

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

In re	§	
	§	Chapter 11
	§	
NPC INTERNATIONAL, INC.,	§	Case No. 20–33353 (DRJ)
<i>et al.,</i>	§	
	§	
Debtors.¹	§	(Jointly Administered)
	§	(Emergency Hearing Requested)

**DECLARATION OF ERIC KOZA IN SUPPORT OF
EMERGENCY JOINT MOTION FOR ENTRY OF AN ORDER
(I) AUTHORIZING AND APPROVING SETTLEMENT AGREEMENT BETWEEN
DEBTORS AND PIZZA HUT, LLC AND (II) GRANTING RELATED RELIEF**

I, Eric Koza, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

Background

1. I am the Chief Restructuring Officer (the “**CRO**”) of NPC International, Inc. and its debtor affiliates in the above-captioned chapter 11 cases (collectively, the “**Debtors**”). The Debtors, combined with their non-debtor affiliates, are the largest franchisee owner by unit count in the United States. On July 1, 2020, the Debtors commenced in this Court voluntary cases under chapter 11 of title 11 of the United States Code. I am knowledgeable about, and familiar with, the Debtors’ businesses and financial affairs. In addition to serving as the Debtors’ CRO, I am a Managing Director at AlixPartners, LLC, an internationally recognized restructuring and turnaround firm, which, together with its affiliates, has substantial experience in providing interim management and financial advisory services.

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. I submit this declaration (the “**Declaration**”) in support of *Emergency Joint Motion for Entry of an Order (I) Authorizing and Approving Settlement Agreement Between Debtors and Pizza Hut, LLC, and (II) Granting Related Relief* (the “**Motion**”).² I am authorized to submit this Declaration on behalf of the Debtors.

3. Except as otherwise indicated, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, my opinion based upon experience, knowledge, and information concerning the Debtors’ operations and financial condition, and/or my discussions with the Debtors’ officers, directors, and restructuring advisors. If called upon to testify, I would testify to the facts set forth in this Declaration.

Facts Relevant to Motion

A. Settlement Agreement

4. The Debtors operate 1,227 franchised Pizza Hut restaurants (each a “**Restaurant**” and collectively, the “**Restaurants**”) in 27 states. In light of certain macro level and industry-wide headwinds, including the ever expanding optionality of pizza restaurants, pricing pressures in the pizza category, labor pressures, and reduced dine-in traffic, the Debtors determined to enter these Chapter 11 Cases with a plan to maximize value for all stakeholders, exploring all options to optimize operations and their restaurant footprint, while continuing to operate their Pizza Hut businesses and negotiate a potential consensual path forward with Pizza Hut.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

5. Leading into these Chapter 11 Cases, the Debtors and Pizza Hut engaged in discussions on certain issues relating to the Debtors' restaurant footprint, and such discussions have continued postpetition. The Debtors and their advisors have performed an extensive analysis of the Debtors' entire Pizza Hut store portfolio and operations with the support of the Ad Hoc Priority/1L Group. As the Debtors' analysis and restructuring efforts have continued postpetition, the Debtors have been preparing for a marketing process of their Pizza Hut business in accordance with the Restructuring Support Agreement³ while also continuing discussions with Pizza Hut, with the goal of achieving a value-maximizing solution for all stakeholders.

6. Based on my personal involvement and information provided by management and Debtors' counsel, I understand that, after extensive negotiations, the Debtors and Pizza Hut are pleased to report that they have reached an agreement on certain key issues relating to the Debtors' go-forward restaurant footprint that the Parties believe is a critical first step toward achieving a value-maximizing outcome and will provide positive momentum as the Debtors move forward with their restructuring efforts. Specifically, the Debtors, with the support of the Ad Hoc Priority/1L Group, have reached an agreement for the Debtors to close up to 300 unprofitable Pizza Hut locations during the pendency of these Chapter 11 Cases. The Settlement Agreement also provides for, among other material terms, (i) the Debtors' ability to (a) consolidate certain Retained Trade Areas corresponding to the Closing Restaurants with trade areas of the Remaining Restaurants; and (b) release other trade areas corresponding to the Closing Restaurants; and (ii) the Debtors' agreement to pay (a) all outstanding prepetition AdCom Fees, Digital Innovation Fees,

³ For the avoidance of doubt, the Restructuring Support Agreement is an agreement between and among the Debtors and Ad Hoc Priority/1L Group. Pizza Hut is not a party to the Restructuring Support Agreement and reserves all rights.

and other System Costs,⁴ owed by the Debtors, (b) all outstanding prepetition Royalties (net of the application of \$10 million of Letter of Credit proceeds, and (c) all timely postpetition payments of System Costs on all Restaurants, excluding Royalties for the Closing Restaurants, throughout the course of the Chapter 11 Cases (the “**PH Closure Settlement**”).

