

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:

**NPC INTERNATIONAL, INC.
et al.,**

Debtors.¹

Chapter 11

Case No. 20-33353 (DRJ)

(Jointly Administered)

**DECLARATION OF JAY S. WEINBERGER IN
SUPPORT OF REPLY OF THE AD HOC PRIORITY/IL GROUP IN SUPPORT
OF THE DEBTORS' MOTION FOR ENTRY OF THE BID PROCEDURES ORDER**

I, Jay S. Weinberger, declare pursuant to 28 U.S.C. § 1746, under penalty of perjury, to the best of my knowledge and belief, that:

1. I submit this declaration (the “**Declaration**”) in support of the *Reply of the Ad Hoc Priority/IL Group in Support of the Motion of Debtors for Entry of Orders (I)(A) Approving Bid Procedures for Sale of Debtors’ Assets, (B) Scheduling Auction for and Hearing to Approve Sale of Debtors’ Assets, (C) Approving Form and Manner of Notice of Sale, Auction, and Sale Hearing, (D) Approving Assumption and Assignment Procedures, and (E) Granting Related Relief and (II)(A) Approving Sale of Debtors’ Assets, (B) Authorizing Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* (the “**Reply**”),² filed contemporaneously herewith.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are NPC International, Inc. (7298); NPC Restaurant Holdings I LLC (0595); NPC Restaurant Holdings II LLC (0595); NPC Holdings, Inc. (6451); NPC International Holdings, LLC (8234); NPC Restaurant Holdings, LLC (9045); NPC Operating Company B, Inc. (6498); and NPC Quality Burgers, Inc. (6457). The Debtors’ corporate headquarters and service address is 4200 W. 115th Street, Suite 200, Leawood, KS 66211.

² Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the Reply.

2. I am over the age of 18 years old and am authorized to submit this Declaration on behalf of the Ad Hoc Priority/1L Group. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my discussions with other members of the Houlihan Lokey Capital, Inc. team, the members of the Ad Hoc Priority/1L Group, the other advisors to the Ad Hoc Priority/1L Group, my review of relevant documents and information concerning the Debtors, or my opinions based upon my experience and knowledge. If called as a witness, I could and would testify competently to the facts set forth in this Declaration.

BACKGROUND AND QUALIFICATIONS

3. I am a Managing Director in the Financial Restructuring Group at Houlihan Lokey Capital, Inc. ("***Houlihan Lokey***"). Houlihan Lokey is an internationally recognized investment banking and financial advisory firm, with 22 offices worldwide and over 1,000 financial professionals. The firm is one of the leading providers of M&A fairness opinions and has one of the largest worldwide financial restructuring practices of any investment bank. Houlihan Lokey annually serves more than 1,000 clients ranging from closely held companies to Global 500 corporations.

4. Houlihan Lokey's Financial Restructuring Group, which has approximately 225 professionals, is one of the leading advisors and investment bankers to debtors, unsecured and secured creditors, acquirers, and other parties-in-interest involved with financially troubled companies both in and outside of bankruptcy.

5. Houlihan Lokey has been, and is, involved in some of the largest restructuring cases in the United States, including in: *In re Sears Holdings Corp.*, Ch. 11 Case No. 23538 (RDD) (Bankr. S.D.N.Y.); *In re J. C. Penney Company, Inc.*, Ch. 11 Case No. 20-20182 (DRJ) (Bankr. S.D. Tex.); *In re Caesars Entertainment Operating Company, Inc.*, Ch. 11

Case No. 15-01145 (ABG) (Bankr. N.D. Ill.); *In re CIT Group, Inc.*, Ch. 11 Case No. 09-16565 (ALG) (Bankr. S.D.N.Y.); and *In re Lehman Brothers Holdings Inc.*, Ch. 11 Case No. 08-13555 (SCC) (Bankr. S.D.N.Y.).

6. I have been employed by Houlihan Lokey for the past 13 years. Since joining Houlihan Lokey, I have provided restructuring advice within the context of chapter 11 restructurings, out-of-court restructurings, and distressed transactions, as well as providing M&A advice in both healthy and distressed situations. I am a graduate of the University of Florida and have an MBA in finance and accounting from New York University's Stern School of Business.

