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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 24, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-36556

EL POLLO LOCO HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-3563182**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
3535 Harbor Blvd., Suite 100, Costa Mesa, California	**92626**
(Address of principal executive offices)	**(Zip Code)**

(714) 599-5000
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of November 7, 2014, there were 36,948,886 shares of the issuer's common stock outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

EL POLLO LOCO HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Amounts in thousands, except share data)

	September 24, 2014	December 25, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 41,825	$ 17,015
Restricted cash	125	131
Accounts and other receivables, net	5,720	5,906
Inventories	1,626	1,655
Prepaid expenses and other current assets	3,258	2,123
Deferred tax assets	577	442
Total current assets	53,131	27,272
Property and equipment owned, net	79,806	68,641
Property held under capital leases, net	142	180
Goodwill	248,674	249,324
Domestic trademarks	61,888	61,888
Other intangible assets, net	815	934
Deferred tax assets	28,014	—
Other assets	4,555	8,703
Total assets	**$ 477,025**	**$ 416,942**
Liabilities and Stockholder's Equity		
Current liabilities:		
Current portion of senior secured term loan	$ 1,900	$ 1,900
Current portion of obligations under capital leases	222	267
Accounts payable	14,716	12,316
Accrued salaries and vacation	7,419	8,594
Accrued insurance	3,946	3,597
Accrued income taxes payable	—	27
Accrued interest	2,236	4,182
Accrued advertising	868	265
Other accrued expenses and current liabilities	13,811	7,825
Total current liabilities	45,118	38,973
Noncurrent liabilities:		
First lien term loan, net of current portion	185,907	187,190
Second lien term loan	—	99,038
Obligations under capital leases, net of current portion	691	847
Deferred tax liabilities	—	32,387
Other intangible liabilities, net	1,640	1,927
Other noncurrent liabilities	44,337	8,044
Total liabilities	277,693	368,406
Commitments, contingencies and subsequent events		
Stockholder's Equity		
Preferred stock, $0.01 par value, 100,000,000 shares authorized; none outstanding		
Common stock, $0.01 par value—200,000,000 shares authorized; 36,929,835 and 28,712,622 shares issued and outstanding	369	287
Additional paid-in-capital	352,977	240,151
Accumulated deficit	(154,014)	(191,902)
Total stockholder's equity	199,332	48,536
Total liabilities and stockholder's equity	**$ 477,025**	**$ 416,942**

See notes to condensed consolidated financial statements (unaudited).

EL POLLO LOCO HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Amounts in thousands)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 24, 2014	September 25, 2013	September 24, 2014	September 25, 2013
Revenue				
Company-operated restaurant revenue	$ 80,861	$ 74,470	$ 238,432	$ 223,059
Franchise revenue	5,696	5,297	16,456	15,430
Total revenue	86,557	79,767	254,888	238,489
Cost of operations				
Food and paper cost	25,881	23,705	75,834	70,608
Labor and related expenses	20,137	18,972	59,552	57,260
Occupancy and other operating expenses	18,102	16,393	51,091	47,791
Company restaurant expenses	64,120	59,070	186,477	175,659
General and administrative expenses	7,509	6,263	20,974	18,754
Franchise expenses	901	980	2,827	2,930
Depreciation and amortization	2,924	2,625	8,271	7,570
Loss on disposal of assets	118	153	609	734
Asset impairment and close-store reserves	22	25	415	126
Total expenses	75,594	69,116	219,573	205,773
Gain on sale of restaurants	2,658	—	2,658	—
Income from operations	13,621	10,651	37,973	32,716
Interest expense, net	3,960	9,863	15,286	29,443
Early extinguishment of debt	5,082	—	5,082	—
Income tax receivable agreement expense	40,119	—	40,119	—
(Loss) income before provision for income taxes	(35,540)	788	(22,514)	3,273
(Benefit) provision for income taxes	(61,389)	(130)	(60,402)	2,005
Net income	**$ 25,849**	**$ 918**	**$ 37,888**	**$ 1,268**
Net income per share				
Basic	**$ 0.76**	**$ 0.03**	**$ 1.24**	**$ 0.04**
Diluted	**$ 0.70**	**$ 0.03**	**$ 1.13**	**$ 0.04**
Weighted-average shares used in computing net income per share				
Basic	34,221,829	28,712,622	30,549,979	28,712,622
Diluted	37,171,670	29,564,795	33,499,820	29,564,795

See notes to condensed consolidated financial statements (unaudited).

EL POLLO LOCO HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in thousands) Pending Review

	Thirty-Nine Weeks Ended	
	September 24, 2014	September 25, 2013
Cash flows from operating activities:		
Net income	$ 37,888	$ 1,268
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,271	7,570
Stock-based compensation expense	635	191
Interest accretion	250	4,854
Income tax receivable agreement expense	40,119	—
Gain on sale of restaurants	(2,658)	—
Loss on disposal of assets	568	686
Early extinguishment of debt	5,082	—
Impairment of property and equipment	62	45
Close-store reserve	353	81
Amortization of deferred financing costs	1,173	1,538
Amortization of favorable and unfavorable leases, net	(168)	(159)
Deferred income taxes, net	(60,536)	1,979
Changes in operating assets and liabilities:		
Accounts and other receivables, net	186	(1,979)
Inventories	29	50
Prepaid expenses and other current assets	(1,215)	(1,219)
Income taxes payable	(27)	(3)
Other assets	491	91
Accounts payable	(457)	2,150
Accrued salaries and vacation	(1,202)	(1,459)
Accrued insurance	349	343
Other accrued expenses and liabilities	649	(3,499)
Net cash flows provided by operating activities	29,842	12,528
Cash flows from investing activities:		
Proceeds from sale of restaurants	5,435	15
Purchase of property and equipment	(19,414)	(10,169)
Net cash flows used in investing activities	(13,979)	(10,154)
Cash flows from financing activities:		
Payments on senior secured loan	(101,425)	(1,275)
Proceeds from issuance of common stock, net of expenses	112,300	—
Payment of call premium on notes	(1,512)	—
Payment of obligations under capital leases	(201)	(168)
Amendment fee	(215)	—
Net cash flows provided by (used in) financing activities	8,947	(1,443)
Increase in cash and cash equivalents	24,810	931
Cash and cash equivalents, beginning of period	17,015	21,487
Cash and cash equivalents, end of period	$ 41,825	$ 22,418

See notes to the condensed consolidated financial statements (unaudited).

EL POLLO LOCO HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in thousands)

	Thirty-Nine Weeks Ended	
	September 24, 2014	September 25, 2013
Supplemental cash flow information		
Cash paid during the period for interest	$ 15,705	$ 26,380
Cash paid during the period for income taxes, net	$ 161	$ 29
Unpaid purchases of property and equipment	$ 2,857	$ 562
Cashless stock option exercise	(27)	—

See notes to the condensed consolidated financial statements (unaudited).

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview

El Pollo Loco Holdings, Inc. ("Holdings") is a Delaware corporation headquartered in Costa Mesa, California. Holdings and its direct and indirect subsidiaries are collectively known as "we," "us" or the "Company." Our activities are conducted principally through our indirect wholly-owned subsidiary, El Pollo Loco, Inc. ("EPL"), which develops, franchises, licenses, and operates quick-service restaurants under the name El Pollo Loco® and operates under one business segment. At September 24, 2014, we operated 166 and franchised 239 El Pollo Loco restaurants.

Basis of Presentation

We have prepared the accompanying interim unaudited condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles in the United States ("GAAP") for complete financial statements. In our opinion, all adjustments considered necessary for the fair presentation of our results of operations, financial position, and cash flows for the periods presented have been included and are of a normal, recurring nature. The results of operations for interim periods are not necessarily indicative of the results to be expected for a full year. These financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 25, 2013, included in our prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act of 1933 (the "Securities Act") on July 28, 2014.

We use a 52- or 53-week fiscal year ending on the last Wednesday of the calendar year. In a 52-week fiscal year, each quarter includes 13 weeks of operations; in a 53-week fiscal year, the first, second and third quarters each include 13 weeks of operations and the fourth quarter includes 14 weeks of operations. Every six or seven years a 53-week fiscal year occurs. Fiscal 2013, which was a 52-week year, ended on December 25, 2013. Fiscal 2014, which is a 53-week year, will end on December 31, 2014. Because fiscal 2014 is a 53-week year, both revenues and expenses, and other financial and operational figures, may be on an elevated scale compared with 52-week periods both before and after.

On July 14, 2014, we amended our certificate of incorporation to increase our authorized share count to 200,000,000 shares of common stock, par value $0.01 per share, and split our stock 8.56381:1. On July 24, 2014, we amended and restated our certificate of incorporation to, among other things, increase our authorized share count to 300,000,000 shares of stock, including 200,000,000 shares of common stock and 100,000,000 shares of preferred stock, each par value $0.01 per share. On July 30, 2014, we completed our initial public offering of 8,214,286 shares of common stock at a price to the public of $15.00 per share (the "IPO"), including 1,071,429 shares sold to the underwriters pursuant to their option to purchase additional shares. After underwriting discounts, commissions, and fees and expenses of IPO offering and distribution, as set forth in our registration statement for the IPO on Form S-1, we received net IPO proceeds of approximately $112.3 million. We used these proceeds primarily to repay in whole a $100 million second lien term loan (the "Second Lien Term Loan"). All share and per-share data herein have been adjusted to reflect the 8.56381 for 1 common stock split effected on July 14, 2014 as though it had occurred prior to the earliest data presented.

The accompanying condensed consolidated financial statements include the accounts of Holdings and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformance with GAAP requires us to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the date of the financial statements, and (ii) revenue and expenses during the period reported. Actual results could materially differ from those estimates. Our significant estimates include estimates for (i) impairment of goodwill, intangible assets and plant and equipment, (ii) insurance reserves, (iii) lease termination liabilities, (iv) stock-based compensation, and (v) income tax valuation allowances.

Reclassifications

Certain comparative prior year amounts in the condensed consolidated financial statements and accompanying notes have been reclassified to conform to the current year presentation. These reclassifications have no effect on previously-reported net income.

Liquidity

Our principal liquidity requirements are to service our debt and to meet capital expenditure needs. At September 24, 2014, our total debt was $188.7 million. Our ability to make payments on our indebtedness and to fund planned capital expenditures depends on available cash and on our ability to generate adequate cash flows in the future, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. Based on current operations, we believe that our cash flow from operations, available cash of $41.8 million at September 24, 2014, and available borrowings under our $15 million senior secured revolving credit facility (the "Revolver") (which availability was approximately $7.7 million at September 24, 2014) will be adequate to meet our liquidity needs for the next 12 months.

Concentration of Risk

We have two suppliers for which amounts due at September 24, 2014, and December 25, 2013, totaled 43% and 45% and 11% and 11%, respectively, of our accounts payable. Purchases from the same suppliers accounted for the majority of our purchases for the periods ended September 24, 2014, and September 25, 2013. Company-operated and franchised restaurants in the greater Los Angeles area generated, in the aggregate, approximately 79% and 80% of revenue for the thirteen weeks ended September 24, 2014, and September 25, 2013 respectively, and approximately 80% for the thirty-nine weeks ended September 24, 2014, and September 25, 2013.

Goodwill and Indefinite Lived Intangible Assets

Our indefinite lived intangible assets consist of trademarks. Goodwill represents the excess of cost over fair value of net identified assets acquired in business combinations accounted for under the purchase method. We do not amortize our goodwill and indefinite lived intangible assets.

Upon the sale of a restaurant, we decrement goodwill. The amount of goodwill that we include in the cost basis of the asset sold is determined based on the relative fair value of the reporting unit disposed of as a percentage of the fair value of the reporting unit retained.

We perform annual impairment tests for goodwill during the fourth fiscal quarter of each year, or more frequently if impairment indicators arise.

We review goodwill for impairment utilizing either a qualitative assessment or a two-step process. If we decide that it is appropriate to perform a qualitative assessment and conclude that the fair value of a reporting unit more likely than not exceeds its carrying value, no further evaluation is necessary. If we perform the two-step process, the first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step is performed to measure the amount of impairment by comparing the carrying amount of the goodwill to a determination of the implied value of the goodwill. If the carrying amount of goodwill is greater than the implied value, an impairment charge is recognized for the difference.

We perform annual impairment tests for indefinite lived intangible assets during the fourth fiscal quarter of each year, or more frequently if impairment indicators arise. An impairment test consists of either a qualitative assessment or a comparison of the fair value of an intangible asset with its carrying amount. The excess of the carrying amount of an intangible asset over its fair value is its impairment loss.

We did not identify any indicators of potential impairment during the thirty-nine weeks ended September 24, 2014, and therefore did not perform any impairment review.

Gain on Sale of Restaurants

On September 24, 2014, we completed an agreement to sell six company-operated restaurants in the greater San Antonio area to AA Pollo, Inc., resulting in cash proceeds of $5.4 million. Goodwill was decremented by $650,000, based on a calculation of the fair value of the restaurants sold as a percentage of the relative fair value of the remainder of the reporting units retained. We recognized a net gain of $2.7 million on this transaction, which is recorded as a gain on sale of restaurants in the accompanying statement of operations. These six restaurants will now be franchised. In addition, in connection with the sale, AA Pollo, Inc., entered into an exclusive development agreement with us to develop and open eight restaurants in the greater San Antonio area. We have also agreed to an additional exclusive franchise development agreement with AA Pollo, Inc., for the development of twelve restaurants in the Houston area.

Income Taxes

Provision for income taxes, income taxes payable, and deferred income taxes are determined using the asset and liability method. Deferred tax assets and liabilities are determined based on temporary differences between the financial carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse. On a periodic basis, we assess the probability that our net deferred tax assets, if any, will be recovered. If, after evaluating all of the positive and negative evidence, we conclude that it is more likely than not that some or all of our net deferred tax assets will not be recovered, we provide for a valuation allowance by charging to tax expense to reserve the portion of deferred tax assets that we do not expect to be realized. At December 25, 2013, we maintained a full valuation allowance against our deferred tax assets. After evaluating all of the positive and negative evidence, including our continued profitability and the reduction in interest expense resulting from the 2013 Refinancing (as defined below), our completed initial public offering and the resultant payoff of the Second Lien Term Loan, we concluded that it is more likely than not that our net deferred tax assets will be recovered. As a result, during the quarter ending September 24, 2014, we released our valuation allowance of approximately $65 million. In addition, during the quarter, we applied for various tax credits that resulted in $5.4 million of additional deferred tax assets and tax benefits.

We review our filing positions for all open tax years in all U.S. federal and state jurisdictions where we are required to file.

When there are uncertainties related to potential income tax benefits, in order to qualify for recognition, the position we take has to have at least a “more likely than not” chance of being sustained (based on the position’s technical merits) upon challenge by the respective authorities. The term “more likely than not” means a likelihood of more than 50 percent. Otherwise, we may not recognize any of the potential tax benefit associated with the position. We recognize a benefit for a tax position that meets the “more likely than not” criterion at the largest amount of tax benefit that is greater than 50 percent likely of being realized upon its effective resolution. Unrecognized tax benefits involve our judgment regarding the likelihood of the benefit being sustained. The final resolution of uncertain tax positions could result in adjustments to recorded amounts and may affect our results of operations, financial position, and cash flows.

We recognize interest and penalties related to income tax matters in income tax expense. We had no accrual for interest or penalties at September 24, 2014, or at December 25, 2013, and did not recognize interest or penalties during the thirteen and thirty-nine weeks ended September 24, 2014, and September 25, 2013, respectively, since we had no material unrecognized tax benefits. We do not anticipate material changes in our amount of unrecognized tax benefits within the next twelve months.

On July 30, 2014, we entered into an Income Tax Receivable Agreement (the “TRA”). The TRA calls for us to pay to our pre-IPO stockholders 85% of the savings in cash that we realize in our taxes as a result of utilizing our net operating losses and other tax attributes attributable to preceding periods. In connection with the TRA, we have amended our first lien credit agreement (the “First Lien Credit Agreement”) to permit dividend payments to us by our subsidiaries in amounts up to $11 million per fiscal year, not to exceed $33 million in the aggregate, while the First Lien Credit Agreement is outstanding. During the quarter, we incurred a charge of approximately $40 million relating to the present value of our total expected TRA payments.

Franchise Development Option Agreement

On July 11, 2014, EPL and Trimaran Pollo Partners, L.L.C. ("LLC") entered into a Franchise Development Option Agreement relating to development of our restaurants in the New York–Newark, NY–NJ–CT–PA Combined Statistical Area (the "Territory"). EPL granted LLC the exclusive option to develop and open fifteen restaurants in the Territory over five years (the "Initial Option"), and, provided that the Initial Option is exercised, the exclusive option to develop and open up to an additional one hundred restaurants in the Territory over ten years. The Franchise Development Option Agreement terminates (i) ten years after execution, or (ii) if the Initial Option is exercised, five years after that exercise. LLC may only exercise the Initial Option if EPL first determines to begin development of company-operated restaurants in the Territory or support the development of the Territory. We have no current intention to begin development in the Territory.

2. PROPERTY AND EQUIPMENT

Below are costs and related accumulated depreciation and amortization of major classes of property, in thousands.

	September 24, 2014	December 25, 2013
Land	$ 12,323	$ 13,186
Buildings and improvements	86,985	78,181
Other property and equipment	48,813	46,079
Construction in progress	5,449	815
	153,570	138,261
Less: accumulated depreciation and amortization	(73,764)	(69,620)
	$ 79,806	$ 68,641

Depreciation expense was $2.9 million and $2.6 million and $8.3 million and $7.6 million for the thirteen and thirty-nine weeks ended September 24, 2014, and September 25, 2013, respectively. The gross value of assets under capital leases was $1.8 million at September 24, 2014, and $1.9 million at December 25, 2013, and corresponding accumulated depreciation was $1.7 million for both periods. For the thirteen weeks ended September 24, 2014, capital expenditures totaled $8.6 million, including $2.2 million for restaurant remodeling, $5.0 million for new restaurant expenditures, and $1.4 million for other corporate capital requirements. For the thirty-nine weeks ended September 24, 2014, capital expenditures totaled $19.0 million, including $7.6 million for restaurant remodeling, $8.1 million for new restaurant expenditures, and $3.3 million for other corporate capital requirements.

3. STOCK-BASED COMPENSATION

At September 24, 2014, options to purchase 3,554,926 shares of common stock were outstanding, including 2,161,184 vested and 1,393,742 unvested. Unvested options vest over time, or upon our achieving annual financial goals. However, upon a change in control, the board may accelerate vesting. At September 24, 2014, 2,062,442 premium options remained outstanding. For the thirty-nine weeks ended September 24, 2014, there was one exercise of stock options for 739 shares. In connection with the completion of our IPO, we granted options to purchase 223,183 shares of our common stock with an exercise price of $15.00, the IPO price and fair market value as of the date of grant, to selected employees who are not our executive officers. We expect to incur approximately $1.3 million of stock-based compensation expense in connection with these grants, which we will expense over four years.

In addition, in connection with the completion of our IPO, we granted two of our directors restricted grants for 3,333 shares each, equivalent to $50,000 divided by our public offering price. These grants vest based on continued service over three years. Based on our share price when the grants were consummated, we expect to incur approximately $330,000 of stock-based compensation expense as the grants vest.

At September 24, 2014, we had total unrecognized compensation expense of $2.3 million, related to unvested stock options and restricted shares, which we expect to recognize over a weighted-average period of 1.2 years.

4. CREDIT AGREEMENTS

On October 11, 2013, we refinanced our debt (the "2013 Refinancing"), entering into (i) the First Lien Credit Agreement, including a $190 million senior secured term loan (the "First Lien Term Loan") and the Revolver, each maturing in October 2018, and (ii) a new second lien credit agreement (the "Second Lien Credit Agreement"), including the Second Lien Term Loan. The proceeds received from the term loans were used to pay off our prior credit agreements, including our senior secured first lien credit facility due July 2017 and our 17% second priority senior secured notes due January 2018.

Loans under the First Lien Credit Agreement bear interest, at EPL's option, at LIBOR or an Alternate Base Rate, plus an applicable margin of 4.25% with respect to LIBOR and 3.25% with respect to the Alternate Base Rate, with a 1.00% floor with respect to LIBOR. The First Lien Term Loan was issued at a discount of $950,000, and this discount is being accreted over the term of the loan, using the effective interest method. The unamortized discount at September 24, 2014, is $768,000. The First Lien Term Loan requires quarterly principal payments of 0.25%, commencing on March 26, 2014. The First Lien Term Loan and the Revolver are secured by a first priority lien on substantially all of the assets of EPL and of EPL Intermediate, Inc. ("Intermediate"), EPL's direct parent.

The Revolver provides a $15 million revolving line of credit. At September 24, 2014, $7.3 million in letters of credit were outstanding, and $7.7 million was available to borrow.

Loans under the Second Lien Credit Agreement bore interest, at EPL's option, at LIBOR or an Alternate Base Rate, plus an applicable margin of 8.50% with respect to LIBOR and 7.50% with respect to the Alternate Base Rate, with a 1.00% floor with respect to LIBOR. The Second Lien Term Loan was issued at a discount of $1.0 million, and this discount was accreted over the term of the loan, using the effective interest method. Following our IPO, we fully repaid the Second Lien Term Loan. In conjunction with the repayment of the Second Lien Term Loan, we incurred an extinguishment of debt charge of $5.1 million, consisting of
$1.5 million in call premium, $2.7 million related to the write-off of remaining unamortized deferred finance costs, and $0.9 million relating to the write-off of the unamortized discount.