7. The Debtors’ decision to seek Pizza Hut’s consent to close these locations does not come lightly and was only made after extensive analysis regarding the Debtors’ current portfolio, current economic and industry factors, and the Debtors’ go-forward business plan. Many, if not all, of the Restaurants the Debtors will move forward with closing following approval of the Settlement Agreement are Restaurants that, due to a variety of factors, are unable to contribute to the positive performance of the Debtors. Some of these factors include, but are not limited to, the condition of the property, general geography of the location, changing demographics, and proximity to other Restaurants of the Debtors that can service the same trade area. Most critically, although no final decisions have been made with respect to any individual restaurant, a substantial majority of the potentially impacted restaurants are traditional dine-in units that are not well-suited to meet changing customer preferences, especially in the wake of COVID-19. Moreover, many customers who live in impacted trade areas will be serviced by alternative, nearby Pizza Hut locations. And, many of these closures will allow for new development opportunities to rebuild and modernize Pizza Hut assets in viable trade areas. Following the closures, the result of this rationalized footprint will be a stronger and optimized portfolio, thereby enhancing overall value to stakeholders.

8. Contemporaneously with the filing of the Motion, the Debtors have also announced they are initiating the sale process for their Pizza Hut business. The Debtors and Pizza

⁴ “**System Costs**” refers to AdCom Fees, Digital Innovation Fees, and any other system costs.

Hut believe that the optimized footprint resulting from the PH Closure Settlement is a critical component of the success of the sale process.

9. The PH Closure Settlement is a stand-alone settlement that addresses several of the key issues that the Parties had material differences on, as the Debtors entered these Chapter 11 Cases.⁵ Although the PH Closure Settlement is not a global resolution that puts these cases on the direct path to emergence, it is a monumental step forward for the Parties after months of active negotiations. It marks the substantive and consensual progress of the Parties and demonstrates a shared desire among the Debtors and Pizza Hut to put these cases on the best footing possible as the Debtors move forward with their restructuring efforts, particularly now that the Debtors are moving forward with a marketing process of their Pizza Hut business.

10. I further understand that on August 13, 2020, the Debtors, with approval of their Special Committee, and Pizza Hut memorialized the terms of the PH Closure Settlement in that certain consensual settlement agreement (the “**Settlement Agreement**”), dated as of August 13, 2020, by and between NPCI and certain other Debtors and Pizza Hut, substantially in the form attached as **Exhibit 1** to the Proposed Order. The Proposed Order will grant to the Debtors the authority, but not the obligation, to close up to 300 Restaurants during these Chapter 11 Cases.

11. The following table summarizes the material terms of the Settlement Agreement, which include:⁶

⁵ Except as set forth herein with respect to the Severability Waiver (as defined below), the Parties reserve and maintain all other rights under the Bankruptcy Code and applicable law, including, but not limited to, with respect to that certain *Consent and Amendment Agreement*, dated as of January 31, 2018 (the “**CAA**”), the Debtors’ franchise agreements with Pizza Hut (as amended, supplemented, and modified, collectively, the “**Franchise Agreements**”), any chapter 11 plan and/or sale process.

⁶ This summary is provided for illustrative purposes only and is qualified in its entirety by reference to the Settlement Agreement. In the event of any inconsistency between this summary and the Settlement Agreement, the Settlement Agreement controls in all respects.

