The Debtors will not be required to file a Determination Motion with respect to any such Utility Company earlier than 40 days after the Petition Date.

(e) The Utility Companies shall be prohibited from altering, refusing, or discontinuing services, and shall be deemed to have adequate assurance of payment, pending negotiation and receipt of assurance of payment pursuant to the Determination Procedures or an order determining adequate assurance following a Determination Hearing.

(f) Any assurance of payment provided by the Debtors to a Utility Company in accordance with the Determination Procedures shall, to the extent not used by the Utility Company to satisfy a post-petition default, be returned to the Debtors within 30 days after the effective date of a chapter 11 plan in this case without further order of the Court.

(g) Any Utility Company that does not timely make a written Additional Assurance Request in accordance with the Determination Procedures shall be deemed to have adequate assurance of payment under section 366(b) of the Bankruptcy Code, without prejudice to such Utility Company's right to seek relief under section 366(c)(3)(A).

E. Any deposits, bonds, letters of credit or other assurances of payment that were in place prior to the Petition Date shall remain in place and shall continue to be held by those Utility Companies holding the same, except upon entry of further order of this Court.


F. Any Utility Company not listed on Exhibit A attached to the Motion, but subsequently identified by the Debtors, shall be served with copies of this Motion and the Interim Order and Final Order approving this Motion (together, the "Notice Package") and be afforded thirty (30) days from the date of such service to request adequate assurance, if any, from the Debtors. Such request must otherwise comply with the requirements set forth above or shall be deemed an invalid adequate assurance request.

G. Substantially contemporaneously with such service, the Debtors shall file with the Court a supplement to Exhibit A attached to the Motion adding the name of any Utility Company(ies) so served and not included on Exhibit A attached to the Motion, and this Final Order shall be deemed to apply to such Utility Company(ies) from the date of such service, subject to a later order of the Court on a motion for determination of adequate assurance, if any.

H. The Debtors shall serve a copy of the Motion and this Final Order upon each of the Utility Companies listed on Exhibit A attached to the Motion, at the addresses listed thereon, by first-class mail, postage prepaid, within five (5) business days of the entry of this Final Order.

I. Nothing in this Final Order shall be deemed to affect any burden of proof that either the Debtors or any Utility Company may have in a Determination Hearing or to confer upon the Utility Companies listed in Exhibit A to the Motion the status of a "utility" within the meaning of section 366 of the Bankruptcy Code.

Dated: June 30, 2011

  
Honorable United States Bankruptcy Judge  
Henry J. Boroff



**Certified to be a true and correct copy of the original James M. Lynch, Clerk U.S. Bankruptcy Court District of Massachusetts**

By: Alberto Bonasa  
Deputy Clerk

Date: 6/30/11

SCHEDULE G

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
EASTERN DIVISION

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In re:	:	Chapter 11
	:	
	:	Case No. 11-16155 (HJB)
MASSACHUSETTS ELEPHANT & CASTLE GROUP, INC., <i>et al.</i> , <sup>1</sup>	:	
	:	Jointly Administered
	:	
Debtors.	:	

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**INTERIM ORDER GRANTING DEBTORS' MOTION FOR ENTRY OF ORDER  
GRANTING (i) AUTHORITY TO CONTINUE TO USE CERTAIN PRE-PETITION  
BANK ACCOUNTS, CHECK STOCK AND EXISTING BUSINESS  
FORMS, AND (ii) WAIVER OF COMPLIANCE WITH BANKRUPTCY CODE  
SECTION 345(b) INVESTMENT GUIDELINES**

Upon consideration of the Debtors' Motion for Entry of an Order Granting (i) Authority to Continue to Use Certain Pre-Petition Bank Accounts, Check Stock and Existing Business Forms, and (ii) Waiver of Compliance with Bankruptcy Code Section 345(b) Investment Guidelines (the "Motion"); the Court having reviewed the Motion; the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) venue of these chapter 11 cases in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409 and (d) notice of the Motion was sufficient under the circumstances; the Court determining that the legal and factual bases set forth in the Motion establish just cause for the relief granted by this Interim Order; and it appearing that the relief

