



January 19, 2020

Dear Team:

Today, I am reaching out to you to let you know about the steps we are taking to position Krystal for future growth and success.

On Sunday, January 19, 2020, the Krystal Company and related entities (collectively, the "Company") filed voluntary petitions for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia

The Company intends to use these proceedings to protect and support its ongoing business operations, address its obligations, and pursue an orderly sale of its business and assets as a going concern. The management team and Board of Directors have chosen this step after careful review of all strategic alternatives and believe it is the best possible path to position Krystal and its franchisees for future success.

I want to emphasize that we expect that our operations will continue in the ordinary course throughout this process. **Employees can expect to receive their usual pay and benefits.** As is customary in Chapter 11 bankruptcy case, we filed motions with the Bankruptcy Court – which we expect will be approved promptly – to allow us to continue to pay, without interruption, all wages, salaries and benefits as usual. **You should see no impact on your day-to-day job responsibilities.**

The most important way that you can help is by keeping up the good work, providing consistent, affordable, and downright delicious meals served hot and fresh, day and night. Your help will ensure that our businesses can continue working together for many years to come.

Please see "Frequently Asked Questions", below, for further details. We've also established a Restructuring Information Hotline for interested parties at (888) 249-2792 (U.S./Canada) or (310) 751-2607 (International). Additional information, including the press release we issued this morning, can be found on the Krystal website at <https://krystal.com/>. Court filings and information about the claims process can be found at a separate website maintained by our claims agent, KCC, at <http://www.kccllc.net/krystal>.

Sincerely,

Tim Ward  
President



206106520011900000000003



## FREQUENTLY ASKED QUESTIONS FOR KRYSTAL EMPLOYEES

### **What did Krystal announce?**

- Krystal and its subsidiaries filed voluntary petitions for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia, on January 19, 2020.
- Krystal commenced these cases in order to improve operations, address its obligations, and pursue a sale of substantially all of its assets as a going concern.

### **What does it mean to file for Chapter 11 protection?**

- Chapter 11 is the section of the United States Bankruptcy Code that regulates corporate restructurings.
- Chapter 11 permits, and even encourages, daily business operations to continue as usual.
- Many companies have successfully utilized Chapter 11, including United Airlines, General Motors, Six Flags, Macy's, and many restaurant companies that continue to operate today.

### **Is Krystal going out of business?**

- No, the Company expects to continue operating in the ordinary course of business throughout the bankruptcy process.

### **How will the filing affect day-to-day operations at Krystal?**

- The Company expects to continue operating in the ordinary course of business throughout the restructuring process.

### **Will the bankruptcy affect my pay and benefits?**

- Employees can expect to receive their usual pay and benefits.
- As is customary in Chapter 11 bankruptcy cases, we have filed motions with the Bankruptcy Court – which we expect will be approved promptly – to allow us to continue to pay, without interruption, all wages, salaries and benefits as usual.
- Assets in a 401(k) plan are protected by federal bankruptcy laws. (As always, the value of the various investment options in the 401(k) plan can fluctuate based on market conditions).