Term	Settlement Agreement
<p data-bbox="203 934 344 997">Approved Closures</p> <p data-bbox="203 1045 357 1182">[Settlement Agreement, Articles 1.1 and 1.5]</p>	<ul style="list-style-type: none"> <li data-bbox="430 237 1424 594">• Pizza Hut provides its Consent (as defined in the Settlement Agreement) to the closure of certain of the Restaurants (each an “Approved Restaurant” and, collectively, the “Approved Restaurants”), subject to the terms of (i) the Settlement Agreement, (ii) the terms of the Franchise Agreements as modified by the Settlement Agreement with respect to Closing Restaurants (as defined below), and (iii) the terms of the applicable Franchise Agreements that have not otherwise been modified by the Settlement Agreement, including, but not limited to, de-identification requirements, immediately upon entry of the Proposed Order. <li data-bbox="430 604 1424 930">• Pizza Hut further provides its Consent to the closure, subject to the terms of the Settlement Agreement and the applicable Franchise Agreements (except as such terms have been modified by the Settlement Agreement with respect to the Closing Restaurants), including, but not limited to, de-identification requirements, of additional Restaurants (each a “Conditionally Approved Restaurant” and, collectively, the “Conditionally Approved Restaurants” and, collectively, with the Approved Restaurants, the “Closing Restaurants”), subject to the following conditions below: <li data-bbox="430 972 1424 1871">• The Conditionally Approved Restaurants may be closed, in the Debtors’ discretion: <ul style="list-style-type: none"> <li data-bbox="479 1045 1424 1255">○ (A) following an order of the Bankruptcy Court approving the sale of all or a portion of the Restaurants pursuant to section 363 of the Bankruptcy Code (such process, the “PH Sales Process”) becoming final and not appealable, but only if such Conditionally Approved Restaurants are within the geographic market(s) sold pursuant to such an order; or <li data-bbox="479 1266 1424 1871">○ (B) in the event that the PH Sales Process does not result in the entry of a final and not appealable order of the Bankruptcy Court approving the sale of a particular market that includes a Conditionally Approved Restaurant, then pursuant to a plan of reorganization proposed by the Debtors pursuant to chapter 11 of the Bankruptcy Code (the “Chapter 11 Plan”); <i>provided that</i>, if the Conditionally Approved Restaurants are closed pursuant to the Chapter 11 Plan, then (1) such Chapter 11 Plan shall provide for the redevelopment by the Debtors, as reorganized pursuant to the Chapter 11 Plan (“Reorganized NPCI”), of new restaurants equal in number to the number of the Conditionally Approved Restaurants closed pursuant to the Chapter 11 Plan (such new restaurants, the “Redeveloped Restaurants”), which Redeveloped Restaurants may be redeveloped by Reorganized NPCI anywhere within Reorganized NPCI’s collective network of Trade Areas (as defined below) within twenty-four (24) months of the effective date of the Chapter 11 Plan (the “Effective Date”), and (2) the redevelopment of the Redeveloped Restaurants by Reorganized

Term	Settlement Agreement
	<p>NPCI must comply with the existing requirements and procedures for development set forth in the Franchise Agreements and Ancillary Agreements (as defined in the Settlement Agreement), as applicable.</p> <ul style="list-style-type: none"> • For the avoidance of doubt, Pizza Hut’s Consent to the closure of the Closing Restaurants does not obligate the Debtors to close any of the Closing Restaurants, and the Debtors retain the right, in their sole discretion, to close any Closing Restaurants, subject to subsection 1.1(e) of the Settlement Agreement, through the later of (i) December 28, 2020, or (ii) the Effective Date (the “Closure Deadline”). Following the Closure Deadline, with respect to any Approved Restaurants that have not been closed, the Debtors or Reorganized NPCI may only close such Restaurants subject to then-current closure obligations under the then-applicable Franchise Agreements governing such Restaurants. • Absent the express consent of Pizza Hut, no additional Restaurants may be closed during the pendency of the Chapter 11 Cases, including, for the avoidance of doubt, pursuant to: (a) the consummation of a sale or sales of all or a portion of the Restaurants pursuant to section 363 of the Bankruptcy Code (other than as provided for in section 1.1(c)(i) of the Settlement Agreement), or (b) the Chapter 11 Plan. Following the earlier of the Effective Date, the appointment of a Chapter 11 Trustee, or an order converting the Chapter 11 Cases to Chapter 7, any and all Restaurant closures shall be subject to the Debtors’ or Reorganized NPCI’s, as applicable, then-current closure obligations under the then-applicable Franchise Agreements governing such Restaurants. For the avoidance of doubt, the Debtors retain their rights to relocate a Restaurant due to any unavoidable loss of Restaurant occupancy rights in accordance with the Franchise Agreements.
<p>Location Closure Conditions</p> <p>[Settlement Agreement, Article 2]</p>	<ul style="list-style-type: none"> • The Debtors shall be entitled to retain certain trade areas corresponding to the Closing Restaurants (the “Retained Trade Areas”), subject to the following conditions: <ul style="list-style-type: none"> ○ (i) The Debtors and Reorganized NPCI shall retain the exclusive right to develop Pizza Hut restaurants in the Retained Trade Areas as “24-Month Offsets” for a period of twenty-four (24) months after the date of the entry of the Proposed Order. At the end of the twenty-four (24) month period, this exclusive right terminates. ○ (ii) The Debtors and Reorganized NPCI shall retain the exclusive right to develop Pizza Hut restaurants in certain Retained Trade Areas through the remaining term of the applicable Franchise Agreement to which such Retained Trade Area is subject. ○ (iii) With respect to the Restaurants other than the Closing Restaurants (the “Remaining Restaurants”) located in any of the eighteen (18) regional territories of Reorganized NPCI’s Pizza Hut business (each, a “Regional Territory,” and collectively, the “Regional Territories”), in the event that Reorganized NPCI closes more than