7. My recent engagements include Alpha Entertainment LLC, McDermott International, Inc., Country Fresh Inc., syncreon Group B.V., Tintri Inc., Synchronoss Technologies, Caesars Entertainment, My Alarm Center, Natural Resource Partners, New Cotai Holdings, OneWeb Global Limited, Florida Gaming Corp., Trump Entertainment Resorts, CEVA Logistics, CIT Group Inc., Rivers Casino, Riviera Holdings Corp., Majestic Star Casino, Centaur Gaming, and Indianapolis Downs, LLC.

8. In August 2019, the Ad Hoc Priority/1L Group engaged Houlihan Lokey to represent them as financial advisors. In that capacity, I, together with the members of the Houlihan Lokey team, have been directly involved in the matters discussed below, unless otherwise indicated.

PREPETITION LENDER SUPPORT

9. In early January 2020, the Debtors' Pizza Hut restaurants were performing poorly and the Debtors ran into a liquidity shortfall that jeopardized their ability to meet their near term obligations, including payroll. The Ad Hoc Priority/1L Group mobilized immediately and, with limited diligence, negotiated the terms of, and on January 21, 2020 executed, the Prepetition Priority Credit Agreement, pursuant to which the lenders thereunder extended

\$35 million in financing to the Debtors. Without this liquidity injection, it is unclear how the Debtors would have been able to meet their near-term obligations, which would have had a significant impact on all of their stakeholders, including their employees and franchisors.

10. During the months that followed, the Ad Hoc Priority/1L Group worked closely with the Debtors to develop a comprehensive path forward for their businesses, including the Debtors' Pizza Hut restaurant portfolio. In that regard, the Ad Hoc Priority/1L Group and its advisors (including Houlihan Lokey) conducted extensive due diligence and undertook a deep and expansive analysis of the Debtors' operations, as well of the overall health of the Pizza Hut business.

11. The Ad Hoc Priority/1L Group also engaged the services of Beyond Development Group ("**BDG**"), a restaurant consulting firm led by Clare Nishikawa, formerly the Director of Franchise Development (US) at Pizza Hut, where I understand that she helped oversee approximately 500 new restaurant openings and the remodeling of approximately 700 restaurants. In conjunction with Houlihan Lokey, BDG assisted the Ad Hoc Priority/1L Group by conducting a qualitative and quantitative store-by-store analysis of the Debtors' businesses and providing customized turnaround recommendations.

12. Contemporaneously therewith, a member of the Ad Hoc Priority/1L Group — at its own expense — engaged the consultancy services of Clifford Hudson, formerly CEO and chairman of the board of Sonic Corp., a nationally renowned quick service restaurant chain and franchise, where I understand that he served in the capacity of CEO for 23 years.³ All in all,

³ In September 2018, Sonic Corp. was sold to Inspire Brands, Inc. for \$2.3 billion. The relevant excerpts from Sonic Corp.'s Form 10-K, dated October 23, 2018, which provide an overview of Mr. Hudson's tenure at Sonic Corp. and a description of the sale to Inspire Brands, Inc., is attached hereto as **Exhibit A**. Sonic Corp.'s Form 8-K, dated September 25, 2018, which attaches a press release announcing the sale of Sonic Corp. to Inspire Brands, Inc., is attached hereto as **Exhibit B**.

I believe that the Ad Hoc Priority/1L Group, with the goal of being fully prepared for an impending reorganization, undertook a thorough analysis of the Debtors' Pizza Hut portfolio in order to better understand the restaurants' historical financial performance and asset condition, assess the pro forma benefits of any capital investment, and explore opportunities for operational improvement.

13. Notwithstanding the uncertainty caused by the ongoing global COVID-19 pandemic, it is my belief that the Ad Hoc Priority/1L Group's commitment to the Debtors and their businesses did not waver. Among other things, the Ad Hoc Priority/1L Group supported the Debtors' negotiation of a forbearance agreement with Pizza Hut in January 2020 – including multiple extensions and amendments thereto – as well as the Debtors' use of certain of its Priority Term Loan proceeds to keep current with its Pizza Hut advertising contribution obligations.