The First Lien Credit Agreement contains a number of negative and financial covenants, including, among others, the following (all subject to certain exceptions): a maximum total leverage ratio covenant, a minimum interest coverage ratio covenant, and limitations on indebtedness, liens, investments, asset sales, mergers, consolidations, liquidations and dissolutions, restricted payments, and negative pledges. The First Lien Credit Agreement also contains certain customary affirmative covenants and events of default. At September 24, 2014, we were in compliance with all covenants.

5. OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES

Other accrued expenses and current liabilities consist of the following, in thousands.

	September 24, 2014	December 25, 2013
Accrued sales and property taxes	$ 4,178	$ 3,190
TRA payable	4,170	—
Other	5,463	4,635
Total other accrued expenses and current liabilities	$ 13,811	$ 7,825

6. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities consist of the following, in thousands.

	September 24, 2014	December 25, 2013
Deferred rent	$ 6,750	$ 6,648
TRA payable	35,949	—
Other	1,638	1,396
Total noncurrent liabilities	$ 44,337	$ 8,044

7. COMMITMENTS AND CONTINGENCIES

Legal Matters

Around February 24, 2014, a former employee filed a class action in the Superior Court of the State of California, County of Orange, against EPL on behalf of all putative class members (all hourly employees from 2010 to the present) alleging certain violations of California labor laws, including failure to pay overtime compensation, failure to provide meal periods and rest breaks, and failure to provide itemized wage statements. The putative lead plaintiff's requested remedies included compensatory and punitive damages, injunctive relief, disgorgement of profits, and reasonable attorneys' fees and costs. No specific amount of damages sought was specified in the complaint. We were served with the complaint on March 3, 2014. While we intend to vigorously defend against this action, including its class certification, its ultimate outcome is presently not determinable, as it is in a preliminary phase. Thus, we cannot determine the likelihood of an adverse judgment nor a likely range of damages, if any. A settlement or adverse judgment could have a material adverse impact.

We are involved in various claims and legal actions that arise in the ordinary course of business. We do not believe that the ultimate resolution of these actions will have a material adverse effect on our financial position, results of operations, liquidity, or capital resources. A significant increase in the number of claims or an increase in amounts payable under successful claims could materially adversely affect our business, financial condition, results of operations or cash flows.

Purchasing Commitments

We have long-term beverage supply agreements with certain major beverage vendors. Pursuant to the terms of these arrangements, marketing rebates are provided to us and our franchisees from beverage vendors based upon dollar volumes of purchases system-wide, which vary with demand for and the price of syrup. Our contracts extend so far as 2017, and our estimated obligations under them total $19.9 million.

We have two supplier contracts for chicken that terminate in December 2014 and January 2015. We entered into these agreements in December 2013 at costs comparable to those of the contracts that preceded them. At September 24, 2014, our estimated obligations under them totaled $7.6 million.

Contingent Lease Obligations

We are contingently liable for two leases that we assigned to franchisees. The latest lease expires in 2015. At September 24, 2014, our maximum exposure was $52,000, or $45,000, if discounted at our estimated pre-tax cost of debt. In the event of a franchisee default, we could cross-default the franchisee under its franchise agreement. We believe that cross-default provisions reduce our risk of payments, and we have not recorded any liability in our condensed consolidated financial statements related to these liabilities.

Employment Agreements

We have at-will employment agreements with four of our officers. These agreements provide for minimum salary levels, possible annual adjustments for cost-of-living changes, and incentive bonuses payable under certain conditions.

Indemnification Agreements

We have entered into indemnification agreements with each of our current directors and executive officers. These agreements require us to indemnify them to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them where they could be indemnified. We also intend to enter into indemnification agreements with our future directors and executive officers.

8. NET INCOME PER SHARE

Basic net income per share is calculated using the weighted-average number of shares of common stock outstanding during the thirteen and thirty-nine weeks ended September 24, 2014, and September 25, 2013. Diluted net income per share is calculated using the weighted-average number of shares of common stock outstanding and potentially dilutive during the period, using the treasury stock method.

Below are our basic and diluted net income per share data for the periods indicated, which are in thousands except for per share data.

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 24, 2014	September 25, 2013	September 24, 2014	September 25, 2013
Numerator:				
Net income	$ 25,849	$ 918	$ 37,888	$ 1,268
Denominator:				
Weighted-average shares outstanding—basic	34,221,829	28,712,622	30,549,979	28,712,622
Weighted-average shares outstanding—diluted	37,171,670	29,564,795	33,499,820	29,564,795
Net income per share—basic	$ 0.76	$ 0.03	$ 1.24	$ 0.04
Net income per share—diluted	$ 0.70	$ 0.03	$ 1.13	$ 0.04
Anti-dilutive securities not considered in diluted EPS calculation	—	218,356	—	218,356

Below is a reconciliation of basic and diluted share counts.

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 24, 2014	September 25, 2013	September 24, 2014	September 25, 2013
Weighted-average shares outstanding—basic	34,221,829	28,712,622	30,549,979	28,712,622
Dilutive effect of stock options	2,949,841	852,173	2,949,841	852,173
Weighted-average shares outstanding—diluted	37,171,670	29,564,795	33,499,820	29,564,795

9. RELATED PARTY TRANSACTIONS

Trimaran Capital L.L.C., and Freeman Spogli & Co., (together our "Sponsors"), indirectly beneficially own shares sufficient for majority control over all matters requiring stockholder votes, including elections of directors, mergers, consolidations, acquisitions, sales of all or substantially all of our assets, other decisions affecting our capital structure, amendments to our certificate of incorporation or by-laws, and our winding up and dissolution. Furthermore, so long as our Sponsors investment vehicle, owns a majority of our common stock, they can appoint the members of our board of directors.

On November 18, 2005, we entered into a Monitoring and Management Services Agreement with Trimaran Fund Management, LLC, providing for annual fees of $500,000 and reasonable expenses. During the thirteen and thirty-nine weeks ended September 24, 2014, and September 25, 2013, $51,000 and $142,000 and $343,000 and $465,000, respectively, were paid under the agreement, and accounted for as general and administrative expenses. In connection with the IPO, we have terminated the agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Statement Concerning Forward-Looking Statements

This discussion and analysis should be read in conjunction with Item 1 above and with the financial statements contained in our prospectus of July 24, 2014. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Outcomes may differ materially from our expectations. For more information, we direct you to the sections "Risk Factors" and "Special Note Regarding Forward-Looking Statements" in our prospectus. We make no guarantees regarding outcomes, and assume no obligations to update the forward-looking statements herein, except pursuant to law.

Overview

El Pollo Loco is a differentiated and growing restaurant concept that specializes in fire-grilling citrus-marinated chicken in front of our customers. We operate within the fastest-growing segment of the restaurant industry, the limited-service restaurant segment. We believe that we offer the food quality of a fast-casual restaurant, while providing the speed, convenience, and value of a quick-service restaurant ("QSR"), a combination that we call "QSR+" and that provides a value-oriented fast-casual dining experience. Our distinctive menu features our signature product—citrus-marinated fire-grilled chicken—and a variety of Mexican-inspired entrees that we create from our chicken. We offer our customers healthier alternatives to traditional food on the go, served by our engaging team members in a colorful, bright, and contemporary restaurant environment. We serve individual and family-sized chicken meals, a variety of Mexican-inspired entrees and sides, and, throughout the year, on a limited-time basis, alternative proteins such as shrimp, carnitas, and beef. Our entrees include such favorites as our Poblano Burrito, Under 500 Calorie Mango Grilled Tostada, Ultimate Pollo Bowl, Grand Baja Shrimp Tacos, and Chicken, Bacon, and Guacamole Stuffed Quesadilla. Our salsas and dressings are freshly prepared daily, allowing our customers to create their favorite flavor profiles to enhance their culinary experiences. Our distinctive menu, with its healthier alternatives, appeals to consumers across socio-economic backgrounds, and drives our balanced day-part mix.

Growth Strategies and Outlook

We believe that we are well-positioned for, and in the early stages of, growth. Since 2011, we have focused on repositioning our brand, improving operational efficiency, increasing brand awareness, strengthening our management team, and refinancing our indebtedness. We plan to continue to expand our business, drive restaurant sales growth, and enhance our competitive positioning, by executing on the following strategies.

- Expand our restaurant base.
- Increase comparable restaurant sales.
- Enhance operations and leverage infrastructure.

We intend for new restaurant development to be a key growth driver. As of September 24, 2014, we had 405 locations in five states. In 2013, we opened two new company-operated and five new franchised restaurants. In 2014, we intend to open nine to eleven new company-operated and four new franchised restaurants in California, Nevada, and Texas. Year to date, we have opened five new company-operated restaurants. In addition, we sold six company-operated restaurants in the greater San Antonio area to a new franchisee. From time to time, we and our franchisees close restaurants. In 2014, we anticipate closing one to two company-operated restaurants. Our long-term plan is to increase the number of El Pollo Loco restaurants by 8% to 10% annually. Success is not guaranteed.

To increase comparable restaurant sales, we are targeting customer frequency, attraction of new customers, and per-person spend.

We believe that our corporate infrastructure can support a larger restaurant base than we have at present, and that as we expand we will be able to benefit from economies of scale.

Highlights and Trends

Comparable Restaurant Sales

System-wide, for the quarter and year-to-date periods ended September 24, 2014, comparable restaurant sales increased 7.9% and 6.8%, respectively. For company-operated restaurants, comparable restaurant sales increased 6.4% and 5.6%, respectively. For franchised restaurants, comparable restaurant sales increased 9.1% and 7.7%, respectively. For company-operated restaurants, the quarter's 6.4% increase was due to a 3.1% increase in average check size, and a 3.3% increase in traffic.

Restaurant Development

Our restaurant counts at the end of each of the last three fiscal years and the thirty-nine weeks ended September 24, 2014, are as follows.

	Thirty-Nine Weeks Ended September 24, 2014	Fiscal Year Ended 2013	2012	2011
Company-operated restaurant activity:				
Beginning of period	168	169	165	171
Openings	5	2	4	—
Restaurant sale to franchisee	(6)	—	—	—
Closures	(1)	(3)	—	(6)
Restaurants at end of period	166	168	169	165
Franchised restaurant activity:				
Beginning of period	233	229	229	241
Openings	—	5	3	—
Restaurant sale to franchisee	6	—	—	—
Closures	—	(1)	(3)	(12)
Restaurants at end of period	239	233	229	229
System-wide restaurant activity:				
Beginning of period	401	398	394	412
Openings	5	7	7	—
Closures	(1)	(4)	(3)	(18)
Restaurants at end of period	405	401	398	394

Restaurant Remodeling

From 2011 to September 24, 2014, under our Hacienda program, we have remodeled 86 company-operated and 111 franchised restaurants, or 197 system-wide. We expect to have remodeled over 50% of our system by the end of 2014. Remodeling uses cash and affects financial statement line items including depreciation and net property. Our average expenditure per restaurant is $270,000. We believe that remodeling will lead to higher revenue and a stronger brand.

2013 Refinancing

On October 11, 2013, we refinanced our $12.5 million first lien revolving credit facility, $170 million first lien term loan, and $105 million 17% second priority senior secured notes, by entering into the First Lien Credit Agreement and the Second Lien Credit Agreement. The facilities under these agreements carried longer maturities and lower interest rates than the facilities that they replaced. This refinancing lowered our interest expense by an estimated $17.8 million per annum, or 49% of our $36.3 million of interest expense for fiscal 2013.

Initial Public Offering

On July 30, 2014, we closed our IPO, the majority of the proceeds of which were used to repay our $100 million Second Lien Term Loan. Thus, our IPO lowered our interest expense by an estimated $10.1 million per annum, or 27.8% of our $36.3 million of interest expense for fiscal 2013.

Critical Accounting Policies and Use of Estimates

Preparation of our financial statements in accordance with GAAP requires us to make estimates, judgments, and assumptions. We base our estimates and judgments on historical experience and on assumptions that we believe to be reasonable. We evaluate our estimates on an on-going basis. Outcomes may diverge from our estimates and assumptions.

Our accounting policies and estimates are integral to our financial statements, and a thorough understanding of them is important for understanding our financial condition and results of operations. Our critical accounting policies and estimates involve complex and difficult managerial judgments. For a summary of our critical accounting policies and a discussion of our use of estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Use of Estimates” in our prospectus of July 24, 2014. For a summary of our significant accounting policies and a discussion of our use of estimates, see also Note 1 to Item 1 above.

There have been no material changes to our critical accounting policies or uses of estimates since our prospectus of July 24, 2014.

Recent Accounting Pronouncements

We have reviewed all significant recent accounting pronouncements and concluded either that they either are not applicable to our operations or that no material effect is expected on our consolidated financial statements as a result of future adoption.

JOBS Act

We presently qualify as an "emerging growth company" ("EGC") under section 2(a) of the Securities Act, pursuant to the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). An EGC has reduced public company reporting, accounting, and corporate governance requirements. We may take advantage of some of these benefits. In addition, the JOBS Act provides that an EGC can take advantage of an extended transition period for complying with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not EGCs.

We will cease to be an EGC following the earliest of (i) five years after our IPO, (ii) $1.0 billion in annual revenue, (iii) $700.0 million in common stock market capitalization held by non-affiliates, and (iv) $1.0 billion in non-convertible debt security issuance on a three-year rolling basis. Please refer to our prospectus of July 24, 2014, for more information.

Key Financial Definitions

Revenue

Our revenue is derived from two primary sources, (i) company-operated restaurant revenue and (ii) franchise revenue. The latter is comprised of, primarily, franchise royalties, and, to a lesser extent, franchise fees and sublease rental income.

Food and Paper Costs

Food and paper costs include the direct costs of food, beverages, and packaging. These vary with sales volumes, menu mix, and commodity prices.

Labor and Related Expenses

Labor and related expenses include wages, payroll taxes, workers' compensation expense, benefits, and bonuses paid to our restaurant management teams. We expect labor expense to increase proportionately with restaurant revenue. Labor expense is influenced by minimum wages, payroll taxes, workers' compensation claims, health care costs, and restaurant performance.

Occupancy Costs and Other Operating Expenses

Occupancy costs include rent, common area maintenance, and real estate taxes. Other restaurant operating expenses include utilities, advertising, credit card processing fees, supplies, and repairs and maintenance.

General and Administrative Expenses

General and administrative expenses are associated with corporate and administrative functions that support the development and operations of our restaurants, including compensation, benefits, travel expenses, stock compensation costs, and legal and professional fees. General and administrative expenses also include pre-opening costs and expenses above the restaurant level, including salaries for field management, such as area and regional managers, and franchise field operational support.

Franchise Expenses

Franchise expenses consist primarily of (i) rent expenses incurred on properties leased by us and then sublet to franchisees, and (ii) expenses incurred in support of franchisee information technology systems.

Depreciation and Amortization

Depreciation and amortization consist primarily of fixed asset depreciation, including of equipment and leasehold improvements.

Loss on Disposal of Assets

Loss on disposal of assets includes losses from retirement, replacement, or write-off of equipment and leasehold improvements.

Asset Impairment and Close-Store Reserves

We review, unit-by-unit, long-lived assets including property, equipment, and intangibles, for impairment, when events or circumstances indicate that their carrying values may not be recoverable. Correspondingly, we record impairment charges when appropriate. Closure costs include non-cash restaurant charges, such as up-front expensing of unpaid rent for the remaining life of a lease.

Interest Expense, Net

Interest expense, net, consists primarily of interest on our outstanding debt. Debt issuance costs are amortized, at cost, over the life of related debt.

Loss on Early Extinguishment of Debt

In connection with the 2013 Refinancing and our IPO, we prepaid existing debt, incurring charges for prepayment penalties and fees, call premium, accelerated accretion, and write-off of deferred financing costs and fees, and of unamortized discount.

Provision (Benefit) for Income Taxes

Provision (benefit) for income taxes reflects federal and state taxes.

Key Performance Indicators

To evaluate our performance, we utilize measures including company-operated restaurant revenue, comparable restaurant sales, comparable restaurant sales growth, company-operated average unit volumes, restaurant contribution, restaurant contribution margin, new restaurant openings, EBITDA, and adjusted EBITDA.

Company-Operated Restaurant Revenue

Company-operated restaurant revenue consists of food and beverage sales, in company-operated restaurants, net of promotional allowances, employee meals, and other discounts. Company-operated restaurant revenue for any period is affected by the number of operating weeks in that period, the number of restaurants open, and comparable restaurant sales.

Seasonality and holiday timing cause our revenue to fluctuate from quarter to quarter. Our revenue per restaurant is typically lower in the first and fourth quarters, due to reduced January and December traffic, and higher in the second and third quarters.

Comparable Restaurant Sales and Comparable Restaurant Sales Growth

Comparable restaurant sales reflect year-over-year sales changes for comparable company-operated, franchised, and system-wide restaurants. A restaurant enters our comparable restaurant base the first full week after it has operated for fifteen months. At September 24, 2014 and September 25, 2013, there were 394 and 387 such restaurants, 165 and 160 company-operated and 229 and 227 franchised, respectively. Comparable restaurant sales indicate the performance of existing restaurants, since new restaurants are excluded.

Comparable restaurant sales growth reflects year-over-year sales changes, in percent. Growth can be driven by (i) an increase in the number of meals sold or (ii) an increase in average check amount. Average check amount can increase due to (i) increased consumption of existing menu items, (ii) consumption of new menu items, (iii) increased prices, or (iv) a shift to more-expensive menu items.

Company-Operated Average Unit Volumes

We measure company-operated average unit volumes ("AUVs") on both a weekly and an annual basis. Weekly AUVs consist of comparable restaurant sales over a seven-day period, from Thursday to Wednesday. Annual AUVs are calculated using the following methodology. First, we divide our total net sales for all company-operated restaurants for a fiscal year by the total number of restaurant operating weeks during that period. Second, we annualize that average weekly per-restaurant sales figure by multiplying it by 52. An operating week is defined as a week in which a particular restaurant is open for business over a seven-day period, from Thursday to Wednesday. AUV measures help us to assess (i) our performance and (ii) customer spending patterns.

Restaurant Contribution and Restaurant Contribution Margin

Restaurant contribution and restaurant contribution margin are neither required by, nor presented in accordance with, GAAP. Restaurant contribution is defined as company-operated restaurant revenue, less company restaurant expenses. Restaurant contribution margin is defined as restaurant contribution, as a percentage of net company-operated restaurant revenue. Restaurant contribution and restaurant contribution margin are supplemental measures of operating performance for our restaurants. Our calculations thereof may not be comparable to those reported by other companies. Restaurant contribution and restaurant contribution margin have analytical limitations, and you should not consider them in isolation or as substitutes for analysis of our GAAP results. Management believes that restaurant contribution and restaurant contribution margin are important investor tools, because they are widely used in the restaurant industry to evaluate restaurant-level productivity, efficiency, and performance. Management uses restaurant contribution and restaurant contribution margin as key metrics to evaluate the profitability of incremental sales at our restaurants, to evaluate our restaurant performance across periods, and to evaluate our restaurant financial performance against our competitors.

New Restaurant Openings

We track new restaurant openings system-wide. Restaurants initially require pre-opening costs. Upon opening, new restaurants often experience unsustainably high sales volumes, which subsequently stabilize. Also, new restaurants often suffer from temporary inefficiencies regarding food, paper, labor, and other direct operating expenses. Consequently, a new restaurant generally has a low contribution margin during its start-up phase. Restaurant revenue and expenses generally normalize after about eight to twelve weeks. When we enter new markets, we may be exposed to start-up times and restaurant contribution margins that are longer and lower than reflected in our average historical experience.

EBITDA and Adjusted EBITDA

EBITDA represents net income before interest expense, provision (benefit) for income taxes, depreciation, and amortization. Adjusted EBITDA, as we define it, represents net income before interest expense, provision (benefit) for income taxes, depreciation, amortization, and items that we do not consider representative of our ongoing operating performance, as identified in the reconciliation table below.

EBITDA and adjusted EBITDA are supplemental measures of our performance, are neither required by, nor presented in accordance with, GAAP, and should not be considered as alternatives to net income, operating income, or any other GAAP performance measures, or as alternatives to cash flows from operating activities as liquidity measures. In addition, in evaluating EBITDA and adjusted EBITDA, you should be aware that in the future we will incur expenses or charges such as those added back to calculate EBITDA and adjusted EBITDA. Our presentation of EBITDA and adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

EBITDA and adjusted EBITDA have analytical limitations, and you should not consider them in isolation or as substitutes for analysis of our GAAP results. Some of these limitations are (i) they do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments, (ii) they do not reflect changes in, or cash requirements for, our working capital needs, (iii) they do not reflect the significant interest expense on our debt, or the cash requirements necessary to service interest or principal payments thereon, (iv) although depreciation and amortization are non-cash charges, assets being depreciated or amortized often must be replaced in the future, and EBITDA and adjusted EBITDA do not reflect the cash required for replacements, (v) they do not adjust for all non-cash income or expense items that are reflected in our statements of cash flows, (vi) they may include some expenses that we do not consider to be indicative of our ongoing operations, and (vii) other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

We compensate for these limitations by (i) providing specific information regarding the GAAP amounts excluded from such non-GAAP financial measures, and (ii) presenting comparable GAAP measures more prominently.

