

PRESIDENT'S LETTER

My Fellow Franchisees:

Thank you for your support in the recent SFA election—I am honored to represent the Carl's Jr. franchisees as your new SFA President. As an initial matter, my thanks to Dan Gjurjevich for his tireless efforts in representing the SFA membership over the past two years, and I am happy Dan chose to remain on the board. As highlighted during the SFA election, my primary and first priority is to ensure improved communication from CKE to the SFA membership. In particular, I have already met with CKE to make sure they provide the utmost transparency to SFA members in three critical areas: Marketing, IT/Services, and Operational Simplicity/Execution.



Specifically, I am working with CKE to focus on media efficiency and better creative execution. This year is even more challenging with a new marketing agency, new CMO, the Olympics, elections, and a new media hybrid approach. We have simply no room for errors. We have four national media windows which we are sharing with Hardee's, in which we have to make sure we do not dilute Carl's message and brand positioning. Shaping CKE's

marketing strategy will be a high priority focus of the SFA board.

Regarding IT/Services, we are asking for better communication from CKE concerning their plan for POS integration and/or the change-over to a new POS system. This includes specific integration timelines, per-store costs, and enhanced IT support.

Finally, we continue our discussions with CKE to explore operational simplification in our restaurants. One of the core SFA board objectives is to ensure that CKE implements better operational efficiency, which will allow franchisees to decrease operating costs.

By the end of month, I expect to receive transparent responses from CKE to each of these three critical areas. As promised, I will continue to provide regular updates to the SFA membership regarding our discussions with CKE, their responses, and the SFA's strategy to move Carl's Jr. back to the forefront of all QSR brands. We are all in this together, I am always available for any thoughts or questions.

Sincerely,
Amir Siddiqi

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STARS FOR HEROES 2019

2019 NATIONAL GRANTS



FROM LEFT TO RIGHT: David Farnum, Sam Wong, Jennifer Dowling, Amir Siddiqi, Dan Gjurgeвич, Ned Lyerly, Trace Chesser, Beve Mills, Bryce Olson, Jay Hafemeister



FROM LEFT TO RIGHT: David Farnum, Sam Wong, Amir Siddiqi, Jennifer Dowling, Dan Gjurgeвич, Anthony Netto, Ned Lyerly, Beve Mills, Bryce Olson, Jay Hafemeister

USA Cares
\$276,847

Stand Up and Play
\$92,283

With our collective efforts, we were able to generate over \$500,000 in local and national grants.

TOP TEN UNITS

1102241	Meridian, ID	\$5,725
1102635	Monmouth, OR	\$5,212
1100788	Yuba City, CA	\$4,810
1102351	Woodland, WA	\$4,355
1100551	Vancouver, WA	\$4,292
1101365	Nampa, ID	\$4,046
1100155	Visalia, CA	\$3,440
1100787	Marysville, CA	\$3,424
1100321	Los Angeles, CA	\$3,202
1102740	Longview, WA	\$3,195

2019 LOCAL GRANTS

American Legion Post 620	\$1,340
American Red Cross	\$3,740
Armed Services YMCA El Paso	\$6,200
Armed Services YMCA 29 Palms Marine Base	\$14,000
Armed Services YMCA- Yuma, AZ	\$7,000
Blue Star Mothers of Corona	\$10,000
Central Valley Veterans	\$7,200
COVV - Central Oregon Veterans Outreach	\$400
Sacramento Stand Down	\$5,100
Salvation Amy - Home Front War Relief	\$20,800
St. Vincent DePaul, Veterans Housing Project	\$22,000
Valley Veterans Foundation	\$6,800
Yuba Sutter Veterans Stand Down	\$4,700
Support the Enlisted Project	\$32,700
Knights of Heroes	\$13,000

2019 CARL N. KARCHER SUPER-STAR AWARD RECIPEINT: JOHN DUNION

The Carl N. Karcher award is open to a helpful CKE Employee who works closely with the SFA Board.

This individual must display a positive demeanor and be passionate about our brand. They must always be open to feedback and give honest objective opinions. This person must show good initiative, be dedicated, and hard working. They must be willing to share, and listen to, ideas that can improve the brand. This recipient must be cost-conscious focused and be able to facilitate changes in areas that allow our restaurant operations to become stronger and more efficient. Lastly, this candidate should work with all franchisees and be available when petitioned.