Term	Settlement Agreement
	<p>30% of the Remaining Restaurants that are located within any one of the Regional Territories, the Debtors shall lose all rights to the Retained Trade Areas located in such Regional Territory.</p> <ul style="list-style-type: none"> • For the avoidance of doubt, all other Trade Areas that are not Retained Trade Areas shall be deemed forfeited by the Debtors and Reorganized NPCI to Pizza Hut upon the closure of any Closing Restaurant located in such Trade Area that is not a Retained Trade Area. • Within five (5) days after the closure of a Closing Restaurant, the Debtors shall deliver an inventory of the equipment at the respective Closing Restaurant (each an “Equipment Inventory Notice,” and, collectively, the “Equipment Inventory Notices”), which the Debtors shall use commercially reasonable efforts to make complete. Pizza Hut shall deliver to the Debtors or Reorganized NPCI, as applicable, prior, written notice (an “Equipment Notice”) of its intent to obtain possession of the equipment located in any Closing Restaurant (the “Released Equipment”) from the Debtors or Reorganized NPCI, as applicable, within seven (7) days after the Debtors or Reorganized NPCI, as applicable, provide an Equipment Inventory Notice. Pizza Hut shall not be required to deliver an Equipment Notice until seven (7) days after Pizza Hut receives such Equipment Inventory Notice. The Debtors agree (i) to turn over any of the Released Equipment listed on an Equipment Notice, and (ii) that such Released Equipment shall be the sole and exclusive property of Pizza Hut upon removal from the respective Closing Restaurant; <i>provided that</i> Pizza Hut shall: <ul style="list-style-type: none"> ○ (a) coordinate the removal of Released Equipment from the Closing Restaurants with the Debtors and Reorganized NPCI, as applicable, and remove the Released Equipment before the later of: (i) fourteen (14) days after delivery of the applicable Equipment Inventory Notice, or (ii) the Anticipated Rejection Date (as defined below); ○ (b) cooperate with any reasonable requests of the lessors of the Closing Restaurants with respect to the removal of the Released Equipment; ○ (c) pay all costs associated with delivery and removal of the Released Equipment; and ○ (d) in the event the Debtors and Reorganized NPCI (i) provide timely Equipment Inventory Notices and the removal of the Released Equipment does not occur on or after the later of: (1) fourteen (14) days after delivery of the applicable Equipment Inventory Notice, or (2) the proposed rejection date of the corresponding lease agreement for any Closing Restaurant under the Bankruptcy Code as set forth in any motion or notice with respect thereto (the “Anticipated Rejection Date”), of which the Debtors will timely provide notice to Pizza Hut, Pizza Hut shall pay to the Debtors the incremental, directly related costs under the applicable lease agreement for the Closing Restaurants