We believe that EBITDA and adjusted EBITDA facilitate operating performance comparisons from period to period, by isolating the effects of some items that vary (i) widely among similar companies or (ii) from period to period without correlating to core operating performance. Such variances can be caused by (i) capital structure differences, affecting interest expense, (ii) tax differences, including different tax rates or net operating loss positions, and (iii) book asset age and basis, affecting depreciation and amortization. We also present EBITDA and adjusted EBITDA because (i) we believe that they are frequently used by securities analysts and investors, (i) we believe that they are useful in assessing our ability to incur and service indebtedness, and (iii) we use EBITDA and adjusted EBITDA internally as peer benchmarks.

The following table reconciles the non-GAAP adjustments of EBITDA and adjusted EBITDA to net income.

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(Amounts in thousands)	September 24, 2014	September 25, 2013	September 24, 2014	September 25, 2013
Net income	**$ 25,849**	**$ 918**	**$ 37,888**	**$ 1,268**
Provision (benefit) for income taxes	(61,389)	(130)	(60,402)	2,005
Interest expense, net	3,960	9,863	15,286	29,443
Depreciation and amortization	2,924	2,625	8,271	7,570
EBITDA	**$ (28,656)**	**$ 13,276**	**$ 1,043**	**$ 40,286**
Stock-based compensation expense(1)	297	75	635	191
Management fees(2)	51	142	343	465
Loss on disposal of assets(3)	118	153	609	734
Impairment and closures(4)	22	25	415	126
Pre-opening costs(5)	462	54	673	198
Gain on sale of restaurants	(2,658)	—	(2,658)	—
Income tax receivable agreement expense	40,119	—	40,119	—
Tax credit expense(6)	316	—	316	—
Early extinguishment of debt	5,082	—	5,082	—
Adjusted EBITDA	**$ 15,153**	**$ 13,725**	**$ 46,577**	**$ 42,000**

(1) Includes non-cash, stock-based compensation.
(2) Includes management fees and other out-of-pocket costs paid to affiliates of Trimaran Capital L.L.C. and Freeman Spogli & Co.
(3) Loss on disposal of assets includes losses from retirement, replacement, or write-off of equipment and leasehold improvements.
(4) Includes costs related to impairment of long-lived assets and closing restaurants.
(5) Pre-opening costs are a component of general and administrative expenses, and consist of costs directly associated with the opening of new restaurants and incurred prior to opening, including management labor costs, staff labor costs during training, food and supplies used during training, marketing costs, and other related pre-opening costs. These are generally incurred over the three to five months prior to opening. Pre-opening costs also include occupancy costs incurred between the taking of possession, and the opening, of a restaurant.
(6) Consists of the cost to obtain the tax credits recorded in the quarter. $5.4 million of tax benefits were recorded to tax provision in the quarter.

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Comparison of Results of Operations for the Thirteen and Thirty-Nine Weeks Ended September 24, 2014, and September 25, 2013

Our operating results for the thirteen weeks ended September 24, 2014, and September 25, 2013, in absolute terms, and expressed as percentages of revenue, are compared below.

	Thirteen Weeks Ended					
	September 24, 2014		September 25, 2013		Increase / (Decrease)	
Statement of Operations Data	($,000)	(%)	($,000)	(%)	($,000)	(%)
Company-operated restaurant revenue	$ 80,861	93.4	$ 74,470	93.4	$ 6,391	8.6
Franchise revenue	5,696	6.6	5,297	6.6	399	7.5
Total revenue	**86,557**	**100.0**	**79,767**	**100.0**	**6,790**	**8.5**
Food and paper costs(1)	25,881	32.0	23,705	31.8	2,176	9.2
Labor and related expenses(1)	20,137	24.9	18,972	25.5	1,165	6.1
Occupancy and other operating expenses(1)	18,102	22.4	16,393	22.0	1,709	10.4
Company restaurant expenses(1)	**64,120**	**79.3**	**59,070**	**79.3**	**5,050**	**8.5**
General and administrative expenses	7,509	8.7	6,263	7.9	1,246	19.9
Franchise expenses	901	1.0	980	1.2	(79)	(8.1)
Depreciation and amortization	2,924	3.4	2,625	3.3	299	11.4
Loss on disposal of assets	118	0.1	153	0.2	(35)	(22.9)
Asset impairment and close-store reserves	22	0.0	25	0.0	(3)	(12.0)
Total expenses	**75,594**	**87.3**	**69,116**	**86.6**	**6,478**	**9.4**
Gain on sale of restaurants	2,658	3.1	—	—	2,658	—
Income from operations	**13,621**	**15.7**	**10,651**	**13.4**	**2,970**	**27.9**
Interest expense, net	3,960	4.6	9,863	12.4	(5,903)	(59.8)
Early extinguishment of debt	5,082	5.9	—	—	5,082	—
Income tax receivable agreement expense	40,119	46.3	—	—	40,119	—
(Loss) income before provision for income taxes	**(35,540)**	**(41.1)**	**788**	**1.0**	**(36,328)**	**(4,610.2)**
Benefit for income taxes	(61,389)	(70.9)	(130)	(0.2)	(61,259)	—
Net income	**$ 25,849**	**29.9**	**$ 918**	**1.2**	**$ 24,931**	**2,715.8**

(1) Percentages for line items relating to the cost of operations are calculated with company-operated restaurant revenue as the denominator. All other percentages use total revenue.

Our operating results for the thirty-nine weeks ended September 24, 2014, and September 25, 2013, in absolute terms, and expressed as percentages of revenue, are compared below.

	Thirty-Nine Weeks Ended					
	September 24, 2014		September 25, 2013		Increase / (Decrease)	
Statement of Operations Data	($,000)	(%)	($,000)	(%)	($,000)	(%)
Company-operated restaurant revenue	$238,432	93.5	$223,059	93.5	$ 15,373	6.9
Franchise revenue	16,456	6.5	15,430	6.5	1,026	6.6
Total revenue	**254,888**	**100.0**	**238,489**	**100.0**	**16,399**	**6.9**
Food and paper costs(1)	75,834	31.8	70,608	31.7	5,226	7.4
Labor and related expenses(1)	59,552	25.0	57,260	25.7	2,292	4.0
Occupancy and other operating expenses(1)	51,091	21.4	47,791	21.4	3,300	6.9
Company restaurant expenses(1)	**186,477**	**78.2**	**175,659**	**78.7**	**10,818**	**6.2**
General and administrative expenses	20,974	8.2	18,754	7.9	2,220	11.8
Franchise expenses	2,827	1.1	2,930	1.2	(103)	(3.5)
Depreciation and amortization	8,271	3.2	7,570	3.2	701	9.3
Loss on disposal of assets	609	0.2	734	0.3	(125)	(17.0)
Asset impairment and close-store reserves	415	0.2	126	0.1	289	229.4
Total expenses	**219,573**	**86.1**	**205,773**	**86.3**	**13,800**	**6.7**
Gain on sale of restaurants	2,658	1.0	—	—	2,658	—
Income from operations	**37,973**	**14.9**	**32,716**	**13.7**	**5,257**	**16.1**
Interest expense, net	15,286	6.0	29,443	12.3	(14,157)	(48.1)
Early extinguishment of debt	5,082	2.0	—	—	5,082	—
Income tax receivable agreement expense	40,119	15.7	—	—	40,119	—
(Loss) income before provision for income taxes	**(22,514)**	**(8.8)**	**3,273**	**1.4**	**(25,787)**	**(787.9)**
(Benefit) provision for income taxes	(60,402)	(23.7)	2,005	0.8	(62,407)	(3,112.6)
Net income	**$ 37,888**	**14.9**	**$ 1,268**	**0.5**	**$ 36,620**	**2,888.0**

(1) Percentages for line items relating to the cost of operations are calculated with company-operated restaurant revenue as the denominator. All other percentages use total revenue.

Company-Operated Restaurant Revenue

For the quarter, company-operated restaurant revenue increased $6.4 million, or 8.6%, due primarily to an increase in company-operated comparable restaurant sales of $3.4 million, or 6.4%. The growth in company-operated comparable restaurant sales was due primarily to an increase in average check size of 3.1% and an increase in traffic of 3.3% year-over-year. Company-operated restaurant revenue was also favorably impacted by $1.9 million of additional sales from new restaurants, partially offset by $0.2 million of lost sales from closed restaurants.

Year-to-date, company-operated restaurant revenue increased $15.4 million, or 6.9%, due primarily to an increase in company-operated comparable restaurant sales of $9.6 million, or 5.6%. The growth in company-operated comparable restaurant sales was due primarily to an increase in average check size of 3.2% and an increase in traffic of 2.4% year-over-year. Company-operated restaurant revenue was also favorably impacted by $4.2 million of additional sales from new restaurants, partially offset by $1.1 million of lost sales from closed restaurants.

Franchise Revenue

For the quarter, franchise revenue increased $0.4 million, or 7.5%. Year-to-date, franchise revenue increased $1.0 million, or 6.6%. These increases were due primarily to increases in franchised comparable restaurant sales of 9.1% and 7.7%, respectively.

Food and Paper Costs

For the quarter, food and paper costs increased $2.2 million, or 9.2%, due to a $1.9 million increase in food costs and a $0.3 million increase in paper costs. Year-to-date, food and paper costs increased $5.2 million, or 7.4%, due to a $4.6 million increase in food costs and a $0.6 million increase in paper costs. These increases were due primarily to higher revenue and to higher commodity costs.

For the quarter, food and paper costs as a percentage of company-operated restaurant revenue were 32.0%, compared to 31.8% in the prior year. Year-to-date, they were 31.8%, compared to 31.7% in the prior year. These increases were due primarily to higher commodity costs, but were partially offset by increases in average check size, due to menu price increases in the fourth quarter of 2013 and the third quarter of 2014.

Labor and Related Expenses

Payroll and benefit expenses increased $1.2 million, or 6.1%, for the quarter, and $2.3 million, or 4.0%, for the year-to-date period, compared to the prior year. These increases were due primarily to increased labor costs resulting from higher sales, partially offset by lower medical insurance costs, due to lower claims activity.

For the quarter, payroll and benefit expenses as a percentage of company-operated restaurant revenue were 24.9%, compared to 25.5% in the prior year. Year-to-date, they were 25.0%, compared to 25.7% in the prior year. These decreases were due primarily to increased revenue, relatively fixed labor expenses, and lower medical insurance costs.

Occupancy and Other Operating Expenses

Occupancy and other operating expenses increased $1.7 million, or 10.4%, for the quarter, and $3.3 million, or 6.9%, for the year-to-date period, compared to the prior year. These increases for the quarter and for the year-to-date period were due primarily to, respectively, (i) $0.3 million and $1.0 million increases in utility costs, due primarily to higher gas and electric costs, (ii) $0.6 million and $1.2 million increases in advertising costs, due primarily to higher sales and to additional advertising contributions in the Los Angeles market in the second and part of the third quarters of 2014, and (iii) $0.6 million and $0.9 million increases in occupancy costs, due primarily to increased rent, as a result of new restaurants opened in 2013 and 2014, and to higher general liability costs, as a result of increased claims activity.

For the quarter, occupancy and other operating expenses as a percentage of company-operated restaurant revenue were 22.4%, compared to 22.0% in the prior year. For the year-to-date period, occupancy and other operating expenses as a percentage of company-operated restaurant revenue were 21.4% for both the current and the prior year.

General and Administrative Expenses

General and administrative expenses increased $1.2 million, or 19.9%, for the quarter, and $2.2 million, or 11.8% for the year-to-date period, compared to the prior year. The increases for the quarter and for the year-to-date period were due primarily to, respectively, (i) $0.3 million and $0.7 million increases in payroll expense, due primarily to an increase in corporate employees, partially offset by lower medical costs, due primarily to lower medical claims activity, (ii) $0.6 million and $0.8 million increases in professional fees, due primarily to costs associated with our IPO and with securing federal and state tax credits, (iii) $0.4 million and $0.5 million increases in restaurant opening costs, due primarily to increased company-operated restaurant openings in 2014 as compared to 2013, and (iv) $0.2 million and $0.4 million increases in stock option expense, due primarily to the issuance of new stock options in 2013 and 2014 and to the reversal of stock option expense in 2013 due to the departure of one manager. Both quarterly and year-to-date increases in general and administrative expenses were partially offset by decreases in legal costs, primarily due to lower legal claims activity.

For the quarter, general and administrative expenses as a percentage of total revenue were 8.7%, compared to 7.9% in the prior year. Year-to-date, they were 8.2%, compared to 7.9% in the prior year. These increases were due primarily to the higher costs noted above, partially offset by increased revenue.

Gain on Disposition of Restaurant

On September 24, 2014, we completed an agreement to sell six company-operated restaurants in the greater San Antonio area to AA Pollo, Inc., resulting in cash proceeds of $5.4 million. Goodwill was decremented by $650,000, based on a calculation of the fair value of the restaurants sold as a percentage of the relative fair value of the remainder of the reporting units retained. We recognized a net gain of $2.7 million on this transaction, which is recorded as a gain on sale of restaurants in the accompanying statement of operations. These six restaurants will now be franchised. In addition, in connection with the sale, AA Pollo, Inc., entered into an exclusive development agreement with us to develop and open eight restaurants in the greater San Antonio area. We have also agreed to an additional exclusive franchise development agreement with AA Pollo, Inc., for the development of twelve restaurants in the Houston area.

Interest Expense, Net

Interest expense, net, decreased $5.9 million for the quarter and $14.2 million for the year-to-date period, compared to the prior year. These decreases were due primarily to the 2013 Refinancing, which reduced the interest rates on our debt, and to the payoff of the Second Lien Term Loan with IPO proceeds.

Early Extinguishment of Debt

The proceeds from our IPO in July 2014 were primarily used to repay the Second Lien Term Loan. In conjunction with the repayment of the Second Lien Term Loan, we incurred an extinguishment of debt charge of $5.1 million, consisting of $1.5 million in call premium, $2.7 million related to the write-off of remaining unamortized deferred finance costs, and $0.9 million relating to the write-off of the unamortized discount.

Tax Receivable Agreement

On July 30, 2014, we entered into the TRA. The TRA calls for us to pay to our pre-IPO stockholders 85% of the savings in cash that we realize in our taxes as a result of utilizing our net operating losses and other tax attributes attributable to preceding periods. In connection with the TRA, we have amended the First Lien Credit Agreement to permit dividend payments to us by our subsidiaries in amounts up to $11 million per fiscal year, not to exceed $33 million in the aggregate, while the First Lien Credit Agreement is outstanding. During the quarter, we incurred a charge of approximately $40 million relating to the present value of our total expected TRA payments.

Provision (Benefit) for Income Taxes

For the quarter, we recorded an income tax benefit of $61.4 million, compared to an income tax benefit of $0.1 million in 2013. Year-to-date, we recorded an income tax benefit of $60.4 million, compared to an income tax provision of $2.0 million in 2013. After evaluating all of the positive and negative evidence, including our continued profitability and the reduction in interest expense resulting from the 2013 Refinancing and from our completed initial public offering and the resultant payoff of the Second Lien Term Loan, we concluded that it is more likely than not that our net deferred tax assets will be recovered. As a result, during the quarter ending September 24, 2014, we released our valuation allowance of approximately $65 million. In addition, during the quarter, we applied for various tax credits that resulted in $5.4 million of additional deferred tax assets and tax benefits.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources have been (i) our cash and cash equivalents on hand, (ii) cash from operations, and (iii) borrowings under our credit facilities. In addition, on July 30, 2014, we closed our IPO, generating net proceeds after expenses of $112.3 million, the majority of which were used to repay our $100 million Second Lien Term Loan. Our primary uses of liquidity and capital resources have been (i) new restaurants, (ii) existing restaurant capital investments, including remodelings and maintenance, (iii) principal and interest payments on our debt, (iv) lease obligations, and (v) working capital and general corporate needs. Our working capital requirements are not significant, since our customers pay for their purchases in cash or by credit or debit card at the time of sale. Therefore, we are able to sell much of our inventory before we have to pay our suppliers. Our restaurants do not require significant inventories or receivables. We believe that our present sources of liquidity and capital resources will be sufficient to finance our continued operations and our expansion plans for at least the next twelve months.

On October 11, 2013, we refinanced our $12.5 million first lien revolving credit facility, $170 million first lien term loan, and $105 million 17% second priority senior secured notes, by entering into the First Lien Credit Agreement and the Second Lien Credit Agreement. The facilities under these agreements carried longer maturities and lower interest rates than the facilities that they replaced.

The 2013 Refinancing lowered our interest expense by an estimated $17.8 million per annum, or 49% of our $36.3 million of interest expense for fiscal 2013. On July 30, 2014, we closed our IPO, the majority of the proceeds of which were used to repay our $100 million Second Lien Term Loan. Thus, our IPO lowered our interest expense by an estimated $10.1 million per annum, or 27.8% of our $36.3 million of interest expense for fiscal 2013.

The following table presents summary cash flow information for the periods indicated.

	Thirty-Nine Weeks Ended	
(Amounts in thousands)	September 24, 2014	September 25, 2013
Net cash provided by (used in)		
Operating activities	$ 29,842	$ 12,528
Investing activities	(13,979)	(10,154)
Financing activities	8,947	(1,443)
Net increase in cash	$ 24,810	$ 931

Operating Activities

For the year to date, net cash provided by operating activities increased by $17.3 million compared to the prior year. This was due primarily to (i) increased revenue, due primarily to company-operated comparable restaurant sales growth, and (ii) lower interest payments, due to the 2013 Refinancing, which resulted in lower interest rates on our debt and required payment of accrued interest in October 2013 rather than in early 2014, and due to our IPO, the majority of the proceeds of which were used to repay the Second Lien Term Loan.

Investing Activities

For the year to date, net cash used in investing activities increased by $3.8 million compared to the prior year. This was due primarily to increased capital expenditures related to new restaurants and to the remodeling of existing restaurants, partially offset by sales proceeds from the San Antonio transaction.

For the year ended December 31, 2014, we expect to incur capital expenditures of approximately $28.2 million, consisting of $16.1 million related to new restaurants $7.7 million related to the remodeling of existing restaurants and $4.4 million related to maintenance and other corporate capital expenditures.

Financing Activities

For the year to date, net cash provided by financing activities increased by $10.4 million compared to the prior year. This was due primarily to our receipt of IPO proceeds, partially offset by our repayment of the Second Lien Term Loan.

Debt and Other Obligations

Senior Secured Credit Facilities

On October 11, 2013, EPL entered into (i) the First Lien Credit Agreement, with Intermediate as guarantor, Jefferies Finance LLC as administrative agent and collateral agent, General Electric Capital Corporation as issuing bank and swing line lender, Golub Capital LLC as syndication agent, and with various lenders, and (ii) the Second Lien Credit Agreement, with Intermediate as guarantor, Jefferies Finance LLC as administrative agent and collateral agent, and with various lenders.

The First Lien Credit Agreement provides for our $15 million Revolver, including obligations in respect of revolving loans, swing line loans, and letters of credit, and for our $190 million First Lien Term Loan. Loans under the First Lien Credit Agreement bear interest, at EPL's option, at LIBOR or an Alternate Base Rate, plus an applicable margin of 4.25% with respect to LIBOR and 3.25% with respect to the Alternate Base Rate, with a 1.00% floor with respect to LIBOR. The Revolver and the First Lien Term Loan are secured by a first priority lien on substantially all of the assets of EPL and Intermediate. The Revolver and First Lien Term Loan mature on October 11, 2018. At September 24, 2014, under the Revolver, EPL had $7.3 million in letters of credit outstanding and $7.7 million available for borrowing.

The Second Lien Credit Agreement provided for our $100 million Second Lien Term Loan. We repaid the Second Lien Term Loan in the third quarter of 2014 with proceeds from our IPO.

The First Lien Credit Agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, EPL's ability to (i) incur additional indebtedness, (ii) issue preferred stock, (iii) create liens on assets, (iv) engage in mergers or consolidations, (v) sell assets, (vi) make investments, loans or advances, (vii) make certain acquisitions, (viii) engage in certain transactions with affiliates, (ix) authorize or pay dividends, and (x) change business lines or fiscal year. In addition, the First Lien Credit Agreement requires that EPL (i) maintain, on a consolidated basis, a minimum interest coverage ratio, and (ii) not exceed a maximum total leverage ratio. As of September 24, 2014, we were in compliance with all financial covenants.

On July 9, 2014, we agreed with our lenders to amend the terms of the First Lien Credit Agreement to (i) remove restrictions on capital expenditures and (ii) permit special dividend payments of up to $11.0 million per fiscal year, not to exceed $33.0 million in the aggregate, for our income tax receivable agreement. These provisions became operative upon the repayment in full of the Second Lien Term Loan.

Hedging Arrangements

In connection with our credit agreements, we entered into two interest rate caps with Wells Fargo Bank, N.A. The first has a notional amount of $30 million and a rate cap of 3.00%, based on 1-month USD LIBOR, and terminates on December 1, 2015. The second has a notional amount of $120 million and a rate cap of 3.00%, based on 1-month USD LIBOR, and terminates on December 1, 2016.

Contractual Obligations

Our contractual commitments outstanding on September 24, 2014, have not changed materially since our prospectus of July 24, 2014. These relate to (i) future debt payments, including expected interest expense, calculated based on current interest rates, (ii) restaurant operating lease payments, and (iii) other obligations.