14. Further, at the height of the uncertainties raised by the COVID-19 pandemic, in May 2020, the Debtors requested that the Lenders increase their capital commitments to fulfill a demand made by Pizza Hut, who otherwise offered no permanent economic relief to the Debtors. The Ad Hoc Priority/1L Group reviewed this request and agreed to upsize its commitments under the Prepetition Priority Facility to \$80 million, on May 20, 2020. On top of these funding commitments, the Prepetition First Lien Lenders agreed to forego approximately \$24.5 million in cash interest payments during a period of over five months leading to the Petition Date in order to maximize the Debtors' runway before the commencement of these cases.

PREPETITION NEGOTIATIONS WITH PIZZA HUT

15. On May 29, 2020, the Debtors, with the support of the Ad Hoc Priority/1L Group, presented Pizza Hut with an overview of the review methodology and a preliminary business plan for the Debtors' Pizza Hut business. Underpinning this framework for a comprehensive solution to the Debtors' Pizza Hut business was the Lenders' proposed investment of at least \$80 million of capital into the reorganized Debtors solely for Pizza Hut capital expenditures. The Debtors presented their business plan to Pizza Hut's senior leadership and development team on June 6, 2020, providing transparency into the data-driven methodologies and reasoning behind the proposed restaurant closures, renovations, capital investment thesis, and relocation initiatives set forth therein.

16. The following week, on June 12, 2020, the Debtors and the Ad Hoc Priority/1L Group presented a comprehensive plan for shared investment to Yum! and Pizza Hut's executives, which plan was formulated to, among other things, accomplish Pizza Hut's stated goals of keeping as many restaurants open as possible, immediately putting capital to work, and serving as a basis for a long-term partnership that would revitalize the Pizza Hut brand and lead the broader Pizza Hut system into the future. At that time, there were no impending defaults under the Priority or First Lien Credit Agreements or other potential enforcement actions threatened by the Lenders to necessitate the commencement of these cases.

POSTPETITION LENDER SUPPORT

17. In the event that the Debtors pivot from the sale processes to reorganize around one or both of their businesses under the Plan, the Ad Hoc Priority/1L Group is prepared to commit between \$100 and \$200 million in post-emergence new capital as part of a Restructuring Transaction. *See RSA*, Ex. A (Restructuring Term Sheet). In addition to their experience with consumer facing companies, general industry sophistication, and investment

know-how, the Lenders would bring a wealth of financial and operational resources to the Pizza Hut brand. In this regard, the Lenders are ready, willing, and able to own and operate the Pizza Hut Assets.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: September 22, 2020

/s/ Jay S. Weinberger
Jay S. Weinberger

EXHIBIT A

(Excerpts from Sonic Corp.'s Form 10-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K



ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: August 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-18859

SONIC CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

300 Johnny Bench Drive
Oklahoma City, Oklahoma

(Address of principal executive offices)

73-1371046

(I.R.S. Employer Identification No.)

73104

(Zip Code)

Registrant's telephone number, including area code: (405) 225-5000

Securities registered pursuant to section 12(b) of the Act:

None

Securities registered pursuant to section 12(g) of the Act:

Common Stock, Par Value \$.01 (Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file the reports), and (2) has been subject to the filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of February 28, 2018, the aggregate market value of the 36,866,336 shares of common stock of the Company held by non-affiliates of the Company equaled \$926,082,360 based on the closing sales price for the common stock as reported for that date.

As of October 12, 2018, the Registrant had 35,687,663 shares of common stock issued and outstanding.

Documents Incorporated by Reference

None

FORM 10-K OF SONIC CORP.