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<sup>1</sup> The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are Massachusetts Elephant & Castle Group, Inc. (5090), Elephant and Castle of Pennsylvania, Inc. (9152), E&C Pub, Inc. (4001), Elephant & Castle Inc. (Washington) (3988), Elephant & Castle (Chicago) Corporation (5254), Elephant & Castle East Huron, LLC (8642), E&C Capital, LLC (4895), Elephant & Castle Illinois Corporation (2811), E&C Eye Street, LLC (1803), Elephant & Castle International, Inc. (5294), Elephant & Castle Pratt Street, LLC (7898), Elephant & Castle Group Inc. (no U.S. EIN), Elephant & Castle Canada Inc. (no U.S. EIN), Repechage Investments Limited (no U.S. EIN), Elephant & Castle, Inc. (Texas) (no U.S. EIN). The Debtors' corporate offices are located at 50 Congress Street, Suite 900, Boston, MA 02109.

requested is in the best interest of the Debtors' estates, their creditors and other parties in interest;

IT IS HEREBY DETERMINED, ORDERED AND ADJOURNED THAT:

A. The Motion is GRANTED on an INTERIM basis.

B. A final hearing shall be held on the Motion on August 1, 2011 at 9:30 a.m. <sup>in Worcester, Massachusetts</sup> Objections to the Motion shall be due by 4:00 p.m. on July 27, 2011.

C. The Debtors are authorized to continue to (i) use the Accounts, (ii) deposit funds in and withdraw funds from such Accounts by all usual means, (iii) use their existing check stock and business forms without the necessity of opening new debtor-in-possession bank accounts and obtaining new business forms, and (iv) treat the Accounts as debtor-in-possession bank accounts for all purposes, provided only that once the existing stock is exhausted, the Debtors will imprint the legend "DIP" or "Debtor in Possession" and the case number for the Debtors' consolidated chapter 11 cases on any new stock of correspondence and business forms acquired other than for payroll.

D. The Debtors' banks are not authorized to process, honor or pay any checks drawn in payment of any pre-petition obligations unless authorized by a separate order of this Court.

E. All financial institutions and banks at which the Debtors' Accounts are maintained are prohibited from offsetting, freezing or otherwise impeding the use or transfer of, or access to, any funds deposited in such Accounts on or subsequent to the Petition Date on account of any claim such financial institution or bank may have against the Debtors that arose before the Petition Date.



**Certified to be a true and correct copy of the original James M. Lynch, Clerk U.S. Bankruptcy Court District of Massachusetts**

By: Alberto Basora  
**Deputy Clerk**


Date: 6/30/11

F. The Debtors are authorized to continue to make intercompany transfers in the ordinary course of business. The Debtors will record all post-petition intercompany transfers in their books and records. ~~Claims for intercompany transfers will be entitled to priority status under sections 507(a)(2) and 503(b) of the Bankruptcy Code.~~

G. The requirements of section 345 of the Bankruptcy Code are hereby waived for a period of 60 days as to the Accounts. To the extent that the Debtors seek a further waiver of such requirements, they will file a separate motion with the Court.

H. This Interim Order is without prejudice to the Debtors' right to (i) close any of the Accounts or (ii) to open or close new accounts at any banking institution. The Debtor shall promptly notify the Office of the United States Trustee and counsel for any statutory committee if an account is closed or an account is opened.

Dated: June 30, 2011

  
\_\_\_\_\_  
Honorable United States Bankruptcy Judge  
Henry J. Boroff

SCHEDULE H

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
EASTERN DIVISION

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In re:	:	Chapter 11
	:	
	:	Case No. 11-16155 ( )
MASSACHUSETTS ELEPHANT & CASTLE GROUP, INC., <i>et al.</i> , <sup>1</sup>	:	
	:	Jointly Administered
	:	
Debtors.	:	
	:	

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**ORDER (I) AUTHORIZING THE DEBTOR TO HONOR OR PAY CERTAIN PRE-PETITION OBLIGATIONS TO ITS CUSTOMERS IN THE ORDINARY COURSE OF BUSINESS AND (II) GRANTING CERTAIN RELATED RELIEF**

Upon consideration of the Debtors' Motion for Entry of an Order Authorizing the Debtors to Honor Certain Pre-Petition Obligations to Customers and to Otherwise Continue Customer Practices and Programs in the Ordinary Courts of Business (the "Motion"); the Court having reviewed the Motion; the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) venue of these chapter 11 cases in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409 and (d) notice of the Motion was sufficient under the circumstances; the Court determining that the legal and factual bases set forth in the Motion establish just cause for the relief granted by this Order; and it appearing that the relief requested is in the best interest of the Debtors' estates, their creditors and other parties in interest;