Term	Settlement Agreement
	<p>that accrue on and after the Anticipated Rejection Date (including any rent, additional rent or common area charges thereunder); or (ii) do not provide timely Equipment Inventory Notices and the removal of the Released Equipment does not occur until after the Anticipated Rejection Date, the Debtors or Reorganized NPCI shall be responsible for all attendant costs under the applicable lease agreement (including any rent, additional rent or common area charges thereunder) for the Closing Restaurants that accrue until fourteen (14) days after delivery of the applicable Equipment Inventory Notice to Pizza Hut, and shall not seek reimbursement from Pizza Hut for costs accrued prior to that time.</p>
<p>Prepetition AdCom Fees, Digital Innovation Fees, System Costs, and Royalties</p> <p>[Settlement Agreement, Article 3.1]</p>	<ul style="list-style-type: none"> • The Debtors agree to pay Pizza Hut, within three (3) business day after the date of the entry of the Proposed Order: <ul style="list-style-type: none"> ○ (a) all outstanding prepetition contributions to the Advertising Fund (“AdCom Fees”), Digital Innovation Fees (as defined in the Transformation Amendment⁷), and other System Costs, exclusive of Service Fees or Monthly Service Fees (as defined in the applicable Franchise Agreements) (“Royalties”), owed by the Debtors, which the Parties agree shall be in the amount of \$5,263,364.⁸ ○ (b) all outstanding prepetition Royalties owed by the Debtors with respect to the Remaining Restaurants (the “Remaining Restaurant Royalties”) after the payment of Remaining Restaurant Royalties by funds drawn by Pizza Hut pursuant to the letter of credit issued in favor of Pizza Hut as beneficiary pursuant to section 9(f) of the CAA; <i>provided that</i>, for the avoidance of doubt, no prepetition Royalties for the Closing Restaurants (“Closing Restaurant Royalties”) shall be included in such payment, but, rather, the Parties agree that Pizza Hut shall have a general unsecured claim in the Chapter 11 Cases in the amount of such Closing Restaurant Royalties. For the avoidance of doubt, the Parties agree that the prepetition Remaining Restaurant Royalties owed to Pizza Hut under the Settlement Agreement shall be in the amount of \$6,391,923.
<p>Postpetition System Costs</p> <p>[Settlement Agreement, Article 3.2]</p>	<ul style="list-style-type: none"> • The Debtors agree to timely pay all postpetition AdCom Fees, Digital Innovation Fees, other System Costs, and Royalties on all Remaining Restaurants, excluding AdCom Fees, Digital Innovation Fees, other System Costs, and Royalties for the Closing Restaurants as of and from the date of their respective closure, throughout the course of the Chapter 11 Cases as they become due and owing in accordance with the terms of the Franchise Agreements or Ancillary Agreements, as applicable.

⁷ The 2017 Pizza Hut Transformation Amendment between Pizza Hut and NPCI (as amended by that certain Letter Amendment dated April 28, 2017).

⁸ Pizza Hut reserves all rights with respect to any outstanding prepetition rent payments, including, but not limited to, rights under section 365 of the Bankruptcy Code.

Term	Settlement Agreement
<p>Asset Purchase Plan Requirements</p> <p>[Settlement Agreement, Article 5]</p>	<ul style="list-style-type: none"> • Pizza Hut shall defer all current or outstanding obligations of the Debtors under the APP⁹ (as subsequently amended by any of the Ancillary Agreements), including, but not limited to, remodel, relocation, or rebuild obligations pursuant to the Secondary Upgrade Schedule (as defined in the APP), as well as extending the deadline for any currently required 2020 APP upgrades or new unit development obligations to June 30, 2021 in alignment with the extension offered to certain Pizza Hut United States franchisees on March 18, 2020.
<p>No Other Effect on Franchise Agreements</p> <p>[Settlement Agreement, Article 6]</p>	<ul style="list-style-type: none"> • Except as set forth in the Settlement Agreement, the Settlement Agreement shall have no other effect on the Franchise Agreements and in no event shall result in a default based solely on the Closing Restaurant’s closure under any of the applicable Franchise Agreements.
<p>Reservation of Rights and Waiver</p> <p>[Settlement Agreement, Article 7]</p>	<ul style="list-style-type: none"> • As consideration for the Parties to enter into the Settlement Agreement, and as a material inducement to both Parties, the Parties voluntarily and knowingly waive their right to argue or otherwise allege in the Chapter 11 Cases that the Franchise Agreements, specifically including the Ancillary Agreements, are or are not severable on a Restaurant-by-Restaurant basis under applicable law (the “Severability Waiver”). • Except as otherwise provided for in the Settlement Agreement, including in section 7.1 thereof, the Parties reserve all of their respective rights under the Franchise Agreements, the CAA, and Ancillary Agreements, the Bankruptcy Code, and other applicable law, including, but not limited to, with respect to the Chapter 11 Plan and any sale process under section 363 of the Bankruptcy Code. • The Settlement Agreement is entered into in connection with the compromise of disputed matters and in light of other considerations. Nothing in the Settlement Agreement shall be deemed to be an admission of fact or liability or, until entry of the Proposed Order, deemed final, not appealable, and binding on the Parties.