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Item 4A. Executive Officers of the Company

Identification of Executive Officers

The following table identifies the executive officers of the Company:

Name	Age	Position	Executive Officer Since
Clifford Hudson	63	Chairman of the Board of Directors and Chief Executive Officer	1985
Claudia S. San Pedro	49	President	2007
John H. Budd III	51	Executive Vice President and Chief Strategy and Business Development Officer	2013
Jose A. Dueñas	46	Executive Vice President and Chief Brand Officer	2017
Christina D. Vaughan	43	President of Sonic Restaurants, Inc.	2017
Paige S. Bass	49	Senior Vice President, General Counsel and Assistant Corporate Secretary	2007
E. Edward Saroch	61	Senior Vice President of Franchise Relations	2017
Corey R. Horsch	40	Vice President, Chief Financial Officer and Treasurer	2015
Lori Abou Habib	38	Vice President and Chief Marketing Officer	2017
Michelle E. Britten	51	Vice President and Chief Accounting Officer	2012
Carolyn C. Cummins	60	Vice President of Compliance and Corporate Secretary	2004

Business Experience

The following sets forth the business experience of the executive officers of the Company for at least the past five years:

Clifford Hudson has served as the Company's Chairman of the Board since January 2000 and Chief Executive Officer since April 1995. He also served as President from April 1995 to January 2000, reassumed that position from November 2004 until May 2008, April 2013 to January 2016 and again March 2017 to February 2018. He has served in various other offices with the Company since 1984. Mr. Hudson has served as a Director of the Company since 1993.

Claudia S. San Pedro has served as the Company's President since February 2018. She served as Executive Vice President and Chief Financial Officer from August 2015 to February 2018 and served as Senior Vice President and Chief Financial Officer from April 2015 until August 2015. Ms. San Pedro served as Vice President of Investor Relations and Communications of the Company from January 2013 until April 2015 and was its Vice President of Investor Relations from July 2010 until January 2013. She served as Vice President of Investor Relations and Brand Strategies from October 2009 until July 2010. Ms. San Pedro has also served as Treasurer of the Company from January 2007 until October 2015. She served as the Director of the Oklahoma Office of State Finance from June 2005 through November 2006. From July 2003 to May 2005, Ms. San Pedro served as the Budget Division Director for the Oklahoma Office of State Finance.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Recent Developments

On September 24, 2018, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Inspire Brands, Inc. ("Parent"), a multi-brand restaurant company whose portfolio includes more than 4,700 Arby's, Buffalo Wild Wings and Rusty Taco locations worldwide, and SSK Merger Sub, Inc. (the "Merger Sub"), a wholly owned subsidiary of Parent. The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into the Company (the "Merger" and, together with the other transactions contemplated by the Merger Agreement, the "Transactions"), with the Company continuing as the surviving corporation and as a wholly owned, privately held subsidiary of Parent. Under the terms of the Merger Agreement, at the effective time of the Merger, each share of Common Stock issued and outstanding as of immediately prior to the effective time of the Merger (other than shares of Common Stock (i) held in treasury by the Company or owned by any direct or indirect wholly owned subsidiary of the Company, (ii) owned by Parent or Merger Sub or any direct or indirect wholly owned subsidiary of Parent or (iii) for which appraisal rights have been properly demanded in accordance with the General Corporation Law of the State of Delaware) will be cancelled and automatically converted into the right to receive \$43.50 in cash. The Board of Directors of the Company unanimously has (i) determined that the Merger Agreement and the Transactions are in the best interests of the Company and its stockholders, (ii) declared it advisable to enter into the Merger Agreement, (iii) authorized and approved the Merger Agreement and the consummation of the Transactions, (iv) resolved to recommend that the Company's stockholders vote in favor of adoption of the Merger Agreement and (v) directed that the Merger Agreement be submitted to a vote of the Company's stockholders. Consummation of the Merger is subject to certain conditions, including (i) the adoption of the Merger Agreement by the Company's stockholders, (ii) the expiration or termination of any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and (iii) the absence of any law or order restraining, enjoining or otherwise prohibiting the Merger. Each of Parent's and the Company's obligation to consummate the Merger is also subject to certain additional conditions, including (i) subject to specific standards, the accuracy of the representations and warranties of the other party, (ii) performance in all material respects by the other party of its obligations under the Merger Agreement and (iii) with respect to Parent's obligations to consummate the Merger, the absence of a material adverse effect with respect to the Company. The Merger Agreement provides that consummation of the Merger will occur on the later of two business days after (a) satisfaction or waiver of such closing conditions and (b) December 21, 2018, subject to certain exceptions to extend the consummation of the Merger. For more information, see Note 16 - Subsequent events included in Part II, Item 8, "Financial Statements and Supplementary Data," in this Annual Report on Form 10-K.