Off-Balance Sheet and Other Arrangements

As of September 24, 2014, we were using $7.7 million of Revolver borrowing capacity as collateral to secure outstanding letters of credit.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We are exposed to market risk from changes in interest rates on our debt, which bears interest at variable rates and has a USD LIBOR floor of 1.00%. At September 24, 2014, we had outstanding borrowings of $188.7 million. A 1.00% increase in the effective interest rate applied to these borrowings would result in a pre-tax interest expense increase of $1.9 million on an annualized basis.

We manage our interest rate risk through normal operating and financing activities and, when determined appropriate, through the use of derivative financial instruments.

To mitigate exposure to fluctuations in interest rates, we entered into two interest rate caps as discussed above under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Debt and Other Obligations—Hedging Arrangements."

Inflation

Inflation has an impact on food, paper, construction, utility, labor and benefits, general and administrative and other costs, all of which can materially impact our operations. We have a substantial number of hourly employees who are paid wage rates at or based on the applicable federal or state minimum wage and increases in the minimum wage will increase our labor costs. The State of California (where most of our restaurants are located) has a minimum wage, which was $8.00 per hour from January 1, 2008, to June 30, 2014. Since July 1, 2014, it has been $9.00, and on January 1, 2016, it is scheduled to rise to

$10.00. In general, we have been able to substantially offset cost increases resulting from inflation by increasing menu prices, managing menu mix, or improving productivity, or through other adjustments. We may or may not be able to offset cost increases in the future.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management establishes and maintains disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) to ensure that the information we disclose under the Exchange Act is properly and timely reported. We provide this information to our chief executive and chief financial officers as appropriate to allow for timely decisions.

Our controls and procedures are based on assumptions. Additionally, even effective controls and procedures only provide reasonable assurance of achieving their objectives. Accordingly, we cannot guarantee that our controls and procedures will succeed or be adhered to in all circumstances.

We have evaluated our disclosure controls and procedures, with the participation, and under the supervision, of our management, including our chief executive and chief financial officers. Based on this evaluation, our chief executive and chief financial officers have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) occurred during the period covered by this report that has affected or is reasonably likely to affect materially our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Around February 24, 2014, a former employee filed a class action in the Superior Court of the State of California, County of Orange, against EPL on behalf of all putative class members (all hourly employees from 2010 to the present) alleging certain violations of California labor laws, including failure to pay overtime compensation, failure to provide meal periods and rest breaks, and failure to provide itemized wage statements. The putative lead plaintiff's requested remedies included compensatory and punitive damages, injunctive relief, disgorgement of profits, and reasonable attorneys' fees and costs. No specific amount of damages sought was specified in the complaint. We were served with the complaint on March 3, 2014. While we intend to vigorously defend against this action, including its class certification, its ultimate outcome is presently not determinable, as it is in a preliminary phase. Thus, we cannot determine the likelihood of an adverse judgment nor a likely range of damages, if any. A settlement or adverse judgment could have a material adverse impact.

We are involved in various claims and legal actions that arise in the ordinary course of business. We do not believe that the ultimate resolution of these actions will have a material adverse effect on our financial position, results of operations, liquidity, or capital resources. A significant increase in the number of claims or an increase in amounts payable under successful claims could materially adversely affect our business, financial condition, results of operations or cash flows.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in our prospectus of July 24, 2014.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Use of Proceeds from Initial Public Offering of Common Stock

On July 24, 2014, we priced the initial public offering of our common stock, par value $0.01 per share, pursuant to a registration statement, file number 333-197001, that was declared effective by the SEC on July 24, 2014. The offering closed on July 30, 2014. Jefferies LLC and Morgan Stanley & Co. LLC were the managing underwriters.

We registered and sold 8,214,286 shares, including 7,142,857 pursuant to a firm commitment and 1,071,429 pursuant to the underwriters' option to purchase additional shares. All shares were newly issued, and we received all net sales proceeds. With a price per share to the public of $15.00, gross proceeds were $123.2 million. Proceeds, net of underwriting discounts and commissions of $8.6 million, were $114.6 million. Based on estimated fees and expenses relating to the sale and distribution of the offered shares of $1.8 million, as set forth in our registration statement, net proceeds were an estimated $112.3 million. We used an estimated $101.5 million of these proceeds to repay in whole our $100 million Second Lien Term Loan, including $1.5 million in prepayment penalties and fees. We are using the balance of the proceeds for general corporate purposes and to support our expansion plans, including as capital for development of new restaurants, capital for remodeling of existing restaurants, and working capital.

Other than underwriting discounts and commissions, our expenses were predominantly incurred prior to the effectiveness of the registration statement. Otherwise, we have not incurred material issuance and distribution expenses since the effective date of the registration statement.

We did not pay any of the proceeds of the offering, or the expenses thereto, directly or indirectly, to our directors or officers, to any person owning 10% or more of any class of our equity securities, to any associate of any of the foregoing, or to any of our affiliates.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Index

Number	Description
1.1	Underwriting Agreement, dated July 24, 2014, between El Pollo Loco Holdings, Inc., and Jefferies LLC and Morgan Stanley & Co. LLC, acting individually and as underwriters' representatives
10.1	Income Tax Receivable Agreement, dated July 30, 2014, between El Pollo Loco Holdings, Inc., and Trimaran Pollo Partners, L.L.C.
10.2(1)	Amendment No. 1 to First Lien Credit Agreement, dated July 9, 2014, among El Pollo Loco, Inc., EPL Intermediate, Inc., the other guarantors party thereto, the lenders party thereto, and Jefferies Finance LLC
10.3(1)	Franchise Development Option Agreement, dated July 11, 2014, between El Pollo Loco, Inc., and Trimaran Pollo Partners, L.L.C.
10.4(2)	Franchise Development Agreement (Exclusive), dated August 20, 2014, between El Pollo Loco, Inc., as franchisor, and Anil Yadav and Atour Eyvazian, collectively, as developer
10.5(2)	Consent to and Assignment of Development Rights (Initial Change of Entity), dated August 20, 2014, between El Pollo Loco, Inc., as franchisor, and (i) Anil Yadav and Atour Eyvazian, collectively, as assignor, and (ii) AA Pollo, Inc., as assignee
31.1	Certification of Principal Executive Officer under section 302 of the Sarbanes–Oxley Act of 2002
31.2	Certification of Principal Financial Officer under section 302 of the Sarbanes–Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer under 18 U.S.C. section 1350, adopted by section 906 of the Sarbanes–Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to our Registration Statement on Form S-1, File No. 333-197001.
(2) Incorporated by reference to our Current Report on Form 8-K filed on August 22, 2014.
* Pursuant to Item 601(b)(32)(ii) of Regulation S-K (17 C.F.R. § 229.601(b)(32)(ii)), this certification is deemed furnished, not filed, for purposes of section 18 of the Exchange Act, nor is it otherwise subject to liability under that section. It will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except if the registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

El Pollo Loco Holdings, Inc.
(Registrant)

November 7, 2014
Date

/s/ Stephen J. Sather
Stephen J. Sather
President and Chief Executive Officer

November 7, 2014
Date

/s/ Laurance Roberts
Laurance Roberts
Chief Financial Officer

Exhibit 1.1

EXECUTION VERSION

7,142,857 Shares

El Pollo Loco Holdings, Inc.

UNDERWRITING AGREEMENT

July 24, 2014

JEFFERIES LLC
520 Madison Avenue
New York, New York 10022

MORGAN STANLEY & CO. LLC
1585 Broadway
New York, New York 10036

As Representatives of the several Underwriters

Ladies and Gentlemen:

Introductory. El Pollo Loco Holdings, Inc., a Delaware corporation (the "**Company**"), proposes to issue and sell to the several underwriters named in Schedule A (the "**Underwriters**") an aggregate of 7,142,857 shares of its common stock, par value $0.01 per share (the "**Shares**"). The 7,142,857 Shares to be sold by the Company are called the "**Firm Shares**." In addition, the Company has granted to the Underwriters an option to purchase up to an additional 1,071,429 Shares as provided in Section 2. The additional 1,071,429 Shares to be sold by the Company pursuant to such option are collectively called the "**Optional Shares**." The Firm Shares and, if and to the extent such option is exercised, the Optional Shares are collectively called the "**Offered Shares**." Jefferies LLC ("**Jefferies**") and Morgan Stanley & Co. LLC ("**Morgan Stanley**") have agreed to act as representatives of the several Underwriters (in such capacity, the "**Representatives**") in connection with the offering and sale of the Offered Shares. To the extent there are no additional underwriters listed on Schedule A, the term "**Representatives**" as used herein shall mean you, as Underwriters, and the term "**Underwriters**" shall mean either the singular or the plural, as the context requires.

The Company has prepared and filed with the Securities and Exchange Commission (the "**Commission**") a registration statement on Form S-1, File No. 333-197001 which contains a form of prospectus to be used in connection with the public offering and sale of the Offered Shares. Such registration statement, as amended, including the financial statements, exhibits and schedules thereto, in the form in which it became effective under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (collectively, the "**Securities Act**"), including any information deemed to be a part thereof at the time of effectiveness pursuant to Rule 430A under the Securities Act, is called the "**Registration Statement**." Any registration statement filed by the Company pursuant to Rule 462(b) under the Securities Act in connection with the offer and sale of the Offered Shares is called the "**Rule 462(b) Registration Statement**," and from and after the date and time of filing of any such Rule 462(b) Registration Statement the term "Registration Statement" shall include the Rule 462(b) Registration Statement. The prospectus, in the form first used by the Underwriters to confirm sales of the Offered Shares or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act, is called the "**Prospectus**." The preliminary prospectus dated July 14, 2014 describing the Offered Shares and the offering thereof is called the "**Preliminary Prospectus**," and the Preliminary Prospectus and any other prospectus in preliminary form

that describes the Offered Shares and the offering thereof and is used prior to the filing of the Prospectus is called a "**preliminary prospectus**." As used herein, "**Applicable Time**" is 6:00 p.m. (New York City time) on July 24, 2014. As used herein, "**free writing prospectus**" has the meaning set forth in Rule 405 under the Securities Act, and "**Time of Sale Prospectus**" means the Preliminary Prospectus together with the free writing prospectuses, if any, identified in Schedule B hereto. As used herein, **"Road Show"** means a "road show" (as defined in Rule 433 under the Securities Act) relating to the offering of the Offered Shares contemplated hereby that is a "written communication" (as defined in Rule 405 under the Securities Act). As used herein, "**Section 5(d) Written Communication**" means each written communication (within the meaning of Rule 405 under the Securities Act) that is made in reliance on Section 5(d) of the Securities Act by the Company or any person authorized to act on behalf of the Company to one or more potential investors that are qualified institutional buyers ("**QIBs**") and/or institutions that are accredited investors ("**IAIs**"), as such terms are respectively defined in Rule 144A and Rule 501(a) under the Securities Act, to determine whether such investors might have an interest in the offering of the Offered Shares; "**Section 5(d) Oral Communication**" means each oral communication, if any, made in reliance on Section 5(d) of the Securities Act by the Company or any person authorized to act on behalf of the Company made to one or more QIBs and/or one or more IAIs to determine whether such investors might have an interest in the offering of the Offered Shares; "**Marketing Materials**" means any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the offering of the Offered Shares, including any roadshow or investor presentations made to investors by the Company (whether in person or electronically); and "**Permitted Section 5(d) Communication**" means the Section 5(d) Written Communication(s) and Marketing Materials listed on Schedule C attached hereto.

All references in this Agreement to (i) the Registration Statement, any preliminary prospectus (including the Preliminary Prospectus), or the Prospectus, or any amendments or supplements to any of the foregoing, or any free writing prospectus, shall include any copy thereof filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval System ("**EDGAR**") and (ii) the Prospectus shall be deemed to include any "electronic Prospectus" provided for use in connection with the offering of the Offered Shares as contemplated by Section 3(o) of this Agreement.

In the event that the Company has only one subsidiary, then all references herein to "subsidiaries" of the Company shall be deemed to refer to such single subsidiary, mutatis mutandis.

The Company hereby confirms its agreements with the Underwriters as follows:

Section 1. Representations and Warranties.

The Company hereby represents, warrants and covenants to each Underwriter, as of the date of this Agreement, as of the First Closing Date (as hereinafter defined) and as of each Option Closing Date (as hereinafter defined), if any, as follows:

(a) ***Compliance with Registration Requirements.*** The Registration Statement has become effective under the Securities Act. The Company has complied, to the Commission's satisfaction with all requests of the Commission for additional or supplemental information, if any. No stop order suspending the effectiveness of the Registration Statement is in effect and no proceedings for such purpose have been instituted or are pending or, to the best knowledge of the Company, are contemplated or threatened by the Commission.

(b) ***Disclosure.*** Each preliminary prospectus and the Prospectus when filed complied in all material respects with the Securities Act and, if filed by electronic transmission pursuant to EDGAR, was identical (except as may be permitted by Regulation S-T under the Securities Act) to the copy thereof

delivered to the Underwriters for use in connection with the offer and sale of the Offered Shares. Each of the Registration Statement and any post-effective amendment thereto, at the time it became or becomes effective, complied and will comply in all material respects with the Securities Act and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. As of the Applicable Time, the Time of Sale Prospectus (including any preliminary prospectus wrapper) did not, and at the First Closing Date (as defined in Section 2) and at each applicable Option Closing Date (as defined in Section 2), will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Prospectus (including any Prospectus wrapper), as of its date, did not, and at the First Closing Date and at each applicable Option Closing Date, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties set forth in the three immediately preceding sentences do not apply to statements in or omissions from the Registration Statement or any post-effective amendment thereto, or the Prospectus or the Time of Sale Prospectus, or any amendments or supplements thereto, made in reliance upon and in conformity with written information relating to any Underwriter furnished to the Company in writing by the Representatives expressly for use therein, it being understood and agreed that the only such information consists of the information described in Section 9(b) below. There are no contracts or other documents required to be described in the Time of Sale Prospectus or the Prospectus or to be filed as an exhibit to the Registration Statement which have not been described or filed as required.

(c) ***Free Writing Prospectuses; Road Show*****.** As of the determination date referenced in Rule 164(h) under the Securities Act, the Company was not, is not or will not be (as applicable) an "ineligible issuer" in connection with the offering of the Offered Shares pursuant to Rules 164, 405 and 433 under the Securities Act. Each free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or on behalf of or used or referred to by the Company complies or will comply in all material respects with the requirements of Rule 433 under the Securities Act, including timely filing with the Commission or retention where required and legending, and each such free writing prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Offered Shares did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, the Prospectus or any preliminary prospectus and not superseded or modified. Except for the free writing prospectuses, if any, identified in Schedule B, and electronic road shows, if any, furnished to you before first use, the Company has not used or referred to, and will not, without your prior written consent, use or refer to, any free writing prospectus. Each Road Show, when considered together with the Time of Sale Prospectus, did not, as of the Applicable Time, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) ***Distribution of Offering Material By the Company*****.** Prior to the later of (i) the expiration or termination of the option granted to the several Underwriters in Section 2, (ii) the completion of the Underwriters' distribution of the Offered Shares and (iii) the expiration of 25 days after the date of the Prospectus**,** the Company has not distributed and will not distribute any offering material in connection with the offering and sale of the Offered Shares other than the Registration Statement, the Time of Sale Prospectus, the Prospectus or any free writing prospectus reviewed and consented to by the Representatives, the free writing prospectuses, if any, identified on Schedule B hereto and any Permitted Section 5(d) Communications.

(e) ***The Underwriting Agreement*****.** This Agreement has been duly authorized, executed and delivered by the Company.

(f) ***Authorization of the Offered Shares*****.** The Offered Shares have been duly authorized for issuance and sale pursuant to this Agreement and, when issued and delivered by the Company against payment therefor pursuant to this Agreement, will be validly issued, fully paid and nonassessable, and the issuance and sale of the Offered Shares is not subject to any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase the Offered Shares.

(g) ***No Applicable Registration or Other Similar Rights*****.** There are no persons with registration or other similar rights to have any equity or debt securities registered for sale under the Registration Statement or included in the offering contemplated by this Agreement.

(h) ***No Material Adverse Change*****.** Except as otherwise disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, subsequent to the respective dates as of which information is given in the Registration Statement, the Time of Sale Prospectus and the Prospectus: (i) there has been no material adverse change, or any development that could be expected to result in a material adverse change, in the condition, financial or otherwise, or in the earnings, business, properties, operations, assets, liabilities or prospects**,** whether or not arising from transactions in the ordinary course of business, of the Company and its subsidiaries, considered as one entity (any such change being referred to herein as a "**Material Adverse Change**"); (ii) the Company and its subsidiaries, considered as one entity, have not incurred any material liability or obligation, indirect, direct or contingent, including without limitation any losses or interference with its business from fire, explosion, flood, earthquakes, accident or other calamity, whether or not covered by insurance, or from any strike, labor dispute or court or governmental action, order or decree, that are material, individually or in the aggregate, to the Company and its subsidiaries, considered as one entity, or has entered into any transactions not in the ordinary course of business; and (iii) there has not been any material decrease in the capital stock or any material increase in any short-term or long-term indebtedness of the Company or its subsidiaries and there has been no dividend or distribution of any kind declared, paid or made by the Company or, except for dividends paid to the Company or other subsidiaries, by any of the Company's subsidiaries on any class of capital stock, or any repurchase or redemption by the Company or any of its subsidiaries of any class of capital stock.

(i) ***Independent Accountants*****.** BDO USA, LLP, which has expressed its opinion with respect to the financial statements (which term as used in this Agreement includes the related notes thereto) and supporting schedules filed with the Commission as a part of the Registration Statement, the Time of Sale Prospectus and the Prospectus, is (i) an independent registered public accounting firm as required by the Securities Act, the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the "**Exchange Act**"), and the rules of the Public Company Accounting Oversight Board ("**PCAOB**"), (ii) in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X under the Securities Act and (iii) a registered public accounting firm as defined by the PCAOB whose registration has not been suspended or revoked and who has not requested such registration to be withdrawn.

(j) ***Financial Statements*****.** The financial statements filed with the Commission as a part of the Registration Statement, the Time of Sale Prospectus and the Prospectus present fairly in all material respects the consolidated financial position of the Company and its subsidiaries as of the dates indicated and the results of their operations, changes in stockholders' equity and cash flows for the periods specified. The supporting schedules included in the Registration Statement present fairly in all material respects the information required to be stated therein. Such financial statements and supporting schedules have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto. No other

financial statements or supporting schedules are required to be included in the Registration Statement, the Time of Sale Prospectus or the Prospectus. The financial data set forth in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus under the captions "Prospectus Summary—Summary Consolidated Financial and Other Data," "Selected Historical Consolidated Financial Data" and "Capitalization" fairly present the information set forth therein on a basis consistent with that of the audited financial statements contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus. All disclosures contained in the Registration Statement, any preliminary prospectus or the Prospectus and any free writing prospectus, that constitute non-GAAP financial measures (as defined by the rules and regulations under the Securities Act and the Exchange Act) comply with Regulation G under the Exchange Act and Item 10 of Regulation S-K under the Securities Act, as applicable. To the Company's knowledge, no person who has been suspended or barred from being associated with a registered public accounting firm, or who has failed to comply with any sanction pursuant to Rule 5300 promulgated by the PCAOB, has participated in or otherwise aided the preparation of, or audited, the financial statements, supporting schedules or other financial data filed with the Commission as a part of the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(k) ***Company's Accounting System.*** The Company and each of its subsidiaries make and keep books and records that are accurate in all material respects and maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(l) ***Disclosure Controls and Procedures; Deficiencies in or Changes to Internal Control Over Financial Reporting.*** The Company has established and maintains disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the Exchange Act), which (i) are designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's principal executive officer and its principal financial officer by others within those entities, particularly during the periods in which the periodic reports required under the Exchange Act are being prepared; and (ii) are effective in all material respects to perform the functions for which they were established. Since the end of the Company's most recent audited fiscal year, there have been no significant deficiencies or material weakness in the Company's internal control over financial reporting (whether or not remediated) and no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company is not aware of any change in its internal control over financial reporting that has occurred during its most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(m) ***Incorporation and Good Standing of the Company.*** The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus and to enter into and perform its obligations under this Agreement. The Company is duly qualified as a foreign corporation to transact business and is in good standing in the State of Delaware and each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the condition (financial or other), earnings, business, properties, operations, assets, liabilities or prospects of the Company and its subsidiaries, considered as one entity (a "**Material Adverse Effect**").

(n) ***Subsidiaries.*** Each of the Company's "subsidiaries" (for purposes of this Agreement, as defined in Rule 405 under the Securities Act) has been duly incorporated or organized, as the case may be, and is validly existing as a corporation, partnership or limited liability company, as applicable, in good standing under the laws of the jurisdiction of its incorporation or organization and has the power and authority (corporate or other) to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus. Each of the Company's subsidiaries is duly qualified as a foreign corporation, partnership or limited liability company, as applicable, to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to be so qualified and in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. All of the issued and outstanding capital stock or other equity or ownership interests of each of the Company's subsidiaries have been duly authorized and validly issued, are fully paid and nonassessable and are owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance or adverse claim, except (i) to the extent any such security interest, mortgage, pledge, lien, encumbrance or adverse claim would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (ii) as disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus. The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit 21 to the Registration Statement.