In light of the execution of the Settlement Agreement, the Debtors and the Ad Hoc Priority/1L Group amended certain Restructuring Support Agreement and Cash Collateral milestones related to the Pizza Hut sale process, including, among other things, the deadline to file a motion to

⁹ The 2016 Asset Partner Plan between Pizza Hut and NPCI.

approve bidding procedures for the sale of the Restaurants. As discussed, the Debtors have commenced a sale process and will be filing bidding procedures in the near term.

B. Best Interests of Debtors and their Estates

12. Based on information provided by management and Debtors' counsel and my personal involvement, I believe the Settlement Agreement represents a fair and reasonable compromise that is in the best interests of the Debtors' estates and all stakeholders. The Settlement Agreement enables the Debtors to consensually effectuate the closure of up to 300 unprofitable Restaurants, subject to the terms therein. The Settlement Agreement allows the Debtors to optimize their remaining operations and restaurant footprint and create favorable momentum in consummating a sale or reorganization. The optimized footprint, as provided for by the Settlement Agreement, will be beneficial to the Debtors' broader potential Pizza Hut sale process and, if the sale process secures insufficient value, in discussions with Pizza Hut around potential alternative restructuring transactions.

13. The consensual Settlement Agreement also avoids the unnecessary expense and distraction of potentially litigating the store closures and other related issues as well as the associated uncertainty and delay at this critical juncture in the Debtors' Chapter 11 Cases. In addition, the Settlement Agreement also resolves certain issues between the Parties arising under the Parties' other agreements, including certain prepetition AdCom Fees, Digital Innovation Fees, and Royalties arising under the Debtors' Franchise Agreements. The Debtors' agreement to pay prepetition AdCom Fees, Digital Innovation Fees, Royalties, and other System Costs pursuant to the Settlement Agreement is only a matter of timing and would not prejudice the Debtors' creditors, as assumption or assumption and assignment of the Pizza Hut Franchise Agreements would require the Debtors to pay such prepetition amounts as a cure amount. Notably, the Settlement Agreement confirms that Pizza Hut shall defer all current or outstanding obligations of

the Debtors under the APP (an agreement between the Parties relating to asset update requirements) as well as extending the deadline for any currently required 2020 APP upgrades or new unit development obligations to June 30, 2021. As such, the remaining Pizza Hut footprint will constitute a leaner and more profitable enterprise, which offers greater strategic value and potential for sustainable growth.

14. For all the reasons discussed herein and in the Motion, the Debtors believe the Settlement Agreement, including the closure of certain Closing Restaurants, is vital for the go-forward business; however, the Debtors recognize the impact and potential hardship of such restaurant closures for many of the Debtors' valued employees. In light of the employee impact, the Debtors' decision to close the Closing Restaurants was not one taken lightly. The Debtors arrived at this decision only after months of reviewing various strategic alternatives and extensive review of the Debtors' entire Pizza Hut store portfolio and operations. The Debtors prioritize the welfare of their employees and are working diligently and productively with Pizza Hut to explore potential opportunities for the Debtors' affected employees, including via potential employment opportunities at other NPCI portfolio Restaurants and other Pizza Hut or Yum! Brands locations.

15. The Debtors have been working with their significant economic stakeholders over the last several weeks and coordinating the related Settlement Agreement pleadings to be filed. Specifically, the Ad Hoc Priority/1L Group—the Debtors' largest creditor constituency—has been informed of negotiations with Pizza Hut and supports the relief requested herein. In addition, the Debtors have shared the Settlement Agreement with counsel to the Creditors' Committee (on a "professional eyes only" basis).

16. The Settlement Agreement is the product of good faith, arm's-length negotiations between the Parties and their respective advisors, stemming from broader, all-

encompassing negotiations that took place for much of 2020 and leading into these Chapter 11 Cases. The Parties exchanged multiple iterations of settlement terms and participated in several calls to discuss, among other things, the economics at hand, number of restaurant closures, the Retained Trade Areas, and the conditions of such closures; after reaching an agreement in principle, the Parties then quickly moved onto to exchanging drafts of the Settlement Agreement. The Parties are sophisticated business people and, at all times during such negotiations, were represented by skilled legal and financial advisors.

17. Based on the foregoing, I believe that the Settlement Agreement is a reasonable compromise of the outstanding disputes between the Debtors and Pizza Hut and will deliver significant value to the Debtors and their estates, which will inure to the benefit of all parties in interest.

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

Dated: August 17, 2020

/s/ Eric Koza

Eric Koza
Chief Restructuring Officer
NPC International, Inc., and its debtor affiliates