Overview

Description of the Business. Sonic operates and franchises the largest chain of drive-in restaurants in the United States. As of August 31, 2018, the Sonic system was comprised of 3,606 drive-ins, of which 5% were Company Drive-Ins and 95% were Franchise Drive-Ins. Sonic's signature food items include specialty drinks (such as cherry limeades and slushes), ice cream desserts, made-to-order cheeseburgers, chicken entrees ranging from sandwiches to boneless wings, a variety of hot dogs including six-inch premium beef hot dogs and footlong quarter pound coneys, hand-made onion rings and tater tots. Sonic Drive-Ins also offer breakfast items that include a variety of breakfast burritos and serve the full menu all day. Our Company Drive-In revenues and cost of sales, as well as franchise royalties and fees, are directly affected by the number and sales volume of drive-ins and new drive-in openings.

Overview of Business Performance. System same-store sales decreased 0.3% during fiscal year 2018 as compared to a decrease of 3.3% for fiscal year 2017. Same-store sales at Company Drive-Ins decreased by 0.8% during fiscal year 2018 as compared to a decrease of 4.7% for fiscal year 2017. The same-store sales decreases reflect a decline in traffic, which was impacted by adverse weather and aggressive competitive activity in the first half of the fiscal year, partially offset by positive momentum from Company initiatives seen during the remainder of the fiscal year. We continue to execute on our long-term strategies, including new technology, product innovation, personalized service, brand-appropriate value promotions and our fully integrated media strategy. All of these initiatives fuel Sonic's strategy to drive growth through improvement in same-store sales and new drive-in development, and to enhance returns through the deployment of cash to shareholders. Same-store sales growth is the most important component to driving brand value as it generates operating leverage, increased operating cash flows and improved return on investment.

Revenues decreased to \$423.6 million for fiscal year 2018 from \$477.3 million for fiscal year 2017, which was primarily due to a decrease in Company Drive-In sales of \$55.4 million. The decrease in Company Drive-In sales was primarily a result of refranchising Company Drive-Ins during fiscal year 2018 and 2017. Restaurant margins at Company Drive-Ins during fiscal year 2018 were flat when compared to the prior year, reflecting the impact of refranchising lower-margin drive-ins, partially

EXHIBIT B

(Excerpts from Sonic Corp.'s Form 8-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

September 25, 2018

Date of Report (Date of earliest event reported)

SONIC CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
300 Johnny Bench Drive
Oklahoma City, Oklahoma
(Address of Principal Executive Offices)

0-18859
(Commission File Number)

73-1371046
(I.R.S. Employer Identification No.)

73104
(Zip Code)

(405) 225-5000
(Registrant's telephone number, including area code)

Check the appropriate box below if the form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter):

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01 Other Events.

On September 25, 2018, Sonic Corp., a Delaware corporation (the “Company”), issued a joint press release announcing the entry into a definitive agreement pursuant to which Inspire Brands, Inc., a Delaware Corporation, will acquire the Company, on the terms and conditions contained therein. A copy of the joint press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated September 25, 2018.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 25, 2018

REGISTRANT:

SONIC CORP.

By: /s/ Corey R. Horsch

Corey R. Horsch

Vice President, Chief Financial Officer

and Treasurer

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Sonic Corp. to be Acquired by Inspire Brands in \$2.3 Billion Transaction

Oklahoma City and Atlanta - September 25, 2018 - Sonic Corp. ("Sonic") (NASDAQ: SONC) and Inspire Brands, Inc. ("Inspire") today announced that they have entered into a definitive merger agreement under which Inspire will acquire Sonic for \$43.50 per share in cash in a transaction valued at approximately \$2.3 billion including the assumption of Sonic's net debt.