(o) ***Capitalization and Other Capital Stock Matters.*** The authorized, issued and outstanding capital stock of the Company is as set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus under the caption "Capitalization" (other than for subsequent issuances, if any, pursuant to employee benefit plans, or upon the exercise of outstanding options or warrants, in each case described in the Registration Statement, the Time of Sale Prospectus and the Prospectus). The Shares (including the Offered Shares) conform in all material respects to the description thereof contained in the Time of Sale Prospectus. All of the issued and outstanding Shares have been duly authorized and validly issued, are fully paid and nonassessable and have been issued in compliance with all federal and state securities laws. None of the outstanding Shares was issued in violation of any preemptive rights, rights of first refusal or other similar rights to subscribe for or purchase securities of the Company. There are no authorized or outstanding options, warrants, preemptive rights, rights of first refusal or other rights to purchase, or equity or debt securities convertible into or exchangeable or exercisable for, any capital stock of the Company or any of its subsidiaries other than those described in the Registration Statement, the Time of Sale Prospectus and the Prospectus. The descriptions of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted thereunder, set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus accurately and fairly presents the information required to be shown with respect to such plans, arrangements, options and rights.

(p) ***Stock Exchange Listing.*** The Offered Shares have been approved for listing on the NASDAQ Global Select Market, subject only to official notice of issuance.

(q) ***Non-Contravention of Existing Instruments; No Further Authorizations or Approvals Required.*** Neither the Company nor any of its subsidiaries is in violation of its charter or by-laws, partnership agreement or operating agreement or similar organizational documents, as applicable, or is in default (or, with the giving of notice or lapse of time, would be in default) ("**Default**") under any indenture, loan, credit agreement, note, lease, license agreement, contract, franchise or other instrument (including, without limitation, any pledge agreement, security agreement, mortgage or other instrument or agreement evidencing, guaranteeing, securing or relating to indebtedness) to which the Company or any of

its subsidiaries is a party or by which it or any of them may be bound, or to which any of their respective properties or assets are subject (each, an "**Existing Instrument**"), except for such Defaults as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. The Company's execution, delivery and performance of this Agreement, consummation of the transactions contemplated hereby and by the Registration Statement, the Time of Sale Prospectus and the Prospectus and the issuance and sale of the Offered Shares (including the use of proceeds from the sale of the Offered Shares as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus under the caption "Use of Proceeds") (i) have been duly authorized by all necessary corporate action and will not result in any violation of the provisions of the charter or by-laws, partnership agreement or operating agreement or similar organizational documents, as applicable, of the Company or any subsidiary, (ii) will not conflict with or constitute a breach of, or Default or a Debt Repayment Triggering Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or require the consent of any other party to, any Existing Instrument, except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect and (iii) will not result in any violation of any law, administrative regulation or administrative or court decree applicable to the Company or any of its subsidiaries. No consent, approval, authorization or other order of, or registration or filing with, any court or other governmental or regulatory authority or agency, is required for the Company's execution, delivery and performance of this Agreement and consummation of the transactions contemplated hereby and by the Registration Statement, the Time of Sale Prospectus and the Prospectus, except such as have been obtained or made by the Company and are in full force and effect under the Securities Act and such as may be required under applicable state securities or blue sky laws or FINRA. As used herein, a "**Debt Repayment Triggering Event**" means any event or condition which gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(r) ***Compliance with Laws.*** The Company and its subsidiaries have been and are in compliance with all applicable laws, rules and regulations, except where failure to be so in compliance could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(s) ***No Material Actions or Proceedings.*** Except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, there is no action, suit, proceeding, inquiry or investigation brought by or before any court or governmental agency or body, domestic or foreign, now pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries, which could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect or materially and adversely affect the consummation of the transactions contemplated by this Agreement or the performance by the Company of its obligations hereunder; and the aggregate of all pending legal or governmental proceedings to which the Company or any such subsidiary is a party or of which any of their respective properties or assets is the subject, including ordinary routine litigation incidental to the business, if determined adversely to the Company, could not reasonably be expected to have a Material Adverse Effect. No material labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is threatened or imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers, customers or contractors, that, in either case, would reasonably be expected to result in a Material Adverse Effect.

(t) ***Intellectual Property Rights.*** (A) The Company and its subsidiaries own all right, title and interest in the "El Pollo Loco" mark in the United States for use in connection with the goods and services for which such mark is currently used by the Company and its subsidiaries and the Company and its subsidiaries own all right, title, and interest in its registrations for such mark elsewhere in the world in

the 42 other countries / political unions disclosed to the Underwriters and listed in Exhibit C hereto and, to the Company's knowledge, no other person or entity has any ownership interest in such mark in connection with such goods and services anywhere in the world (except for Mexico), and (B) (i) the Company and its subsidiaries own or possess all patents, patent rights, patent applications, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks (both registered and unregistered), service marks, trade names, logotypes and other indicia of origin, or other intellectual property and proprietary information described in the Registration Statement, the Time of Sale Prospectus or the Prospectus and as being owned or licensed by any of them or which is necessary for the conduct of, or material to, any of their respective businesses (collectively, the "**Intellectual Property**") including, to the extent that the Company is licensing its Intellectual Property to third parties, the right to do so and to collect royalties therefrom, and including, with respect to Intellectual Property owned by the Company, the right to enforce its rights therein and (ii) the Company and its subsidiaries have not received any written notice or is otherwise aware of: (x) any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances that would render any Intellectual Property invalid or inadequate to protect the interest of the Company therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would reasonably be expected to result in a Material Adverse Effect, or (y) any third party infringement, misappropriation, or other violation of the Intellectual Property which, singly or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

(u) ***All Necessary Permits, etc.*** The Company and its subsidiaries possess such permits, licenses, registrations (other than franchise registrations, which are covered by (qq) below) and other authorizations (collectively, "**Permits**") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by it, except where the failure so to possess would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect; the Company and its subsidiaries are in compliance with the terms and conditions of all such Permits, except where the failure so to comply would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect; all such Permits are valid and in full force and effect, except where the invalidity of such Permits or the failure of such Permits to be in full force and effect would not, singly or in the aggregate, reasonably be expected to result in a Material Adverse Effect; and neither the Company nor the Guarantor has received any written notice of proceedings relating to the revocation or modification of any such Permits that, singly or in the aggregate, would reasonably be expected to result in a Material Adverse Effect.

(v) ***Title to Properties.*** The Company and its subsidiaries have good and marketable fee simple title to all real property owned by the Company and its subsidiaries, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Registration Statement, the Time of Sale Prospectus and the Prospectus or (b) do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use and operation made and proposed to be made of such property by the Company or its Subsidiaries or would not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect; and all of the leases and subleases, singly or in the aggregate, material to the business of the Company and its subsidiaries and under which the Company or its subsidiaries hold properties described in the Registration Statement, the Time of Sale Prospectus or the Prospectus, to the knowledge of the Company, are in full force and effect, and the Company has not received any written notice of, nor does the Company have any knowledge of (a) any default that remains uncured under the leases on the date hereof or (b) any claim that has been asserted by anyone adverse to the rights of the Company or its subsidiaries under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or its subsidiaries thereof to the continued possession of the leased or subleased premises under any such lease or sublease, except for such defaults or claims that would not reasonably be expected to result in a Material Adverse Effect.

(w) ***Tax Law Compliance*****.** The Company and its subsidiaries have filed all necessary federal, state and foreign income and franchise tax returns or have properly requested extensions thereof and have paid all taxes required to be paid by any of them and, if due and payable, any related or similar assessment, fine or penalty levied against any of them except as may be being contested in good faith and by appropriate proceedings. The Company has made adequate charges, accruals and reserves in the applicable financial statements referred to in Section 1(k) above in respect of all federal, state and foreign income and franchise taxes for all periods as to which the tax liability of the Company or any of its subsidiaries has not been finally determined.

(x) ***Insurance*****.** The Company and each of its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; neither the Company nor any of its subsidiaries has been refused any insurance coverage sought or applied for; and neither the Company nor any of its subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not be reasonably expected to have a Material Adverse Effect.

(y) ***Compliance with Environmental Laws*****.** Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (i) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**"); (ii) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements; (iii) there are no pending or, to the Company's knowledge, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries; and (iv) to the Company's knowledge, there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(z) ***Periodic Review of Costs of Environmental Compliance*****.** In the ordinary course of its business, the Company conducts a periodic review of the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). No facts or circumstances have come to the Company's attention that could result in costs or liabilities that could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(aa) ***ERISA Compliance*****.** The Company and its subsidiaries and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "**ERISA**")) established or maintained by the Company, its subsidiaries or their "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "**ERISA Affiliate**" means, with respect to the Company or any of its subsidiaries, any member of any group of organizations described in Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "**Code**") of which the Company or such subsidiary is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or maintained by the Company, its subsidiaries or any of their ERISA Affiliates that would reasonably be expected to have a Material Adverse Effect. No "employee benefit plan" established or maintained by the Company, its subsidiaries or any of their ERISA Affiliates, if such "employee benefit plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined under ERISA). Neither the Company, its subsidiaries nor any of their ERISA Affiliates has incurred or reasonably expects to incur any liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each employee benefit plan established or maintained by the Company, its subsidiaries or any of their ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

(bb) ***Company Not an "Investment Company."*** The Company is not, and will not be, either after receipt of payment for the Offered Shares or after the application of the proceeds therefrom as described under "Use of Proceeds" in the Registration Statement, the Time of Sale Prospectus or the Prospectus, required to register as an "investment company" under the Investment Company Act of 1940, as amended (the **"Investment Company Act")**.

(cc) ***No Price Stabilization or Manipulation; Compliance with Regulation M*****.** Neither the Company nor any of its subsidiaries has taken, directly or indirectly, any action designed to or that might cause or result in stabilization or manipulation of the price of the Shares or of any "reference security" (as defined in Rule 100 of Regulation M under the Exchange Act (**"Regulation M"**)) with respect to the Shares, whether to facilitate the sale or resale of the Offered Shares or otherwise, and has taken no action which would directly or indirectly violate Regulation M.

(dd) ***Related-Party Transactions*****.** There are no business relationships or related-party transactions involving the Company or any of its subsidiaries or any other person required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus that have not been described as required.

(ee) ***FINRA Matters*****.** All of the information provided to the Underwriters or to counsel for the Underwriters by the Company and to the Company's knowledge, its officers and directors and the holders of any securities (debt or equity) or options to acquire any securities of the Company in connection with the offering of the Offered Shares is true, complete, correct and compliant with FINRA's rules and any letters, filings or other supplemental information provided to FINRA pursuant to FINRA Rule 5110 is true, complete and correct.

(ff) ***Parties to Lock-Up Agreements*****.** The Company has furnished to the Underwriters a letter agreement in the form attached hereto as Exhibit A (the "**Lock-up Agreement**") from each of the persons listed on Exhibit B. Such Exhibit B lists under an appropriate caption the directors and officers of the Company. If any additional persons shall become directors or officers of the Company prior to the end of the Company Lock-up Period (as defined below), the Company shall cause each such person, prior to or contemporaneously with their appointment or election as a director or officer of the Company, to execute and deliver to Jefferies and Morgan Stanley a Lock-up Agreement.

(gg) ***Statistical and Market-Related Data*****.** All statistical, demographic and market-related data included in the Registration Statement, the Time of Sale Prospectus or the Prospectus are based on or derived from sources that the Company believes, after reasonable inquiry, to be reliable and accurate in all material respects. To the extent required, the Company has obtained the written consent to the use of such data from such sources.

(hh) ***No Unlawful Contributions or Other Payments*****.** Neither the Company nor any of its subsidiaries nor, to the best of the Company's knowledge, any employee or agent of the Company or any subsidiary, has made any contribution or other payment to any official of, or candidate for, any federal, state or foreign office in violation of any law or of the character required to be disclosed in the Registration Statement, the Time of Sale Prospectus or the Prospectus.

(ii) ***Foreign Corrupt Practices Act*****.** Neither the Company nor any of its subsidiaries or affiliates within the Company's control, nor any director or officer, nor, to the knowledge of the Company, any employee, any agent or other person acting on behalf of the Company or any of its subsidiaries has or will, in the course of its actions for, or on behalf of, the Company or any of its subsidiaries (i) used or will use any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made or will make any direct or indirect unlawful payment to any domestic government official, "foreign official" (as defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (collectively, the "**FCPA**") or employee from corporate funds; (iii) violated or is in violation of any provision of the FCPA or any applicable non-U.S. anti-bribery statute or regulation; or (iv) made or will make any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any domestic government official, such foreign official or employee; and the Company and its subsidiaries and, to the Company's knowledge, affiliates within the Company's control have conducted their respective businesses in compliance with the FCPA and applicable anti-corruption laws and have instituted and maintain and will continue to maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(jj) ***Money Laundering Laws*****.** The operations of the Company and its subsidiaries are, and have been conducted at all times, in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar applicable rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(kk) ***OFAC*****.** Neither the Company nor any of its subsidiaries or affiliates within the Company's control, nor any director or officer, nor, to the knowledge of the Company, after due inquiry, any employee, any agent or person acting on behalf of the Company or any of its subsidiaries is, or is controlled by a person or entity that is, (i) currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**") (collectively, "**Sanctions**"), nor (ii) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Cuba, Iran, North Korea, Sudan and Syria); and the Company will not directly or indirectly use the proceeds of this offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, or any joint venture partner or other person or entity, for the purpose of financing the

activities of or business with any person, or in any country or territory, that currently is the subject to any Sanctions or in any other manner that will result in a violation by any person (including any person participating in the transaction whether as underwriter, advisor, investor or otherwise) of Sanctions. For the past 5 years, the Company and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions.

(ll) ***Brokers.*** Except pursuant to this Agreement, there is no broker, finder or other party that is entitled to receive from the Company any brokerage or finder's fee or other fee or commission as a result of any transactions contemplated by this Agreement.

(mm) ***Forward-Looking Statements.*** Each financial or operational projection or other "forward-looking statement" (as defined by Section 27A of the Securities Act or Section 21E of the Exchange Act) contained in the Registration Statement, the Time of Sale Prospectus or the Prospectus (i) was so included by the Company in good faith and with reasonable basis after due consideration by the Company of the underlying assumptions, estimates and other applicable facts and circumstances and (ii) is accompanied by meaningful cautionary statements identifying those factors that could cause actual results to differ materially from those in such forward-looking statement. No such statement was made with the knowledge of an executive officer or director of the Company that is was false or misleading in any material respect.

(oo) ***Emerging Growth Company Status***. From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged in any Section 5(d) Written Communication or any Section 5(d) Oral Communication) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "**Emerging Growth Company**").

(pp) ***Communications***. The Company (i) has not alone engaged in communications with potential investors in reliance on Section 5(d) of the Securities Act other than Permitted Section 5(d) Communications with the consent of the Representatives with entities that are QIBs or IAIs and (ii) has not authorized anyone other than the Representatives to engage in such communications; the Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Marketing Materials, Section 5(d) Oral Communications and Section 5(d) Written Communications; as of the Applicable Time, each Permitted Section 5(d) Communication, when considered together with the Time of Sale Prospectus, did not, as of the Applicable Time, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Permitted Section 5(d) Communication, if any, does not, as of the date hereof, conflict with the information contained in the Registration Statement, the Preliminary Prospectus and the Prospectus; and the Company has filed publicly on EDGAR at least 21 calendar days prior to any "road show" (as defined in Rule 433 under the Act), any confidentially submitted registration statement and registration statement amendments relating to the offer and sale of the Offered Shares.

(qq) Franchise Law. The Company has made all the necessary filings and obtained all authorizations with such governmental entities necessary to carry on the business of a franchisor offering and selling franchises, except where the failure to obtain such filings and authorizations would not reasonably be expected to have a Material Adverse Effect. Except for those matters that would not reasonably be expected to have a Material Adverse Effect and except for the suspension, if any, of franchise registrations for limited time periods specified in certain states in connection with a proposed acquisition, all franchise registrations remain in full force and effect and are not the subject of any existing or, to the knowledge of the Company, threatened proceeding that might, in whole or in part, result in the

termination, revocation, modification, suspension, conditioning or dissolution of any such franchise registration and/or any other circumstance that may impede or preclude the Company's ability routinely to renew or amend (as the case may be) any such franchise registration and/or enter into franchise agreements in any jurisdictions in any material respect. The Company is in compliance with the applicable requirements of the FTC Trade Regulation Rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" (the "**FTC Rule**"), and is in compliance with the applicable requirements of franchise registration law pertaining to the offer and sale of franchises, except for any non-compliance that would not reasonably be expected to have a Material Adverse Effect. Each franchise disclosure document of the Company and its subsidiaries (each, an "**FDD**") is in material compliance, as of the effective date of such FDD, with the applicable disclosure provisions of the FTC Rule and the franchise disclosure laws of those states with which the Company has obtained registration or exemption of franchise offers and sales, except for any non-compliance that would not reasonably be expected to have a Material Adverse Effect. Except for any non-compliance that would not reasonably be expected to have a Material Adverse Effect, no FDD contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. To the Company's knowledge, the Company is not subject to a notice of violation of the FTC Rule or any franchise registration law or any cease and desist order issued by the Federal Trade Commission regarding the Company or the Guarantor's franchising activities.

(rr) ***Franchise Agreements.*** Each of the franchise agreements entered into by the Company or any of its subsidiaries and described or referred to in the Registration Statement, the Time of Sale Prospectus or the Prospectus (collectively, the "**Franchise Agreements**") is in full force and effect except as would not reasonably be expected to have a Material Adverse Effect; to the Company's knowledge, none of the persons or entities (the "**Franchise Owners**") holding franchise rights from the Company or any of its subsidiary is in breach or violation of, or in default under (nor has any event occurred which with notice, lapse of time, or both would result in any breach or violation of, or constitute a default under) any such Franchise Agreement; neither the Company nor any of its subsidiary nor, to the Company's knowledge, any Franchise Owner has the right to terminate any Franchise Agreement prior to the termination of its stated term, and no event or circumstance has occurred which, with notice, lapse of time or both, would create such a right; and neither the Company nor any subsidiary has received, or, to the Company's knowledge, been threatened with, a termination notice from any Franchise Owner or any other party with respect to a Franchise Agreement, nor is the Company aware that any person or entity intends to furnish such a notice.

(ss) ***Franchise Owners and Franchises.*** To the Company's knowledge: (i) each of the Franchise Owners and the franchises (collectively, the "**Franchises**") operated by any of the Franchise Owners has all necessary licenses, authorizations, consents and approvals and has made all necessary filings required under any federal, state, local or foreign law, regulation or rule, and has obtained all necessary licenses, authorizations, consents and approvals from other persons, in order to conduct its business, except where the failure to obtain any such licenses, authorizations, consents or approvals or make any such filings could not be expected, individually or in the aggregate, to have a Material Adverse Effect; (ii) none of the Franchise Owners is in violation of, or in default under, or has received notice of any proceedings relating to revocation or modification of, any such license, authorization, consent or approval or any federal, state, local or foreign law, regulation or rule (including those federal, state, local or foreign laws, regulations or rules applicable to reimbursement for healthcare or any related services) or any decree, order or judgment applicable to such Franchise Owner or the business conducted thereby, except where such violation, default, revocation or modification could not, individually or in the aggregate, be expected to have a Material Adverse Effect; and (iii) there are no actions, suits, claims, investigations or proceedings pending or threatened or contemplated to which any of the Franchise Owners is or would be a party or of which any of their respective properties is or would be subject at law or in equity, before or by

any federal, state, local or foreign governmental or regulatory commission, board, body, authority or agency, or before or by any self-regulatory organization or other non-governmental regulatory authority, except any such action, suit, claim, investigation or proceeding which could not result in a judgment, decree or order having, individually or in the aggregate, a Material Adverse Effect.

(tt) ***No Rights to Purchase Preferred Stock*****.** The issuance and sale of the Shares as contemplated hereby will not cause any holder of any shares of capital stock, securities convertible into or exchangeable or exercisable for capital stock or options, warrants or other rights to purchase capital stock or any other securities of the Company to have any right to acquire any shares of preferred stock of the Company.

(uu) ***No Contract Terminations*****.** Neither the Company nor any of its subsidiaries has sent or received any communication regarding termination of, or intent not to renew, any of the contracts or agreements referred to or described in any preliminary prospectus, the Prospectus or any free writing prospectus, or referred to or described in, or filed as an exhibit to, the Registration Statement, and no such termination or non-renewal has been threatened by the Company or any of its subsidiaries or, to the Company's knowledge, any other party to any such contract or agreement, which threat of termination or non-renewal has not been rescinded as of the date hereof.

(vv) ***Dividend Restrictions*****.** Except as disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, no subsidiary of the Company is prohibited or restricted, directly or indirectly, from paying dividends to the Company, or from making any other distribution with respect to such subsidiary's equity securities or from repaying to the Company or any other subsidiary of the Company any amounts that may from time to time become due under any loans or advances to such subsidiary from the Company or from transferring any property or assets to the Company or to any other subsidiary.

Any certificate signed by any officer of the Company or any of its subsidiaries and delivered to any Underwriter or to counsel for the Underwriters in connection with the offering, or the purchase and sale, of the Offered Shares shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

The Company has a reasonable basis for making each of the representations set forth in this Section 1. The Company acknowledges that the Underwriters and, for purposes of the opinions to be delivered pursuant to Section 6 hereof, counsel to the Company and counsel to the Underwriters, will rely upon the accuracy and truthfulness of the foregoing representations and hereby consents to such reliance.