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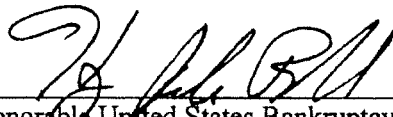
<sup>1</sup> The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are Massachusetts Elephant & Castle Group, Inc. (5090), Elephant and Castle of Pennsylvania, Inc. (9152), E&C Pub, Inc. (4001), Elephant & Castle Inc. (Washington) (3988), Elephant & Castle (Chicago) Corporation (5254), Elephant & Castle East Huron, LLC (8642), E&C Capital, LLC (4895), Elephant & Castle Illinois Corporation (2811), E&C Eye Street, LLC (1803), Elephant & Castle International, Inc. (5294), Elephant & Castle Pratt Street, LLC (7898), Elephant & Castle Group Inc. (no U.S. EIN), Elephant & Castle Canada Inc. (no U.S. EIN), Repechage Investments Limited (no U.S. EIN), Elephant & Castle, Inc. (Texas) (no U.S. EIN). The Debtors' corporate offices are located at 50 Congress Street, Suite 900, Boston, MA 02109.



IT IS HEREBY DETERMINED, ORDERED AND ADJOURNED THAT:

- A. The Motion is GRANTED in its entirety.
- B. The Debtors are authorized to continue, in their sole discretion, the Customer Programs in the ordinary course of business.
- C. The Debtors are authorized to continue, renew, modify, terminate or replace, in their discretion, their Customer Programs without further order of the Court.

Dated: June 30, 2011

  
\_\_\_\_\_  
Honorable United States Bankruptcy Judge  
Henry J. Boroff



Certified to be a true and correct copy of the original  
James M. Lynch, Clerk  
U.S. Bankruptcy Court  
District of Massachusetts

By: Alberto Basso  
Deputy Clerk

Date: 6/30/11

SCHEDULE I

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
EASTERN DIVISION

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In re:	:	Chapter 11
	:	
	:	Case No. 11-16155 ( )
MASSACHUSETTS ELEPHANT & CASTLE GROUP, INC., <i>et al.</i> , <sup>1</sup>	:	
	:	Jointly Administered
	:	
Debtors.	:	
	:	

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**ORDER (I) AUTHORIZING THE DEBTORS TO PREPARE  
(A) A CONSOLIDATED LIST OF CREDITORS AND  
(B) A CONSOLIDATED LIST OF THE DEBTORS' THIRTY  
LARGEST UNSECURED CREDITORS AND (II) APPROVING THE  
FORM AND MANNER OF THE NOTICE OF COMMENCEMENT**

Upon consideration of the Debtors' Motion for an Order (I) Authorizing the Debtors to Prepare (A) a Consolidated List of Creditors and (B) a Consolidated List of the Debtors' Thirty Largest Unsecured Creditors and (II) Approving the Form and Manner of the Notice of Commencement (the "Motion"); the Court having reviewed the Motion; the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), (c) venue of these chapter 11 cases in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409 and (d) notice of the Motion was sufficient under the circumstances; the Court determining that the legal and factual bases set forth in the Motion establish just cause for the relief granted by this Order; and it appearing that

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<sup>1</sup> The Debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are Massachusetts Elephant & Castle Group, Inc. (5090), Elephant and Castle of Pennsylvania, Inc. (9152), E&C Pub, Inc. (4001), Elephant & Castle Inc. (Washington) (3988), Elephant & Castle (Chicago) Corporation (5254), Elephant & Castle East Huron, LLC (8642), E&C Capital, LLC (4895), Elephant & Castle Illinois Corporation (2811), E&C Eye Street, LLC (1803), Elephant & Castle International, Inc. (5294), Elephant & Castle Pratt Street, LLC (7898), Elephant & Castle Group Inc. (no U.S. EIN), Elephant & Castle Canada Inc. (no U.S. EIN), Repechage Investments Limited (no U.S. EIN), Elephant & Castle, Inc. (Texas) (no U.S. EIN). The Debtors' corporate offices are located at 50 Congress Street, Suite 900, Boston, MA 02109.

the relief requested is in the best interest of the Debtors' estates, their creditors and other parties in interest;


IT IS HEREBY DETERMINED, ORDERED AND ADJOURNED THAT:

- A. The Motion is GRANTED in its entirety.
- B. The Debtors are authorized to file a single consolidated matrix in lieu of separate creditor matrices for each of the Debtors.
- C. The Debtors are authorized to file a single consolidated list of their combined 30 largest unsecured creditors in lieu of Top 20 Lists for each Debtor.
- D. The Debtors are authorized to file one declaration under Bankruptcy Rule 1008 in connection with the consolidated list of creditors and the consolidated list of the combined 30 largest unsecured creditors.
- E. The form of notice of the commencement of these chapter 11 cases and the Section 341 Meeting, substantially in the form attached hereto as Exhibit A (the "Commencement Notice"), hereby is approved.
- F. The Claims Agent is authorized and directed to serve the Commencement Notice, with such revisions as agreed to by the Clerk, within five business days after the Debtors receive written notice of the time and place of the Section 341 Meeting. The Claims Agent will serve the Commencement Notice by regular mail, postage prepaid, on those entities entitled to receive the Commencement Notice pursuant to Bankruptcy Rule 2002. Service of the Commencement Notice in accordance with this paragraph is approved in all respects and is

deemed sufficient notice of the commencement of these chapter 11 cases and Section 341

Meeting under the Bankruptcy Code, the Bankruptcy Rules, and the MLBR.