Inspire is a multi-brand restaurant company whose portfolio includes more than 4,700 Arby's, Buffalo Wild Wings, and Rusty Taco locations worldwide. Following the completion of the transaction, Sonic will be a privately-held subsidiary of Inspire and will continue to be operated as an independent brand.

The agreement, which has been unanimously approved by Sonic's Board of Directors, represents a premium of approximately 19% per share to Sonic's closing stock price on September 24, 2018 and a premium of approximately 21% to Sonic's 30-day volume-weighted average price.

"Sonic is a highly differentiated brand and is an ideal fit for the Inspire family," said Paul Brown, Chief Executive Officer of Inspire Brands. "We have tremendous respect for Sonic's exceptional team of employees and franchise owners, who have built one of the industry's most distinctive restaurant brands."

"We're excited to build on Sonic's momentum as we leverage our combined expertise and capabilities to better serve guests, further support team members and franchisees and drive long-term growth."

"This value-maximizing transaction validates the actions we have taken over the last year to grow traffic and improve sales while delivering differentiated offerings and superior guest service," said Cliff Hudson, Sonic Corp. CEO. "Our Board of Directors, taking into account the views of shareholders, conducted a comprehensive review of a wide range of strategic options to maximize shareholder value. This transaction delivers significant, immediate and certain value to Sonic shareholders, and the private ownership structure will provide important benefits to our guests, franchisees and employees."

"As one of the largest owner-operators of company-owned and franchised restaurant brands, Inspire appreciates the unique culture of collaboration between Sonic and our franchisees. Sonic franchisees are engaged in planning regarding technology, new products and marketing programs, and the team at Inspire recognizes the central role our franchisees have played, and will continue to play, in Sonic's success. We look forward to working closely with Inspire as we continue to provide made-to-order American classics, distinctive flavors and the most personalized guest experience in our industry."

Transaction Details

The transaction is subject to the approval of Sonic shareholders and the satisfaction of customary closing conditions, including applicable regulatory approvals, and will close by the end of the year.

Advisors

Guggenheim Securities, LLC is serving as financial advisor to Sonic and Shearman & Sterling LLP is serving as its legal counsel. White & Case LLP is serving as legal counsel to Inspire.

About Sonic

SONIC, America's Drive-In is the nation's largest drive-in restaurant chain serving approximately 3 million customers every day. Ninety-five percent of SONIC's more than 3,600 drive-ins are owned by local business men and women. For 65 years, SONIC has delighted guests with signature menu items, 1.3 million drink combinations and friendly service by iconic Carhops. Since the 2009 launch of SONIC's Limeades for Learning philanthropic campaign in partnership with DonorsChoose.org, SONIC has donated \$10.4 million to public school teachers nationwide to fund essential learning materials and innovative teaching resources to inspire creativity and learning in their students. To learn more about Sonic Corp. (NASDAQ/NM: SONC), please visit sonicdrivein.com and please visit or follow us on [Facebook](https://www.facebook.com/sonicdrivein), [Twitter](https://twitter.com/sonicdrivein) and [Instagram](https://www.instagram.com/sonicdrivein). To learn more about SONIC's Limeades for Learning, please visit LimeadesforLearning.com.

About Inspire Brands

Inspire Brands, headquartered in Atlanta, Ga, is a multi-brand restaurant company whose portfolio includes more than 4,700 Arby's, Buffalo Wild Wings, and Rusty Taco locations worldwide. The company is majority-owned by affiliates of Roark and was founded in 2018. For more information, visit InspireBrands.com