Section 2. Purchase, Sale and Delivery of the Offered Shares.

(a) ***The Firm Shares*****.** Upon the terms herein set forth, the Company agrees to issue and sell to the several Underwriters an aggregate of 7,142,857 Firm Shares. On the basis of the representations, warranties and agreements herein contained, and upon the terms but subject to the conditions herein set forth, the Underwriters agree, severally and not jointly, to purchase from the Company the respective number of Firm Shares set forth opposite their names on Schedule A. The purchase price per Firm Share to be paid by the several Underwriters to the Company shall be $13.95 per share.

(b) ***The First Closing Date*****.** Delivery of certificates for the Firm Shares to be purchased by the Underwriters and payment therefor shall be made at the offices of Latham & Watkins LLP (or such other place as may be agreed to by the Company and the Representatives) at 9:00 a.m. New York City time, on July 30, 2014**,** or such other time and date not later than 1:30 p.m. New York City time, on August 13, 2014 as the Representatives shall designate by notice to the Company (the time and date of

such closing are called the "**First Closing Date**"). The Company hereby acknowledges that circumstances under which the Representatives may provide notice to postpone the First Closing Date as originally scheduled include, but are not limited to, any determination by the Company or the Representatives to recirculate to the public copies of an amended or supplemented Prospectus or a delay as contemplated by the provisions of Section 11.

(c) ***The Optional Shares; Option Closing Date.*** In addition, on the basis of the representations, warranties and agreements herein contained, and upon the terms but subject to the conditions herein set forth, the Company, hereby grants an option to the several Underwriters to purchase, severally and not jointly, up to an aggregate of 1,071,429 Optional Shares from the Company at the purchase price per share to be paid by the Underwriters for the Firm Shares; *provided, however*, that the amount paid by the Underwriters for any Optional Shares shall be reduced by an amount per share equal to any dividends declared by the Company and payable on the Firm Shares but not payable on such Optional Shares. The option granted hereunder may be exercised at any time and from time to time in whole or in part upon notice by the Representatives to the Company, which notice may be given at any time within 30 days from the date of this Agreement. Such notice shall set forth (i) the aggregate number of Optional Shares as to which the Underwriters are exercising the option and (ii) the time, date and place at which certificates for the Optional Shares will be delivered (which time and date may be simultaneous with, but not earlier than, the First Closing Date; and in the event that such time and date are simultaneous with the First Closing Date, the term "**First Closing Date**" shall refer to the time and date of delivery of certificates for the Firm Shares and such Optional Shares). Any such time and date of delivery, if subsequent to the First Closing Date, is called an "**Option Closing Date**," shall be determined by the Representatives and shall not be earlier than three or later than five full business days after delivery of such notice of exercise. If any Optional Shares are to be purchased, each Underwriter agrees, severally and not jointly, to purchase the number of Optional Shares (subject to such adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the total number of Optional Shares to be purchased as the number of Firm Shares set forth on Schedule A opposite the name of such Underwriter bears to the total number of Firm Shares. The Representatives may cancel the option at any time prior to its expiration by giving written notice of such cancellation to the Company.

(d) ***Public Offering of the Offered Shares.*** The Representatives hereby advise the Company that the Underwriters intend to offer for sale to the public, initially on the terms set forth in the Registration Statement, the Time of Sale Prospectus and the Prospectus, their respective portions of the Offered Shares as soon after this Agreement has been executed and the Registration Statement has been declared effective as the Representatives, in their sole judgment, have determined is advisable and practicable.

(e) ***Payment for the Offered Shares.*** (i) Payment for the Offered Shares shall be made at the First Closing Date (and, if applicable, at each Option Closing Date) by wire transfer of immediately available funds to the order of the Company.

(ii) It is understood that the Representatives have been authorized, for their own account and the accounts of the several Underwriters, to accept delivery of and receipt for, and make payment of the purchase price for, the Firm Shares and any Optional Shares the Underwriters have agreed to purchase. Each of Jefferies and Morgan Stanley, individually and not as the Representatives of the Underwriters, may (but shall not be obligated to) make payment for any Offered Shares to be purchased by any Underwriter whose funds shall not have been received by the Representatives by the First Closing Date or the applicable Option Closing Date, as the case may be, for the account of such Underwriter, but any such payment shall not relieve such Underwriter from any of its obligations under this Agreement.

(f) ***Delivery of the Offered Shares.*** The Company shall deliver, or cause to be delivered to the Representatives for the accounts of the several Underwriters certificates for the Firm Shares at the First

Closing Date, against release of a wire transfer of immediately available funds for the amount of the purchase price therefor. The Company shall also deliver, or cause to be delivered to the Representatives for the accounts of the several Underwriters, certificates for the Optional Shares the Underwriters have agreed to purchase at the First Closing Date or the applicable Option Closing Date, as the case may be, against the release of a wire transfer of immediately available funds for the amount of the purchase price therefor. The certificates for the Offered Shares shall be registered in such names and denominations as the Representatives shall have requested at least two full business days prior to the First Closing Date (or the applicable Option Closing Date, as the case may be) and shall be made available for inspection on the business day preceding the First Closing Date (or the applicable Option Closing Date, as the case may be) at a location in New York City as the Representatives may designate. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Underwriters.

Section 3. Additional Covenants.

The Company further covenants and agrees with each Underwriter as follows:

(a) ***Delivery of Registration Statement, Time of Sale Prospectus and Prospectus.*** The Company shall furnish to you in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period when a prospectus relating to the Offered Shares is required by the Securities Act to be delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) in connection with sales of the Offered Shares, as many copies of the Time of Sale Prospectus, the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(b) ***Representatives' Review of Proposed Amendments and Supplements.*** During the period when a prospectus relating to the Offered Shares is required by the Securities Act to be delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule), the Company (i) will furnish to the Representatives for review, a reasonable period of time prior to the proposed time of filing of any proposed amendment or supplement to the Registration Statement, a copy of each such amendment or supplement and (ii) will not amend or supplement the Registration Statement without the Representatives' prior written consent. Prior to amending or supplementing any preliminary prospectus, the Time of Sale Prospectus or the Prospectus, the Company shall furnish to the Representatives for review, a reasonable amount of time prior to the time of filing or use of the proposed amendment or supplement, a copy of each such proposed amendment or supplement. The Company shall not file or use any such proposed amendment or supplement without the Representatives' prior written consent. The Company shall file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) ***Free Writing Prospectuses.*** The Company shall furnish to the Representatives for review, a reasonable amount of time prior to the proposed time of filing or use thereof, a copy of each proposed free writing prospectus or any amendment or supplement thereto used by, or referred to by the Company, and the Company shall not file, use or refer to any proposed free writing prospectus or any amendment or supplement thereto without the Representatives' prior written consent. The Company shall furnish to each Underwriter, without charge, as many copies of any free writing prospectus used by or referred to by the Company as such Underwriter may reasonably request. If at any time when a prospectus is required by the Securities Act to be delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) in connection with sales of the Offered Shares (but in any event if at any time through and including the First Closing Date) there occurred or occurs an event or development as a result of which any free writing prospectus used by, or referred to by the Company conflicted or would conflict with the information contained in the Registration Statement or included or would include an

untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at such time, not misleading, the Company shall promptly amend or supplement such free writing prospectus to eliminate or correct such conflict so that the statements in such free writing prospectus as so amended or supplemented will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at such time, not misleading, as the case may be; *provided, however*, that prior to amending or supplementing any such free writing prospectus, the Company shall furnish to the Representatives for review, a reasonable amount of time prior to the proposed time of filing or use thereof, a copy of such proposed amended or supplemented free writing prospectus, and the Company shall not file, use or refer to any such amended or supplemented free writing prospectus without the Representatives' prior written consent.

(d) ***Filing of Underwriter Free Writing Prospectuses*****.** The Company shall not take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of such Underwriter that such Underwriter otherwise would not have been required to file thereunder.

(e) ***Amendments and Supplements to Time of Sale Prospectus*****.** If the Time of Sale Prospectus is being used to solicit offers to buy the Offered Shares at a time when the Prospectus is not yet available to prospective purchasers, and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus so that the Time of Sale Prospectus does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when delivered to a prospective purchaser, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, the Company shall (subject to Section 3(b) and Section 3(c) hereof) promptly prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when delivered to a prospective purchaser, not misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the information contained in the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(f) ***Certain Notifications and Required Actions*****.** After the date of this Agreement and until such time as the Underwriters are no longer required to deliver a Prospectus in order to confirm sales of the Offered Shares, the Company shall promptly advise the Representatives in writing of: (i) the receipt of any comments of, or requests for additional or supplemental information from, the Commission; (ii) the time and date of any filing of any post-effective amendment to the Registration Statement or any amendment or supplement to any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus or the Prospectus; (iii) the time and date that any post-effective amendment to the Registration Statement becomes effective; and (iv) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or any amendment or supplement to any preliminary prospectus, the Time of Sale Prospectus or the Prospectus or of any order preventing or suspending the use of any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus or the Prospectus, or of any proceedings to remove, suspend or terminate from listing or quotation the Shares from any securities exchange upon which they are listed for trading or included or designated for quotation, or of the threatening or initiation of any proceedings for any of such purposes. If the Commission shall enter any such stop order at any time, the Company will use its best efforts to obtain

the lifting of such order at the earliest possible moment. Additionally, the Company agrees that it shall comply with all applicable provisions of Rule 424(b), Rule 433 and Rule 430A under the Securities Act and will use its reasonable efforts to confirm that any filings made by the Company under Rule 424(b) or Rule 433 were received in a timely manner by the Commission.

(g) ***Amendments and Supplements to the Prospectus and Other Securities Act Matters.*** If any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus so that the Prospectus does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) to a purchaser, not misleading, or if in the opinion of the Representatives or counsel for the Underwriters it is otherwise necessary to amend or supplement the Prospectus to comply with applicable law, the Company agrees (subject to Section 3(b) and Section 3(c)) hereof to promptly prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) to a purchaser, not misleading or so that the Prospectus, as amended or supplemented, will comply with applicable law. Neither the Representatives' consent to, nor delivery of, any such amendment or supplement shall constitute a waiver of any of the Company's obligations under Section 3(b) or Section 3(c).

(h) ***Blue Sky Compliance.*** The Company shall cooperate with the Representatives and counsel for the Underwriters to qualify or register the Offered Shares for sale under (or obtain exemptions from the application of) the state securities or blue sky laws or Canadian provincial securities laws of those jurisdictions designated by the Representatives, shall comply with such laws and shall continue such qualifications, registrations and exemptions in effect so long as required for the distribution of the Offered Shares. The Company shall not be required to qualify as a foreign corporation or to take any action that would subject it to general service of process in any such jurisdiction where it is not presently qualified or where it would be subject to taxation as a foreign corporation. The Company will advise the Representatives promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Offered Shares for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company shall use its best efforts to obtain the withdrawal thereof at the earliest possible moment.

(i) ***Use of Proceeds.*** The Company shall apply the net proceeds from the sale of the Offered Shares sold by it in the manner described under the caption "Use of Proceeds" in the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(j) ***Transfer Agent.*** The Company shall engage and maintain, at its expense, a registrar and transfer agent for the Shares.

(k) ***Earnings Statement.*** The Company will make generally available to its security holders and to the Representatives as soon as practicable an earnings statement (which need not be audited) covering a period of at least twelve months beginning with the first fiscal quarter of the Company commencing after the date of this Agreement that will satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(l) ***Continued Compliance with Securities Laws*****.** The Company will comply with the Securities Act and the Exchange Act so as to permit the completion of the distribution of the Offered Shares as contemplated by this Agreement**,** the Registration Statement, the Time of Sale Prospectus and the Prospectus. Without limiting the generality of the foregoing, the Company will, during the period when a prospectus relating to the Offered Shares is required by the Securities Act to be delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule), file on a timely basis with the Commission and the NASDAQ Global Select Market all reports and documents required to be filed under the Exchange Act. Additionally, the Company shall report the use of proceeds from the issuance of the Offered Shares as may be required under Rule 463 under the Securities Act.

(m) ***[Reserved]***.

(n) ***Company to Provide Copy of the Prospectus in Form That May be Downloaded from the Internet*****.** If requested by the Representatives, the Company shall cause to be prepared and delivered, at its expense, within one business day from the effective date of this Agreement, to the Representatives an "electronic Prospectus" to be used in connection with the offering and sale of the Offered Shares. As used herein, the term "**electronic Prospectus**" means a form of Time of Sale Prospectus, and any amendment or supplement thereto, that meets each of the following conditions: (i) it shall be encoded in an electronic format, satisfactory to the Representatives, that may be transmitted electronically by the Representatives to offerees and purchasers of the Offered Shares; (ii) it shall disclose the same information as the paper Time of Sale Prospectus, except to the extent that graphic and image material cannot be disseminated electronically, in which case such graphic and image material shall be replaced in the electronic Prospectus with a fair and accurate narrative description or tabular representation of such material, as appropriate; and (iii) it shall be in or convertible into a paper format or an electronic format, satisfactory to Jefferies and Morgan Stanley, that will allow investors to store and have continuously ready access to the Time of Sale Prospectus at any future time, without charge to investors (other than any fee charged for subscription to the Internet as a whole and for on-line time). The Company hereby confirms that it has included or will include in the Prospectus filed pursuant to EDGAR or otherwise with the Commission and in the Registration Statement at the time it was declared effective an undertaking that, upon receipt of a request by an investor or his or her representative, the Company shall transmit or cause to be transmitted promptly, without charge, a paper copy of the Time of Sale Prospectus.

(o) ***Agreement Not to Offer or Sell Additional Shares*****.** During the period commencing on and including the date hereof and continuing through and including the 180th day following the date of the Prospectus (such period, as extended as described below, being referred to herein as the "**Lock-up Period**"), the Company will not, without the prior written consent of Jefferies and Morgan Stanley (which consent may be withheld in their sole discretion), directly or indirectly: (i) sell, offer to sell, contract to sell or lend any Shares or Related Securities (as defined below); (ii) effect any short sale, or establish or increase any "put equivalent position" (as defined in Rule 16a-1(h) under the Exchange Act) or liquidate or decrease any "call equivalent position" (as defined in Rule 16a-1(b) under the Exchange Act) of any Shares or Related Securities; (iii) pledge, hypothecate or grant any security interest in any Shares or Related Securities; (iv) in any other way transfer or dispose of any Shares or Related Securities; (v) enter into any swap, hedge or similar arrangement or agreement that transfers, in whole or in part, the economic risk of ownership of any Shares or Related Securities, regardless of whether any such transaction is to be settled in securities, in cash or otherwise; (vi) announce the offering of any Shares or Related Securities; (vii) file any registration statement under the Securities Act in respect of any Shares or Related Securities (other than as contemplated by this Agreement with respect to the Offered Shares); or (viii) publicly announce the intention to do any of the foregoing; *provided, however*, that the Company may (A) effect the transactions contemplated hereby and (B) issue Shares or options to purchase Shares, or issue Shares upon exercise of options, pursuant to any stock option, stock bonus or other stock plan or arrangement described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, but only if the

holders of such Shares or options agree in writing with the Underwriters not to sell, offer, dispose of or otherwise transfer any such Shares or options on the terms of the Form of Lock-up Agreement in Exhibit A hereto, (C) file a registration statement on Form S-8 with respect to any securities issued or issuable pursuant to any stock option, stock bonus or other stock plan or arrangement described in the Registration Statement, the Time of Sale Prospectus and the Prospectus (D) sell or issue or enter into an agreement to sell or issue Shares or Related Securities in connection with bona fide mergers or acquisitions, joint ventures, commercial relationships or other strategic transactions (whether by means of merger, stock purchase, asset purchase or otherwise), *provided*, that the aggregate number of Shares or Related Securities that the Company may sell or issue or agree to sell or issue pursuant to this clause (D) shall not exceed 5% of the total number of shares of the Company's Common Stock issued and outstanding immediately following the completions of the transactions contemplated by this Agreement and, *provided further*, that each recipient of Shares or Related Securities pursuant to this clause (D) shall execute a lock-up agreement substantially in the form of Exhibit A hereto. For purposes of the foregoing, "**Related Securities**" shall mean any options or warrants or other rights to acquire Shares or any securities exchangeable or exercisable for or convertible into Shares, or to acquire other securities or rights ultimately exchangeable or exercisable for, or convertible into, Shares.

(p) ***Future Reports to the Representatives.*** During the period of five years hereafter, the Company will furnish to the Representatives, c/o Jefferies, at Jefferies LLC, 520 Madison Avenue, New York, New York 10022, Attention: Global Head of Syndicate and Morgan Stanley, at Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Department, with a copy to the Legal Department: (i) as soon as practicable after the end of each fiscal year, copies of the Annual Report of the Company containing the balance sheet of the Company as of the close of such fiscal year and statements of income, stockholders' equity and cash flows for the year then ended and the opinion thereon of the Company's independent public or certified public accountants; (ii) as soon as practicable after the filing thereof, copies of each proxy statement, Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K or other report filed by the Company with the Commission or any securities exchange; and (iii) as soon as available, copies of any report or communication of the Company furnished or made available generally to holders of its capital stock; *provided, however,* that the requirements of this Section 3(q) shall be satisfied to the extent that such reports, statement, communications, financial statements or other documents are available on EDGAR.

(q) ***Investment Limitation.*** The Company shall not invest or otherwise use the proceeds received by the Company from its sale of the Offered Shares in such a manner as would require the Company or any of its subsidiaries to register as an investment company under the Investment Company Act.

(r) ***No Stabilization or Manipulation; Compliance with Regulation M.*** The Company will not take, and will ensure that no affiliate of the Company will take, directly or indirectly, any action designed to or that might cause or result in stabilization or manipulation of the price of the Shares or any reference security with respect to the Shares, whether to facilitate the sale or resale of the Offered Shares or otherwise, and the Company will, and shall cause each of its affiliates to, comply with all applicable provisions of Regulation M.

(s) ***Enforce Lock-Up Agreements.*** During the Lock-up Period, the Company will enforce all agreements between the Company and any of its security holders that restrict or prohibit, expressly or in operation, the offer, sale or transfer of Shares or Related Securities or any of the other actions restricted or prohibited under the terms of the form of Lock-up Agreement. In addition, the Company will direct the transfer agent to place stop transfer restrictions upon any such securities of the Company that are bound by such "lock-up" agreements for the duration of the periods contemplated in such agreements, including, without limitation, "lock-up" agreements entered into by the Company's officers and directors and stockholders pursuant to Section 6(h) hereof.

(t) ***Company to Provide Interim Financial Statements.*** Prior to the First Closing Date and each applicable Option Closing Date, the Company will furnish the Underwriters, as soon as they have been prepared by or are available to the Company, a copy of any unaudited interim financial statements of the Company for any period subsequent to the period covered by the most recent financial statements appearing in the Registration Statement and the Prospectus.

(u) ***Amendments and Supplements to Permitted Section 5(d) Communications***. If at any time following the distribution of any Permitted Section 5(d) Communication, there occurred or occurs an event or development as a result of which such Permitted Section 5(d) Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Permitted Section 5(d) Communication to eliminate or correct such untrue statement or omission.

(v) ***Emerging Growth Company Status***. The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) the time when a prospectus relating to the Offered Shares is not required by the Securities Act to be delivered (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) and (ii) the expiration of the Lock-Up Period (as defined herein).

The Representatives, on behalf of the several Underwriters, may, in their sole discretion, waive in writing the performance by the Company of any one or more of the foregoing covenants or extend the time for their performance.

Section 4. Payment of Expenses. The Company agrees to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby, including without limitation (i) all expenses incident to the issuance and delivery of the Offered Shares (including all printing and engraving costs), (ii) all fees and expenses of the registrar and transfer agent of the Shares, (iii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Offered Shares to the Underwriters, (iv) all fees and expenses of the Company's counsel, independent public or certified public accountants and other advisors, (v) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of the Registration Statement (including financial statements, exhibits, schedules, consents and certificates of experts), the Time of Sale Prospectus, the Prospectus, each free writing prospectus used by, or referred to by the Company, and each preliminary prospectus, each Permitted Section 5(d) Communication, and all amendments and supplements thereto, and this Agreement, (vi) all filing fees, attorneys' fees and expenses incurred by the Company or the Underwriters in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Offered Shares for offer and sale under the state securities or blue sky laws or the provincial securities laws of Canada, and, if requested by the Representatives, preparing and printing a "Blue Sky Survey" or memorandum and a "Canadian wrapper", and any supplements thereto, advising the Underwriters of such qualifications, registrations and exemptions, (vii) the costs, fees and expenses of counsel for the Underwriters in connection with the FINRA review and approval of the Underwriters' participation in the offering and distribution of the Offered Shares, including any related filing fees and the legal fees of, and disbursements by, counsel to the Underwriters, provided that the aggregate attorneys' costs, fees and expenses pursuant to this clause (vii) shall not exceed $30,000, (viii) the costs and expenses of the Company relating to investor presentations on any "road show", any Permitted Section 5(d) Communication or any Section 5(d) Oral Communication

undertaken in connection with the offering of the Offered Shares, including, without limitation, expenses associated with the preparation or dissemination of any electronic road show, expenses associated with the production of road show slides and graphics, travel and lodging expenses of the representatives, employees and officers of the Company, and 50% of the cost of any aircraft chartered in connection with the road show, with the other 50% being paid by the Underwriters, (ix) the fees and expenses associated with listing the Offered Shares on the NASDAQ Global Select Market, and (x) all other fees, costs and expenses of the nature referred to in Item 13 of Part II of the Registration Statement. Except as provided in this Section 4 or in Section 7, Section 9 or Section 10 hereof, the Underwriters shall pay their own expenses, including the fees and disbursements of their counsel.