Dated: June 30, 2011

  
\_\_\_\_\_  
Honorable United States Bankruptcy Judge  
*Henry S. Boroff*



Certified to be a true and  
correct copy of the original  
James M. Lynch, Clerk  
U.S. Bankruptcy Court  
District of Massachusetts

By: *Albert P. Boroff*  
Deputy Clerk

Date: 6/30/11

# SCHEDULE J

Court File No. CV-11-9279-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF CERTAIN PROCEEDINGS  
TAKEN IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MASSACHUSETTS EASTERN DIVISION  
WITH RESPECT TO THE CHAPTER 11 DEBTORS (AS DEFINED BELOW)**

**APPLICATION OF  
MASSACHUSETTS ELEPHANT & CASTLE GROUP, INC.  
UNDER SECTION 46 OF THE  
COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c. C-36, AS AMENDED**

## **NOTICE OF RECOGNITION ORDERS**

**PLEASE BE ADVISED** that this Notice is being published pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**"), granted on July 4, 2011.

**PLEASE TAKE NOTICE** that, on June 28, 2011, Massachusetts Elephant & Castle Group, Inc., (the "**Applicant**"), Repechage Investments Limited, Elephant & Castle Group Inc., The Elephant and Castle Canada Inc., Elephant & Castle, Inc. (a Texas Corporation), Elephant & Castle Inc. (a Washington Corporation), Elephant & Castle International, Inc., Elephant & Castle of Pennsylvania, Inc., E & C Pub, Inc., Elephant & Castle East Huron, LLC, Elephant & Castle Illinois Corporation, E&C Eye Street, LLC, E & C Capital, LLC, Elephant & Castle (Chicago) Corporation (collectively, the "**Chapter 11 Debtors**") each filed voluntary petitions under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Massachusetts Eastern Division (collectively, the "**Chapter 11 Proceedings**"). In connection with the Chapter 11 Proceedings, the Chapter 11 Debtors have appointed the Applicant as their foreign representative (the "**Foreign Representative**").

**PLEASE TAKE FURTHER NOTICE** that an Initial Recognition Order and a Supplemental Order (together, the "**Recognition Orders**") have been issued by the Canadian Court under Part IV of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, that, among other things: (i) recognize the Chapter 11 Proceedings as a foreign main proceeding; (ii) recognize the Applicant as the Foreign Representative of

the Chapter 11 Debtors; (iii) recognize certain orders granted by the United States Bankruptcy Court in the Chapter 11 Proceedings; (iv) stay all proceedings against the Chapter 11 Debtors and their directors and officers; and (v) appoint BDO Canada Limited as the Information Officer with respect to the Chapter 11 Proceeding.

**PLEASE TAKE FURTHER NOTICE** that persons who wish to receive a copy of the Recognition Orders or obtain any further information in respect thereof or in respect of the matters set forth in this Notice, should contact the Information Officer at the address below:

**BDO CANADA LIMITED**

123 Front Street West

Suite 1200

Toronto, Ontario

M5J 2M2

Attention: Ken Pearl

Phone: (416) 369-3063

Fax: (416) 865-0904

Email: [kpearl@bdo.ca](mailto:kpearl@bdo.ca)

**PLEASE FINALLY NOTE** that the Recognition Orders, and any other orders that may be granted by the Canadian Court, can be viewed at [www.bdo.ca/elephantcastle/](http://www.bdo.ca/elephantcastle/).

DATED AT TORONTO, ONTARIO this     day of July, 2011.

**BDO CANADA LIMITED**

(solely in its capacity as Information Officer)

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED STATES BANKRUPTCY COURT FOR  
THE DISTRICT OF MASSACHUSETTS EASTERN DIVISION WITH RESPECT TO THE COMPANIES LISTED ON  
SCHEDULE "A" HERETO (THE "CHAPTER 11 DEBTORS")**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**SUPPLEMENTAL ORDER**

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