It was our Honor to announce this year's recipient: John Dunion Chief Supply Chain Officer.

This is the 3rd time John has earned this award.

John came to CKE in September of 1996 and has made tremendous contributions to our Star Franchise Association, Carl's Jr., and all CKE related entities.

John has been very active and instrumental in navigating the challenges of our distribution services, and ensuring our restaurants have food delivered accurately and on time. He is also challenged with finding buyers for obsolete products in the event any of our LTO's / Promotions aren't as successful as planned. John additionally has the responsibility of managing ECO-SURE QA and OA programs and has been very instrumental in allowing changes to these programs to keep our restaurants clean and our guests safe.

John is someone who we can always count on to be very responsive to our calls and needs. No matter when we try to reach him, John is always available and always offers solutions. He obviously leads by example as

his team can always be reached promptly or at least within 24 hours. In fact, John has high expectations of his team because he understands that the best people create the best results. Furthermore, John routinely saves all of us money. The success of Spend Smart is the latest example of an initiative started and headed by John Dunion. Every restaurant in the Carl's Jr. chain has benefited as a result. Moreover, John negotiates with integrity while fiercely working to save every penny as if it was his own.

Most importantly, John reflects the values of our Founder Carl Karcher and the culture he and his brother Don Karcher created for Carl's Jr., starting with the Golden Rule: "Always treating people the way you want to be treated."

We can always count on John to present results and tell you what he has accomplished, not what he intends to do.

John, we thank you for every effort you make to help our business grow. On behalf of all Carl's Jr. Franchisee's:



Congratulations!

2019 VENDOR AWARDS

25 Years



20 Years



15 Years



10 Years



Q&A RECAP

Angus 2.0 Rollout

Will Prince Castles be calibrated before Angus 2.0 rollout?

- Yes, CKE to follow up with communication and procedure.

How will it be marketed to capitalize on the product improvement?

- Marketing to follow up with Marketing / Merch Plan.

Angus 2.0 was not fully tested, small sample size results don't show any positive ADQ's so why are we rolling it?

- CKE addressed all issues including the fact that the product has been in over 500 restaurants in our systems.
- Operational complexity exists, but the product benefits are material. We will continue to explore operational improvements.
- Food safety issues have been fully vetted with QA.
- Product is preferred by guests and results are material.

Marketing

Why is our inventory of radio and TV spots sorely lacking?

- CKE shared desire to build inventory as part of upcoming product launches and new creative for 2020.

Can you please share metrics and data from digital advertising?

- CKE will schedule webinars, and address in discussion associated with upcoming DMA flow charts for 2020.

Can we use digital funds to pay for higher placement on delivery sites?

- CKE will sequence as appropriate when delivery scale is achieved in markets.

Can we get a digital education webinar date?

- CKE will confirm dates.

Hybrid media is a concern for the markets that heavily rely on local buys. We need our flow charts two weeks before in-person DMA meetings.

- CKE will confirm how far in advance DMA flow charts will be provided to franchisees.

Operations

Menu simplification is taking too long. When can we make a decision and move forward?

- Ops to update on tests and action items.

Are we looking at any sauce innovation for chicken tenders?

- Culinary to revert with action plan on sauce innovation plan for 2020 and beyond.

Online Delivery

Do we pay royalties on delivery fees? Arby's is reportedly not paying royalties/advertising on 3rd party delivery.

- CKE confirmed that royalties are charged on gross sales per our franchise agreement. CKE needs to send a communication to the field confirming process for reporting and paying royalties.

Information Technology (IT)

When can franchisees roll Par Brink in stores and what is the process to sign up?

- IT to follow up on rollout plans, cost, and financing considerations for Par Brink Rollout.

Can we utilize DMB content better?

- CKE to follow up on current process improvements, content, and tests.

Can CKE resend ESDM memo to the field?

- CKE will send the memo right away.

Can CKE send ParBrink hardware specs and POS roadmap slides?

- CKE will send the material to franchisees.