Section 5. Covenant of the Underwriters. Each Underwriter severally and not jointly covenants with the Company not to take any action that would result in the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of such Underwriter that otherwise would not, but for such actions, be required to be filed by the Company under Rule 433(d).

Section 6. Conditions of the Obligations of the Underwriters. The respective obligations of the several Underwriters hereunder to purchase and pay for the Offered Shares as provided herein on the First Closing Date and, with respect to the Optional Shares, each Option Closing Date, shall be subject to the accuracy of the representations and warranties on the part of the Company set forth in Section 1 hereof as of the date hereof and as of the First Closing Date as though then made and, with respect to the Optional Shares, as of each Option Closing Date as though then made, to the timely performance by the Company of its covenants and other obligations hereunder, and to each of the following additional conditions:

(a) ***Comfort Letter*****.** On the date hereof, the Representatives shall have received from BDO USA, LLP, independent registered public accountants for the Company, a letter dated the date hereof addressed to the Underwriters, in form and substance satisfactory to the Representatives, containing statements and information of the type ordinarily included in accountant's "comfort letters" to underwriters, delivered according to Statement of Auditing Standards No. 72 (or any successor bulletin), with respect to the audited and unaudited financial statements and certain financial information contained in the Registration Statement, the Time of Sale Prospectus, and each free writing prospectus, if any.

(b) ***Compliance with Registration Requirements; No Stop Order; No Objection from FINRA*****.**

(i) The Company shall have filed the Prospectus with the Commission (including the information required by Rule 430A under the Securities Act) in the manner and within the time period required by Rule 424(b) under the Securities Act; or the Company shall have filed a post-effective amendment to the Registration Statement containing the information required by such Rule 430A, and such post-effective amendment shall have become effective.

(ii) No stop order suspending the effectiveness of the Registration Statement or any post-effective amendment to the Registration Statement shall be in effect, and no proceedings for such purpose shall have been instituted or threatened by the Commission.

(iii) FINRA shall have raised no objection to the fairness and reasonableness of the underwriting terms and arrangements.

(c) ***No Material Adverse Change or Ratings Agency Change.*** For the period from and after the date of this Agreement and through and including the First Closing Date and, with respect to any Optional Shares purchased after the First Closing Date, each Option Closing Date:

(i) in the judgment of the Representatives there shall not have occurred any Material Adverse Change; and

(ii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any securities of the Company or any of its subsidiaries by any "nationally recognized statistical rating organization" as that term is used in Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

(d) ***Opinion of Counsel for the Company.*** On each of the First Closing Date and each Option Closing Date the Representatives shall have received the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, counsel for the Company, dated as of such date, in form and substance reasonably satisfactory to the Representatives and previously agreed upon with counsel to the Representatives.

(e) ***Opinion of Counsel for the Underwriters.*** On each of the First Closing Date and each Option Closing Date the Representatives shall have received the opinion of Latham & Watkins LLP, counsel for the Underwriters in connection with the offer and sale of the Offered Shares, in form and substance satisfactory to the Underwriters, dated as of such date, with executed copies for each of the other Underwriters named on the Prospectus cover page.

(f) ***Officers' Certificate.*** On each of the First Closing Date and each Option Closing Date, the Representatives shall have received a certificate executed by the Chief Executive Officer or President of the Company and the Chief Financial Officer of the Company, dated as of such date, to the effect set forth in Section 6(b)(ii) and further to the effect that:

(i) for the period from and including the date of this Agreement through and including such date, there has not occurred any Material Adverse Change;

(ii) the representations, warranties and covenants of the Company set forth in Section 1 of this Agreement are true and correct with the same force and effect as though expressly made on and as of such date; and

(iii) the Company has complied with all the agreements hereunder and satisfied all the conditions on its part to be performed or satisfied hereunder at or prior to such date.

(g) ***Bring-down Comfort Letter.*** On each of the First Closing Date and each Option Closing Date the Representatives shall have received from BDO USA, LLP, independent registered public accountants for the Company, a letter dated such date, in form and substance satisfactory to the Representatives, which letter shall: (i) reaffirm the statements made in the letter furnished by them pursuant to Section 6(a), except that the specified date referred to therein for the carrying out of procedures shall be no more than three business days prior to the First Closing Date or the applicable Option Closing Date, as the case may be; and (ii) cover certain financial information contained in the Prospectus.

(h) ***Lock-Up Agreements.*** On or prior to the date hereof, the Company shall have furnished to the Representatives an agreement in the form of Exhibit A hereto from each of the persons listed on Exhibit B hereto, and each such agreement shall be in full force and effect on each of the First Closing Date and each Option Closing Date.

(i) ***Rule 462(b) Registration Statement.*** In the event that a Rule 462(b) Registration Statement is filed in connection with the offering contemplated by this Agreement, such Rule 462(b) Registration Statement shall have been filed with the Commission on the date of this Agreement and shall have become effective automatically upon such filing.

(j) ***Approval of Listing***. At the First Closing Date, the Offered Shares shall have been approved for listing on the NASDAQ Global Select Market, subject only to official notice of issuance.

(k) ***CFO Certificate.*** On the date hereof and each of the First Closing Date and each Option Closing Date, the Representatives shall have received a certificate executed by the Chief Financial Officer of the Company, dated as of each such date, to the effect set forth in Exhibit D. hereto and to such further effect as the Representatives shall reasonably request.

(l) ***Additional Documents***. On or before each of the First Closing Date and each Option Closing Date, the Representatives and counsel for the Underwriters shall have received such information, documents and opinions as they may reasonably request for the purposes of enabling them to pass upon the issuance and sale of the Offered Shares as contemplated herein, or in order to evidence the accuracy of any of the representations and warranties, or the satisfaction of any of the conditions or agreements, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Offered Shares as contemplated herein and in connection with the other transactions contemplated by this Agreement shall be satisfactory in form and substance to the Representatives and counsel for the Underwriters.

If any condition specified in this Section 6 is not satisfied when and as required to be satisfied, this Agreement may be terminated by the Representatives by notice from Jefferies and Morgan Stanley to the Company at any time on or prior to the First Closing Date and, with respect to the Optional Shares, at any time on or prior to the applicable Option Closing Date, which termination shall be without liability on the part of any party to any other party, except that Section 4, Section 7, Section 9 and Section 10 shall at all times be effective and shall survive such termination.

Section 7. Reimbursement of Underwriters' Expenses. If this Agreement is terminated by the Representatives pursuant to Section 6, Section 11 or Section 12, or if the sale to the Underwriters of the Offered Shares on the First Closing Date is not consummated because of any refusal, inability or failure on the part of the Company to perform any agreement herein or to comply with any provision hereof, the Company agrees to reimburse the Representatives and the other Underwriters (or such Underwriters as have terminated this Agreement with respect to themselves), severally, upon demand for all documented out-of-pocket expenses that shall have been reasonably incurred by the Representatives and the Underwriters in connection with the proposed purchase and the offering and sale of the Offered Shares, including, but not limited to, reasonably incurred fees and disbursements of counsel, printing expenses, travel expenses, postage, facsimile and telephone charges.

Section 8. Effectiveness of this Agreement. This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

Section 9. Indemnification.

(a) ***Indemnification of the Underwriters.*** The Company agrees to indemnify and hold harmless each Underwriter, its affiliates, directors, officers, employees and agents, and each person, if any, who controls any Underwriter within the meaning of the Securities Act or the Exchange Act against any loss, claim, damage, liability or expense, as incurred, to which such Underwriter or such affiliate, director, officer, employee, agent or controlling person may become subject, under the Securities Act, the Exchange

Act, other federal or state statutory law or regulation, or the laws or regulations of foreign jurisdictions where Offered Shares have been offered or sold or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of the Company), insofar as such loss, claim, damage, liability or expense (or actions in respect thereof as contemplated below) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereto, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; or (ii) any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus that the Company has used, referred to or filed, or is required to file, pursuant to Rule 433(d) of the Securities Act, any Marketing Material, any Section 5(d) Written Communication or the Prospectus (or any amendment or supplement to the foregoing), or the omission or alleged omission to state therein a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading; and to reimburse each Underwriter and each such affiliate, director, officer, employee, agent and controlling person for any and all documented expenses (including the fees and disbursements of counsel) as such expenses are reasonably incurred by such Underwriter or such affiliate, director, officer, employee, agent or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; *provided, however*, that the foregoing indemnity agreement shall not apply to any loss, claim, damage, liability or expense to the extent, but only to the extent, arising out of or based upon any untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company by the Representatives in writing expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any such free writing prospectus, any Marketing Material, any Section 5(d) Written Communication or the Prospectus (or any amendment or supplement thereto), it being understood and agreed that the only such information consists of the information described in Section 9(b) below. The indemnity agreement set forth in this Section 9(a) shall be in addition to any liabilities that the Company may otherwise have.

(b) ***Indemnification of the Company, its Directors and Officers***. Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act, against any loss, claim, damage, liability or expense, as incurred, to which the Company, or any such director, officer or controlling person may become subject, under the Securities Act, the Exchange Act, or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of such Underwriter), insofar as such loss, claim, damage, liability or expense (or actions in respect thereof as contemplated below) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or any amendment thereto, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus, that the Company has used, referred to or filed, or is required to file, pursuant to Rule 433 of the Securities Act, any Section 5(d) Written Communication or the Prospectus (or any such amendment or supplement) or the omission or alleged omission to state therein a material fact necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, such preliminary prospectus, the Time of Sale Prospectus, such free writing prospectus, such Section 5(d) Written Communication or the Prospectus (or any such amendment or supplement), in reliance upon and in conformity with information relating to such Underwriter furnished to the Company by the Representatives in writing expressly for use therein; and to reimburse the Company, or any such director,

officer or controlling person for any and all expenses (including the fees and disbursements of counsel) as such expenses are incurred by the Company, or any such director, officer or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. The Company hereby acknowledges that the only information that the Representatives have furnished to the Company expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) of the Securities Act, any Section 5(d) Written Communication or the Prospectus (or any amendment or supplement to the foregoing) are the statements set forth in (i) the first sentence of the third paragraph under the caption "Underwriting," (ii) the first paragraph under the caption "Underwriting—Commission and Expenses," (iii) the statements concerning stabilizing transactions and syndicate covering transactions under the caption "Underwriting—Stabilization" and (iv) the first sentence of the first paragraph under the caption "Underwriting—Electronic Distribution" in the Preliminary Prospectus and the Prospectus. The indemnity agreement set forth in this Section 9(b) shall be in addition to any liabilities that each Underwriter may otherwise have.

(c) ***Notifications and Other Indemnification Procedures.*** Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof, but the omission so to notify the indemnifying party will not relieve the indemnifying party from any liability which it may have to any indemnified party to the extent the indemnifying party is not materially prejudiced (through the forfeiture of substantive rights and defenses) as a proximate result of such failure and shall not in any event relieve the indemnifying party from any liability that it may have otherwise than on account of this indemnity agreement. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it shall elect, jointly with all other indemnifying parties similarly notified, by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; *provided, however*, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that a conflict may arise between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of such indemnifying party's election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 9 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the fees and expenses of more than one separate counsel (together with local counsel), representing the indemnified parties who are parties to such action), which counsel (together with any local counsel) for the indemnified parties shall be selected by Jefferies and Morgan Stanley (in the case of counsel for the indemnified parties referred to in Section 9(a) above) or by the Company (in the case of counsel for the indemnified parties referred to in Section 9(b) above)) or (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action or (iii) the indemnifying party has authorized in writing the employment of counsel for the indemnified party at the expense of the indemnifying party, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party and shall be paid as they are incurred.

(d) ***Settlements.*** The indemnifying party under this Section 9 shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party against any loss, claim, damage, liability or expense by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by Section 9(c) hereof, the indemnifying party shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement, compromise or consent to the entry of judgment in any pending or threatened action, suit or proceeding in respect of which any indemnified party is or could have been a party and indemnity was or could have been sought hereunder by such indemnified party, unless such settlement, compromise or consent includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding and does not include an admission of fault or culpability or a failure to act by or on behalf of such indemnified party.

Section 10. Contribution. If the indemnification provided for in Section 9 is for any reason held to be unavailable to or otherwise insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount paid or payable by such indemnified party, as incurred, as a result of any losses, claims, damages, liabilities or expenses referred to therein (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, from the offering of the Offered Shares pursuant to this Agreement or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Offered Shares pursuant to this Agreement shall be deemed to be in the same respective proportions as the total proceeds from the offering of the Offered Shares pursuant to this Agreement (before deducting expenses) received by the Company, and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth on the front cover page of the Prospectus, bear to the aggregate initial public offering price of the Offered Shares as set forth on such cover. The relative fault of the Company, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Underwriters, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 9(c), any documented legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim. The provisions set forth in Section 9(c) with respect to notice of commencement of any action shall apply if a claim for contribution is to be made under this Section 10; *provided, however,* that no additional notice shall be required with respect to any action for which notice has been given under Section 9(c) for purposes of indemnification.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 10 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 10.

Notwithstanding the provisions of this Section 10, no Underwriter shall be required to contribute any amount in excess of the underwriting discounts and commissions received by such Underwriter in connection with the Offered Shares underwritten by it and distributed to the public. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 10 are several, and not joint, in proportion to their respective underwriting commitments as set forth opposite their respective names on Schedule A. For purposes of this Section 10, each affiliate, director, officer, employee and agent of an Underwriter and each person, if any, who controls an Underwriter within the meaning of the Securities Act or the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of the Securities Act and the Exchange Act shall have the same rights to contribution as the Company.

Section 11. Default of One or More of the Several Underwriters. If, on the First Closing Date or any Option Closing Date any one or more of the several Underwriters shall fail or refuse to purchase Offered Shares that it or they have agreed to purchase hereunder on such date, and the aggregate number of Offered Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase does not exceed 10% of the aggregate number of the Offered Shares to be purchased on such date, the Representatives may make arrangements satisfactory to the Company for the purchase of such Offered Shares by other persons, including any of the Underwriters, but if no such arrangements are made by such date, the other Underwriters shall be obligated, severally and not jointly, in the proportions that the number of Firm Shares set forth opposite their respective names on Schedule A bears to the aggregate number of Firm Shares set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as may be specified by the Representatives with the consent of the non-defaulting Underwriters, to purchase the Offered Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date. If, on the First Closing Date or any Option Closing Date any one or more of the Underwriters shall fail or refuse to purchase Offered Shares and the aggregate number of Offered Shares with respect to which such default occurs exceeds 10% of the aggregate number of Offered Shares to be purchased on such date, and arrangements satisfactory to the Representatives and the Company for the purchase of such Offered Shares are not made within 48 hours after such default, this Agreement shall terminate without liability of any party to any other party except that the provisions of Section 4, Section 7, Section 9 and Section 10 shall at all times be effective and shall survive such termination. In any such case either the Representatives or the Company shall have the right to postpone the First Closing Date or the applicable Option Closing Date, as the case may be, but in no event for longer than seven days in order that the required changes, if any, to the Registration Statement and the Prospectus or any other documents or arrangements may be effected.

As used in this Agreement, the term "**Underwriter**" shall be deemed to include any person substituted for a defaulting Underwriter under this Section 11. Any action taken under this Section 11 shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

Section 12. Termination of this Agreement. Prior to the purchase of the Firm Shares by the Underwriters on the First Closing Date, this Agreement may be terminated by the Representatives by notice given to the Company if at any time: (i) trading or quotation in any of the

Company's securities shall have been suspended or limited by the Commission or by the NASDAQ Global Select Market, or trading in securities generally on either the NASDAQ Global Market or the New York Stock Exchange shall have been suspended or limited, or minimum or maximum prices shall have been generally established on any of such stock exchanges; (ii) a general banking moratorium shall have been declared by any of federal, New York or California authorities; (iii) there shall have occurred any outbreak or escalation of national or international hostilities or any crisis or calamity, or any change in the United States or international financial markets, or any substantial change or development involving a prospective substantial change in United States' or international political, financial or economic conditions, as in the judgment of Jefferies and Morgan Stanley is material and adverse and makes it impracticable to market the Offered Shares in the manner and on the terms described in the Time of Sale Prospectus or the Prospectus or to enforce contracts for the sale of securities; (iv) in the judgment of Jefferies and Morgan Stanley there shall have occurred any Material Adverse Change; or (v) the Company shall have sustained a loss by strike, fire, flood, earthquake, accident or other calamity of such character as in the judgment of Jefferies and Morgan Stanley may interfere materially with the conduct of the business and operations of the Company regardless of whether or not such loss shall have been insured. Any termination pursuant to this Section 12 shall be without liability on the part of (a) the Company to any Underwriter, except that the Company shall be obligated to reimburse the expenses of the Representatives and the Underwriters pursuant to Section 4 or Section 7 hereof or (b) any Underwriter to the Company; *provided, however,* that the provisions of Section 9 and Section 10 shall at all times be effective and shall survive such termination.

Section 13. No Advisory or Fiduciary Relationship. The Company acknowledges and agrees that (a) the purchase and sale of the Offered Shares pursuant to this Agreement, including the determination of the public offering price of the Offered Shares and any related discounts and commissions, is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other hand, (b) in connection with the offering contemplated hereby and the process leading to such transaction, each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, or its stockholders, or its creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company on other matters) and no Underwriter has any obligation to the Company with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (d) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering contemplated hereby and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

Section 14. Representations and Indemnities to Survive Delivery. The respective indemnities, agreements, representations, warranties and other statements of the Company, of its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of its or their partners, officers or directors or any controlling person, as the case may be, and, anything herein to the contrary notwithstanding, will survive delivery of and payment for the Offered Shares sold hereunder and any termination of this Agreement.

Section 15. Notices. All communications hereunder shall be in writing and shall be mailed, hand delivered or telecopied and confirmed to the parties hereto as follows:

If to the Representatives:	Jefferies LLC 520 Madison Avenue New York, New York 10022 Facsimile: (646) 619-4437 Attention: General Counsel
	Morgan Stanley & Co. LLC 1585 Broadway New York, New York 10036 Attention: Equity Syndicate Desk, with a copy to the Legal Department
with a copy to:	Latham & Watkins LLP 885 Third Avenue New York, NY 10022 Attention: Marc Jaffe
If to the Company:	El Pollo Loco Holdings, Inc. 3535 Harbor Boulevard, Suite 100 Costa Mesa, California 92626 Attention: Laurance Roberts, Chief Financial Officer
with a copy to:	Skadden, Arps, Slate, Meagher & Flom LLP 4 Times Square New York, New York 10036 Attention: Richard Aftanas

Any party hereto may change the address for receipt of communications by giving written notice to the others.

Section 16. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto, including any substitute Underwriters pursuant to Section 11 hereof, and to the benefit of the affiliates, directors, officers, employees, agents and controlling persons referred to in Section 9 and Section 10, and in each case their respective successors and personal representatives, and no other person will have any right or obligation hereunder. The term "**successors**" shall not include any purchaser of the Offered Shares as such from any of the Underwriters merely by reason of such purchase.

Section 17. Partial Unenforceability. The invalidity or unenforceability of any section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other section, paragraph or provision hereof. If any section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

Section 18. Governing Law Provisions. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York applicable to agreements made and to be performed in such state. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("**Related Proceedings**") may be instituted in the

federal courts of the United States of America located in the Borough of Manhattan in the City of New York or the courts of the State of New York in each case located in the Borough of Manhattan in the City of New York (collectively, the "**Specified Courts**"), and each party irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any such court (a "**Related Judgment**"), as to which such jurisdiction is non-exclusive) of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit, action or other proceeding brought in any such court has been brought in an inconvenient forum.

Section 19. General Provisions. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in two or more counterparts, each one of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement may not be amended or modified unless in writing by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit. The section headings herein are for the convenience of the parties only and shall not affect the construction or interpretation of this Agreement.

Each of the parties hereto acknowledges that it is a sophisticated business person who was adequately represented by counsel during negotiations regarding the provisions hereof, including, without limitation, the indemnification provisions of Section 9 and the contribution provisions of Section 10, and is fully informed regarding said provisions. Each of the parties hereto further acknowledges that the provisions of Section 9 and Section 10 hereof fairly allocate the risks in light of the ability of the parties to investigate the Company, its affairs and its business in order to assure that adequate disclosure has been made in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, each free writing prospectus and the Prospectus (and any amendments and supplements to the foregoing), as contemplated by the Securities Act and the Exchange Act.

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to the Company the enclosed copies hereof, whereupon this instrument, along with all counterparts hereof, shall become a binding agreement in accordance with its terms.

Very truly yours,

EL POLLO LOCO HOLDINGS, INC.

By: /s/ Laurance Roberts
Name: Laurance Roberts
Title: CFO

The foregoing Underwriting Agreement is hereby confirmed and accepted by the Representatives in New York, New York as of the date first above written.

JEFFERIES LLC
MORGAN STANLEY & CO. LLC
Acting individually and as Representatives of the several
Underwriters named in the attached Schedule A.