About Roark

Since inception, affiliates of Roark have invested in 65 franchise/multi-unit brands, which collectively generate \$32 billion in annual system revenues from 32,000 locations in 50 states and 81 countries. For more information, please visit www.roarkcapital.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This communication contains "forward-looking statements" within the meaning of the U.S. federal securities laws. Such statements include statements concerning anticipated future events and expectations that are not historical facts. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Actual results may vary materially from those expressed or implied by forward-looking statements based on a number of factors, including, without limitation: (1) risks related to the consummation of the merger, including the risks that (a) the merger may not be consummated within the anticipated time period, or at all, (b) the parties may fail to obtain shareholder approval of the merger agreement, (c) the parties may fail to secure the termination or expiration of any waiting period applicable under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (d) other conditions to the consummation of the merger under the merger agreement may not be satisfied, and (e) the significant limitations on remedies contained in the merger agreement may limit or entirely prevent Sonic Corp. from specifically enforcing Inspire Brands, Inc.'s obligations under the merger agreement or recovering damages for any breach by Inspire Brands, Inc.; (2) the effects that any termination of the merger agreement may have on Sonic Corp. or its business, including the risks that (a) Sonic Corp.'s stock price may decline significantly if the merger is not completed, (b) the merger agreement may be terminated in circumstances requiring Sonic Corp. to pay Inspire Brands, Inc. a termination fee, or (c) the circumstances of the termination, including the possible imposition of a 12-month tail period during which the termination fee could be payable upon certain subsequent transactions, may have a chilling effect on alternatives to the merger; (3) the effects that the announcement or pendency of the merger may have on Sonic Corp. and its business, including the risks that as a result (a) Sonic Corp.'s business, operating results or stock price may suffer, (b) Sonic Corp.'s current plans and operations may be disrupted, (c) Sonic Corp.'s ability to retain or recruit key employees may be adversely affected, (d) Sonic Corp.'s business relationships (including, customers, franchisees and suppliers) may be adversely affected, or (e) Sonic Corp.'s management's or employees' attention may be diverted from other important matters; (4) the effect of limitations that the merger agreement places on Sonic Corp.'s ability to operate its business, return capital to shareholders or engage in alternative transactions; (5) the nature, cost and outcome of pending and future litigation and other legal proceedings, including any such proceedings related to the merger and instituted against Sonic Corp. and others; (6) the risk that the merger and related transactions may involve unexpected costs, liabilities or delays; (7) other economic, business, competitive, legal, regulatory, and/or tax factors; and (8) other factors described under the heading "Risk Factors" in Part I, Item 1A of Sonic Corp.'s Annual Report on Form 10-K for the fiscal year ended August 31, 2017, as updated or supplemented by subsequent reports that Sonic Corp. has filed or files with the SEC. Potential investors, shareholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Neither Inspire Brands, Inc. nor Sonic Corp. assumes any obligation to publicly update any forward-looking statement after it is made, whether as a result of new information, future events or otherwise, except as required by law.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. This communication may be deemed to be solicitation material in respect of the proposed merger between Inspire Brands, Inc. and Sonic Corp. In connection with the proposed transaction, Sonic Corp. plans to file a proxy statement with the Securities and Exchange Commission ("SEC"). SHAREHOLDERS OF SONIC CORP. ARE URGED TO READ THE PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO AND ANY DOCUMENTS INCORPORATED BY REFERENCE THEREIN) AND OTHER RELEVANT DOCUMENTS IN CONNECTION WITH THE PROPOSED TRANSACTION THAT SONIC CORP. WILL FILE WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND THE PARTIES TO THE PROPOSED TRANSACTION. Shareholders and investors will be able to obtain free copies of the proxy statement and other relevant materials (when they become available) and other documents filed by Sonic Corp. at the SEC's web site at www.sec.gov. Copies of the proxy statement (when they become available) and the filings that will be incorporated by reference therein may also be obtained, without charge, at <https://ir.sonicdrivein.com/> or by contacting Sonic Corp.'s Investor Relations at (405) 225-5000.

PARTICIPANTS IN SOLICITATION

Sonic Corp. and its directors, executive officers and certain employees, may be deemed, under SEC rules, to be participants in the solicitation of proxies in respect of the proposed merger. Information regarding Sonic Corp.'s directors and executive officers is available in its proxy statement filed with the SEC on December 18, 2017. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC (when they become available). These documents can be obtained free of charge from the sources indicated above.

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