



December 30, 2016

Re: Supporting Living Wage; Fighting Rising Costs; Introducing New Prices

Dear valued guests,

For over a decade, our team at Xi'an Famous Foods has worked tirelessly to bring our unique and delectable dishes to you at very reasonable prices. We have come a long way since our early days of our hole-in-the-wall restaurant in Flushing, NY, to a local chain of 12 locations, and we look to build a strong company that will bring you delicious joy for years to come.

With the new year of 2017 coming, some wonderful changes are happening for our industry and our company. On April 4, 2016, New York State passed a law which will increase the minimum wage in the coming years by 66 percent. **The current minimum wage rate of \$9 will increase to \$15 by the end of 2018, with an immediate increase to \$11 at the end of 2016.**

As a people-oriented company, **we have always strived to provide living wages for the wonderful people working in food industry.** In fact, even before this rule was enacted, our starting hourly rate for Culinary Associate position was already \$15 per hour. But it doesn't stop there for us. In 2017, we will continue to offer scheduled raises, comprehensive and affordable health insurance coverage, as well as dental and vision insurance, to our employees. 401K plans will also be offered to help our employees plan for retirement. It's truly a great time to work for our company!

Of course, hardly anything in life is free, and as a business, we face many financial challenges in 2017. On top of the increased labor costs necessary for living wages for our employees, rent, food costs, and other operational costs continue to rise. **As such, it has become necessary for us to slightly adjust our menu pricing, to cover these increased costs, in the beginning of 2017.**

We sincerely appreciate your patronage. We hope that when you dine with us, you will not only enjoy the delicious taste of the food, but also the comforting aftertaste of having supported a progressive company.

Sincerely,

Jason Wang

President & CEO