

Cara Operations Limited Announces Increase to Consent Fee in Connection With Its Consent Solicitation Commenced on October 17, 2011

VAUGHAN, Oct. 26, 2011 /CNW/ -

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Cara Operations Limited (the "Company" or "Cara") announced today an increase in the consent fee the Company will pay to each holder of its 9.125% Senior Secured Second Lien Guaranteed Notes due December 1, 2015 (the "2010 Notes") of record as of 5:00 p.m., Toronto time, on October 13, 2011 (each such holder, a "Holder"), who has delivered (and has not properly revoked) a valid Consent by the expiry date of the Company's previously announced solicitation (the "Solicitation") of consents (the "Consents") from Holders, from \$5.00 in cash for each \$1,000 principal amount of 2010 Notes in respect of which a Consent is delivered to \$10.00 in cash for each \$1,000 principal amount of 2010 Notes in respect of which a Consent is delivered (the "Consent Fee"), provided the Solicitation is successful and the Offering (as defined below) is completed on or before January 4, 2012. The increased Consent Fee represents the maximum amount that Cara is permitted to offer to Holders pursuant to agreements with its lenders under its revolving credit facility.

The Solicitation will continue to expire at 5:00 p.m., Toronto time, on Monday, October 31, 2011 (such time and date, the "Expiration Date") unless otherwise extended or terminated by Cara. The Solicitation is subject to customary conditions, including, among other things, the receipt of valid Consents (which Consents have not been properly revoked) by the Expiration Date with respect to not less than a majority in aggregate principal amount of the outstanding 2010 Notes (the "Requisite Consent").

The Solicitation was commenced by the Company on October 17, 2011 to amend certain terms and provisions of the indenture dated as of December 1, 2010 (the "Indenture") among the Company, certain guarantors (the "Guarantors"), and Computershare Trust Company of Canada, as trustee (the "Trustee") governing the 2010 Notes (the "Proposed Amendments").

If approved, the Proposed Amendments will allow the Company to, among other things, finance the purchase (the "Prime Acquisition") of all of the issued and outstanding shares of Prime Restaurants Inc. ("Prime") by issuing approximately \$75 million aggregate principal amount of senior secured second lien guaranteed notes (the "Offering") and provide the Company the option to elect to make calculations under the Indenture in accordance with International Financial Reporting Standards (IFRS).

Cara believes the Prime Acquisition will allow it to expand its market leading position in the full service restaurant market, provide meaningful access to complementary markets and brands and provide it the opportunity to realize significant cost synergies.

All Holders who have previously delivered Consents do not need to redeliver such Consents or take any other action in order to receive the increased Consent Fee, provided the Solicitation is successful and the Offering is completed on or before January 4, 2012. Other Holders who have not yet delivered Consents should follow the instructions set forth under "Procedure for Consenting" in the Consent Solicitation Statement delivered to them and may use the previously distributed Letter of Consent or Consent Instruction for purposes of delivering their Consents. Holders who do not deliver Consents on or prior to the Expiration Date, or who deliver but validly revoke their Consent prior to the Expiration Date, will not receive a Consent Fee if one is paid.

If the Requisite Consents are received on or prior to the Expiration Date and the supplemental indenture giving effect to the Proposed Amendments is entered into by the Company, the Guarantors and the Trustee, the Proposed Amendments will bind all Holders, including those that did not give their Consent.

Cara reserves the right to amend the terms and conditions of the Solicitation at any time on or prior to the Expiration Date for any reason, including, but not limited to, extending and/or terminating the Solicitation.

The Company has engaged Scotia Capital Inc. ("Scotia") to act as solicitation agent, Georgeson Shareholder Communications Canada Inc. ("Georgeson") to act as information agent and Computershare Trust Company of Canada ("Computershare") to act as tabulation agent for the Solicitation. Questions regarding the Solicitation may be directed to Scotia (attention: Michael Lay) via telephone at (416) 863-7257 or 1 (888) 776-3666 (toll-free) or via e-mail at michael_lay@scotiacapital.com.

Requests for documents relating to the Solicitation may be directed to Georgeson at 1 (888) 605-8408 (toll-free).

None of the representatives or employees, officers or directors of the Company or any of its subsidiaries, Scotia, Georgeson, Computershare, or the Trustee makes any recommendation as to whether or not Holders should deliver their Consents pursuant to the Solicitation, and no one has been authorized by any of them to make such recommendations. The information concerning the Solicitation in this press release is qualified in its entirety to the full text of the Consent Solicitation Statement and the accompanying Letter of Consent that were previously provided to each Holder, as amended and supplemented by the terms of the First Supplement to the Consent Solicitation Statement dated October 26, 2011 that is being delivered to each Holder today (collectively, the "Solicitation Materials"). Reference to those materials should be made for full details of the Solicitation.

This press release does not constitute a solicitation of Consents. The Solicitation is being made solely by the Solicitation Materials. Execution of the supplemental indenture giving effect to the Proposed Amendments is subject to a number of conditions. No assurance can be given that such amendments can or will be completed on terms that are acceptable to the Company, or at all. In addition, in certain circumstances, the Proposed Amendments concerning IFRS can be effected and remain in effect, notwithstanding the fact that the Offering does not proceed. In such a circumstance, no Consent Fee would be payable.

About Cara

Cara is Canada's leading branded full service restaurant organization. The Company is more than 125 years old and operates some of the most recognized brands in the country, including Swiss Chalet Rotisserie & Grill®, Harvey's®, Milestones Grill & Bar®, Montana's Cookhouse® and Kelsey's Neighbourhood Bar & Grill®. Canadian-owned and led, Cara is the restaurant family that brings Canadians together. For more information, please visit www.cara.com.

Caution Concerning Forward-Looking Information

Certain statements made in this press release may constitute "forward-looking information" that involve known and unknown risks, uncertainties and other factors that may cause actual events, results, performance or achievements of Cara to be materially different from those expressed or implied by such forward-looking information. Forward-looking information in this press release includes, but is not limited to, items such as the anticipated benefits from the Prime Acquisition. The forward-looking information disclosed herein is based on a number of assumptions all of which Cara believes to be reasonable. This forward-looking information may be identified by the use of words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan" and other similar terminology. This information reflects current expectations regarding future events and speaks only as of the date of this press release.

For further information: Media Inquiries For Cara: Katie Clark, (416) 979-1979 / Cell: (416) 200 3394, Katie.clark@edelman.com, www.cara.com

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