JEFFERIES LLC

By: /s/ Michael A. Bauer
Name: Michael A. Bauer
Title: Managing Director

MORGAN STANLEY & CO. LLC

By: /s/ John Tyree
Name: John Tyree
Title: Managing Director

Schedule A

Underwriters	Number of Firm Shares to be Purchased
Jefferies LLC	2,571,429
Morgan Stanley & Co. LLC	2,571,429
Robert W. Baird & Co. Incorporated	857,142
William Blair & Company, L.L.C.	642,857
Stifel, Nicolaus & Company, Incorporated	500,000
Total	7,142,857

Schedule B

Free Writing Prospectuses Included in the Time of Sale Prospectus

None.

Schedule C

Permitted Section 5(d) Communications

None.

Exhibit A

Form of Lock-up Agreement

[✕], 2014

JEFFERIES LLC
520 Madison Avenue
New York, New York 10022

MORGAN STANLEY & CO. LLC
1585 Broadway
New York, New York 10036

As Representatives of the several Underwriters

RE: El Pollo Loco Holdings, Inc. (the "**Company**")

Ladies & Gentlemen:

The undersigned is an owner of shares of common stock, par value $0.01 per share, of the Company ("**Shares**") or of securities convertible into or exchangeable or exercisable for Shares. The Company proposes to conduct a public offering of Shares (the "**Offering**") for which Jefferies LLC ("**Jefferies**") and Morgan Stanley & Co. LLC ("**Morgan Stanley**") will act as the representatives of the underwriters. The undersigned recognizes that the Offering will benefit each of the Company and the undersigned. The undersigned acknowledges that the underwriters are relying on the representations and agreements of the undersigned contained in this letter agreement in conducting the Offering and, at a subsequent date, in entering into an underwriting agreement (the "**Underwriting Agreement**") and other underwriting arrangements with the Company with respect to the Offering.

Annex A sets forth definitions for capitalized terms used in this letter agreement that are not defined in the body of this agreement. Those definitions are a part of this agreement.

In consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agrees that, during the Lock-up Period, the undersigned will not (and will cause any Family Member not to), without the prior written consent of Jefferies and Morgan Stanley, which may withhold their consent in their sole discretion:

- Sell or Offer to Sell any Shares or Related Securities currently or hereafter owned either of record or beneficially (as defined in Rule 13d-3 under the Exchange Act) by the undersigned or such Family Member,
- enter into any Swap,
- make any demand for, or exercise any right with respect to, the registration under the Securities Act of the offer and sale of any Shares or Related Securities, or cause to be filed a registration statement, prospectus or prospectus supplement (or an amendment or supplement thereto) with respect to any such registration, or
- publicly announce any intention to do any of the foregoing.

The foregoing will not apply to the registration of the offer and sale of the Shares, and the sale of the Shares to the underwriters, in each case as contemplated by the Underwriting Agreement. In addition, the foregoing restrictions shall not apply to: (i) the transfer of Shares or Related Securities by (a) gift, or by will or intestate succession to a Family Member or to a trust whose beneficiaries consist exclusively of one or more of the undersigned and/or a Family Member (b) by operation of law pursuant to a qualified domestic order or in connection with a divorce settlement or (c) as a distribution or transfer to: (x) general partners, limited partners, members, stockholders or affiliates of the undersigned or (y) any corporation, partnership, limited liability company or other entity which controls or is controlled by the undersigned or to entities under common control with the undersigned and/or Family Members of the undersigned; *provided, however*, that in any such case, it shall be a condition to such transfer that (a) each transferee executes and delivers to Jefferies and Morgan Stanley an agreement in form and substance satisfactory to Jefferies and Morgan Stanley stating that such transferee is receiving and holding such Shares and/or Related Securities subject to the provisions of this letter agreement and agrees not to Sell or Offer to Sell such Shares and/or Related Securities, engage in any Swap or engage in any other activities restricted under this letter agreement except in accordance with this letter agreement (as if such transferee had been an original signatory hereto), and (b) prior to the expiration of the Lock-up Period, no public disclosure or filing under the Exchange Act by any party to the transfer (donor, donee, transferor or transferee) shall be required, or made voluntarily, reporting a reduction in beneficial ownership of Shares in connection with such transfer, and (ii) transfers of Shares or Related Securities pursuant to a liquidation, tender offer, merger, consolidation, stock exchange or similar transaction that results in all of the Company's stockholders having the right to exchange their Shares or Related Securities for cash, securities or other property; *provided,* that if any such liquidation, tender offer, merger, consolidation, stock exchange or similar transaction is not consummated, such Shares and/or Related Securities shall remain subject to this agreement.

[If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any Company-directed Shares the undersigned may purchase or otherwise receive in the Offering (including pursuant to a directed share program).]

In addition, if the undersigned is an officer or director of the Company, (i) Jefferies and Morgan Stanley agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of Shares, Jefferies and/or Morgan Stanley will notify the Company of the impending release or waiver, and (ii) the Company (in accordance with the provisions of the Underwriting Agreement) will announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by Jefferies and Morgan Stanley hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if both (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter agreement that are applicable to the transferor to the extent and for the duration that such terms remain in effect at the time of the transfer.

Notwithstanding anything herein to the contrary, nothing herein shall prevent (i) any exercise (including a cashless exercise) of options or warrants to purchase Shares or Related Securities or the conversion or exchange of any equity security held by the undersigned, individually or as a fiduciary, pursuant to employee benefit plans or arrangements described in the Registration Statement, the Time of Sale Prospectus and the Prospectus (each as defined in the Underwriting Agreement), into Shares, including the payment of taxes (estimated or otherwise) due as a result of such exercise with respect to options outstanding as of the date hereof; *provided* that any Shares received upon such exercise, conversion or exchange will be subject to this letter agreement, or (ii) the undersigned from establishing a contract, instruction or plan in accordance with Rule 10b5-1 under the Exchange Act or from amending the same, so

long as there are no direct or indirect offers, sales, pledges or distributions of securities of the Company under such plans during the Lock-Up Period, and no filing or other public announcement of the execution of such plan shall be required or voluntarily made by the undersigned or the Company during the Lock-Up Period.

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of Shares or Related Securities held by the undersigned and the undersigned's Family Members, if any, except in compliance with the foregoing restrictions.

With respect to the Offering only, the undersigned waives any registration rights relating to registration under the Securities Act of the offer and sale of any Shares and/or any Related Securities owned either of record or beneficially by the undersigned, including any rights to receive notice of the Offering.

The undersigned confirms that the undersigned has not, and has no knowledge that any Family Member has, directly or indirectly, taken any action designed to or that might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale of the Shares. The undersigned will not, and will cause any Family Member not to take, directly or indirectly, any such action.

Whether or not the Offering occurs as currently contemplated or at all depends on market conditions and other factors. The Offering will only be made pursuant to the Underwriting Agreement, the terms of which are subject to negotiation between the Company and the underwriters.

The undersigned hereby represents and warrants that the undersigned has full power, capacity and authority to enter into this letter agreement. This letter agreement is irrevocable and will be binding on the undersigned and the successors, heirs, personal representatives and assigns of the undersigned.

This letter shall lapse and become null and void if (i) the Offering shall not have occurred on or before December 31, 2014, (ii) prior to the execution of the Underwriting Agreement by the parties thereto, either Jefferies or Morgan Stanley, on the one hand, or the Company, on the other hand, notifies the other(s) in writing that it does not intend to proceed with the Offering or (iii) the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Shares to be sold thereunder.

This letter agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Signature

Printed Name of Person Signing

(Indicate capacity of person signing if signing as custodian or trustee, or on behalf of an entity)

Certain Defined Terms
Used in Lock-up Agreement

For purposes of the letter agreement to which this Annex A is attached and of which it is made a part:

- "**Call Equivalent Position**" shall have the meaning set forth in Rule 16a-1(b) under the Exchange Act.
- "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended.
- "**Family Member**" shall mean the spouse of the undersigned, an immediate family member of the undersigned or an immediate family member of the undersigned's spouse, in each case living in the undersigned's household or whose principal residence is the undersigned's household (regardless of whether such spouse or family member may at the time be living elsewhere due to educational activities, health care treatment, military service, temporary internship or employment or otherwise). "**Immediate family member**" as used above shall have the meaning set forth in Rule 16a-1(e) under the Exchange Act.
- "**Lock-up Period**" shall mean the period beginning on the date hereof and continuing through the close of trading on the date that is 180 days after the date of the Prospectus (as defined in the Underwriting Agreement).
- "**Put Equivalent Position**" shall have the meaning set forth in Rule 16a-1(h) under the Exchange Act.
- "**Related Securities**" shall mean any options or warrants or other rights to acquire Shares or any securities exchangeable or exercisable for or convertible into Shares, or to acquire other securities or rights ultimately exchangeable or exercisable for or convertible into Shares.
- "**Securities Act**" shall mean the Securities Act of 1933, as amended.
- "**Sell or Offer to Sell**" shall mean to:
    - sell, offer to sell, contract to sell or lend,
    - effect any short sale or establish or increase a Put Equivalent Position or liquidate or decrease any Call Equivalent Position
    - pledge, hypothecate or grant any security interest in, or
    - in any other way transfer or dispose of,

  in each case whether effected directly or indirectly.
- "**Swap**" shall mean any swap, hedge or similar arrangement or agreement that transfers, in whole or in part, the economic risk of ownership of Shares or Related Securities, regardless of whether any such transaction is to be settled in securities, in cash or otherwise.

Capitalized terms not defined in this Annex A shall have the meanings given to them in the body of this lock-up agreement.

Exhibit B

Directors, Officers and Others
Signing Lock-up Agreement

Directors:

Stephen J. Sather
Michael G. Maselli
Dean C. Kehler
Wesley W. Barton
John M. Roth
Douglas K. Ammerman
Samuel N. Borgese

Officers:

Laurance Roberts
Kay Bogeajis
Edward Valle

Others:

Trimaran Pollo Partners, L.L.C.

- Argentina
- Australia
- Belize
- Bolivia
- Brazil
- Canada
- Chile
- China
- Costa Rica
- Denmark
- Dominican Republic
- Ecuador
- Egypt
- European Community
- France
- Guatemala
- Honduras
- Hong Kong
- Israel
- Indonesia
- Italy
- Japan
- Korea, Republic of
- Malaysia
- New Zealand
- Nicaragua
- Norway
- Panama
- Paraguay
- Peru
- Philippines
- Portugal
- Singapore
- South Africa
- Spain
- Switzerland
- Thailand
- Trinidad and Tobago
- United Kingdom
- Uruguay
- Venezuela
- Vietnam

Exhibit D

Form of CFO Certificate

El Pollo Loco Holdings, Inc.

Chief Financial Officer's Certificate

[✕], 2014

I, Laurance Roberts, do hereby certify that I am the Chief Financial Officer of El Pollo Loco Holdings, Inc. (the "Company") and, solely in my capacity as such, and based upon an examination of the consolidated financial records and schedules of the Company and its subsidiaries undertaken by myself or members of my staff who are responsible for the Company's financial and accounting matters, do hereby certify that:

1. I am providing this certificate in connection with the sale of shares of common stock, par value $0.01 per share of the Company (the "Shares") pursuant to an underwriting agreement, dated [✕], 2014 by and among the Company and Jefferies LLC and Morgan Stanley & Co. LLC, as Representatives of the several Underwriters named in Schedule A thereto (the "Underwriters"), as described in the registration statement (No. 333-197001) on Form S-1 filed by the Company under the Securities Act of 1933 (the "Registration Statement") relating to the Shares.

2. I am familiar with the accounting, operations and records systems of the Company and its consolidated subsidiaries.

3. I have (i) read the Registration Statement and (ii) reviewed the circled information contained in the attached Exhibit A, which is included in the Registration Statement.

4. Nothing has come to my attention that causes me to believe that the circled information contained in the attached Exhibit A is not true, correct and accurate in all respects.

5. I or members of my staff who are responsible for the Company's financial and accounting matters have reviewed the items circled in the attached Exhibit A and have compared such items to the Company's accounting records, and found such items to be in agreement.

This certificate is being furnished to the Underwriters solely to assist them in conducting their investigation of the Company and its subsidiaries in connection with the offering of the Shares.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the undersigned has executed and delivered this chief financial officer's certificate on behalf of the Company as of , 2014.

By: _____
Name: Laurance Roberts
Title: Chief Financial Officer

Exhibit 10.1

INCOME TAX RECEIVABLE AGREEMENT

Dated as of July 30, 2014

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This INCOME TAX RECEIVABLE AGREEMENT (as amended from time to time, this "**Agreement**"), dated as of July 30, 2014, is hereby entered into by and among El Pollo Loco Holdings, Inc., a Delaware corporation (the "**Corporation**"), and Trimaran Pollo Partners, L.L.C., a Delaware limited liability company (the "**Existing Stockholders Representative**").

RECITALS

WHEREAS, the Existing Stockholders (as defined below), in the aggregate, hold 100% of the capital stock of the Corporation, directly or indirectly;

WHEREAS, pursuant to the IPO, the Corporation will become a public company;

WHEREAS, after the IPO, the Corporation will have, for applicable Tax purposes, net operating losses, capital losses, charitable deductions, alternative minimum tax credit carryforwards (including alternative minimum tax credits that arise after the IPO as a result of limitations on the use of NOLs under the alternative minimum tax) and other Tax attributes (collectively, "**NOLs**") that relate to periods (or portions thereof) prior to the IPO (the "**Pre-IPO NOLs**");

WHEREAS, the Pre-IPO NOLs may reduce the reported liability for Taxes (as defined below) that the Corporation might otherwise be required to pay;

WHEREAS, the parties to this Agreement desire to make certain arrangements with respect to the effect of the Pre-IPO NOLs on the reported liability for Taxes of the Corporation;

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. As used in this Agreement, the terms set forth in this Article I shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"**Acceptance Notice**" is defined in Section 7.06(b) of this Agreement.

"**Advisory Firm**" means (i) BDO USA, LLP or (ii) any other law or accounting firm that is (A) nationally recognized as being expert in Tax matters and (B) that is agreed to by the Corporation and the Existing Stockholders Representative.

"**Advisory Firm Letter**" means a letter from the Advisory Firm stating, as applicable, that the relevant Schedule, notice, or other information to be provided by the Corporation to the Existing Stockholders Representative and all supporting schedules and work papers were prepared in a manner consistent with the terms of this Agreement and, to the extent not expressly provided in this Agreement, on a reasonable basis in light of the facts and applicable law in existence on the date to which such Schedule, notice or other information relates.

"**Affiliate**" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person.

"**Agreed Rate**" means LIBOR plus 200 basis points.

"**Agreement**" is defined in the preamble of this Agreement.

"**Amended Schedule**" is defined in Section 2.03(b) of this Agreement.

"**Applicable Percentage**" means, with respect to any Existing Stockholder, the percentage set forth opposite such Existing Stockholder's name on Schedule A, as amended from time to time to reflect any Permitted Assignment.

"**Bankruptcy Code**" means Title 11 of the United States Code.

"**Business Day**" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the State of New York shall not be regarded as a Business Day.

"**Change of Control**" means:

(i) a merger, reorganization, consolidation or similar form of business transaction directly involving the Corporation or indirectly involving the Corporation through one or more intermediaries unless, immediately following such transaction, more than 50% of the voting power of the then outstanding voting stock or other equity securities of the Corporation resulting from consummation of such transaction (including, without limitation, any parent or ultimate parent corporation of such Person that as a result of such transaction owns directly or indirectly the Corporation and all or substantially all of the Corporation's assets) is held by the existing equityholders of the Corporation (determined immediately prior to such transaction and related transactions); or

(ii) a transaction in which the Corporation, directly or indirectly, sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to another Person other than an Affiliate; or

(iii) a transaction in which there is an acquisition of control of the Corporation by a Person or group of Persons (other than Existing Stockholders and their Affiliates). For purposes of this definition, the term "control" shall mean the possession, directly or indirectly, of the power to either (A) vote more than 50% of the securities having ordinary voting power for the election of directors (or comparable positions in the case of partnerships and limited liability companies), or (B) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise (for the avoidance of doubt, consent rights do not constitute "control" for the purpose of this definition); or

(iv) the liquidation or dissolution of the Corporation.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Compensated NOLs**" means, for a Taxable Year, the Pre-IPO NOLs utilized in determining the Realized Tax Benefit under this Agreement.

"**Control**" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"**Corporation**" is defined in the preamble of this Agreement.

"**Corporation Return**" means the federal Tax Return and/or state and/or local and/or foreign Tax Return, as applicable, of the Corporation filed with respect to Taxes of any Taxable Year.

"**Default Rate**" means LIBOR plus 500 basis points.

"**Determination**" shall (a) have the meaning ascribed to such term in Section 1313(a) of the Code or similar provision of state, local and foreign Tax law, as applicable, or (b) mean any other event (including the execution of a Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

"**Early Termination Date**" means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

"**Early Termination Notice**" is defined in Section 4.02 of this Agreement.

"**Early Termination Payment**" is defined in Section 4.03(b) of this Agreement.

"**Early Termination Rate**" means LIBOR plus 500 basis points.

"**Early Termination Schedule**" is defined in Section 4.02 of this Agreement.

"**Expert**" is defined in Section 7.09 of this Agreement.

"**Existing Stockholders**" means the stockholders of the Corporation immediately prior to the IPO as listed on Schedule A (including the Existing Stockholders Representative in its capacity as an Existing Stockholder) together with any Permitted Assignees.

"**Existing Stockholders Representative**" is defined in the preamble of this Agreement.

"**Interest Amount**" is defined in Section 3.01(b) of this Agreement.

"**IPO**" means the initial public offering of common stock of the Corporation pursuant to the registration statement on Form S-1 (File No. 333-197001) of the Corporation.

"**ITR Payment**" means any Tax Benefit Payment or Early Termination Payment required to be made by the Corporation to the Existing Stockholders under this Agreement.

"**LIBOR**" means, during any period, an interest rate per annum equal to the one-year LIBOR reported, on the date two days prior to the first day of such period, on the Reuters Screen page "LIBOR01" (or if such screen shall cease to be publicly available, as reported by any other publicly available source of such market rate) for London interbank offered rates for U.S. dollar deposits for such period.

"**Material Objection Notice**" is defined in Section 2.03(a) of this Agreement.

"**Net Tax Benefit**" is defined in Section 3.01(b) of this Agreement.

"**NOLs**" is defined in the recitals of this Agreement.

"**Non-NOL Tax Liability**" means, with respect to any Taxable Year, the liability for Taxes of the Corporation determined using the same methods, elections, conventions and similar practices used on the relevant Corporation Return, but without taking into account the Pre-IPO NOLs, if any. If all or any portion of the liability for Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of such Taxable Year, such liability shall not be included in determining the Non-NOL Tax Liability unless and until there has been a Determination with respect to such liability.

"**Payment Date**" means any date on which a payment is required to be made pursuant to this Agreement.

"**Permitted Assignee**" means any Person who receives rights under this Agreement pursuant to a Permitted Assignment.

"**Permitted Assignment**" is defined in Section 7.06(b) of this Agreement.

"**Person**" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

"**Pre-IPO NOLs**" is defined in the recitals of this Agreement; provided, however, that in order to determine whether an NOL is a Pre-IPO NOL, the Taxable Year of the Corporation that includes the effective date of the IPO shall be deemed to end as of the close of such effective date.

"**Proposed Price**" is defined in Section 7.06(b) of this Agreement.

"**Proposed Transfer Notice**" is defined in Section 7.06(b) of this Agreement.

"**Proposed Transferor**" is defined in Section 7.06(b) of this Agreement.

"**Realized Tax Benefit**" means, for a Taxable Year, the excess, if any, of the Non-NOL Tax Liability over the actual liability for Taxes of the Corporation for such Taxable Year. If all or a portion of the actual Tax liability for Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination with respect to such liability.

"**Reconciliation Dispute**" is defined in Section 7.09 of this Agreement.

"**Reconciliation Procedures**" means those procedures set forth in Section 7.09 of this Agreement.

"**Schedule**" means, as applicable, any Tax Benefit Schedule and the Early Termination Schedule.

"**Subsidiaries**" means, with respect to any Person, as of any date of determination, any other Person as to which such Person owns, directly or indirectly, or otherwise controls more than 50% of the voting power (or other similar interests) or the sole general partner interest or managing member or similar interest of such Person.

"**Tax Benefit Payment**" is defined in Section 3.01(b) of this Agreement.

"**Tax Benefit Schedule**" is defined in Section 2.02 of this Agreement.

"**Tax Return**" means any return, declaration, report or similar statement required to be filed with respect to Taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated Tax.

"**Taxable Year**" means a taxable year as defined in Section 441(b) of the Code or comparable section of state, local or foreign Tax law, as applicable (and, therefore, for the avoidance of doubt, may include a period of less than 12 months for which a Tax Return is made), ending on or after the date hereof.

"**Tax**" and "**Taxes**" means any and all U.S. federal, state, local and foreign taxes, assessments or similar charges measured with respect to net income or profits, and any interest related to such taxes.

"**Taxing Authority**" means any domestic, foreign, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

"**Uncompensated NOLs**" means, for a Taxable Year, the excess, if any, of the Pre-IPO NOLs over the sum of all Compensated NOLs for all prior Taxable Years.

"**Valuation Assumptions**" means, as of an Early Termination Date, the assumptions that (i) in each Taxable Year ending on or after such Early Termination Date, the Corporation will generate an

amount of taxable income sufficient to fully use the Pre-IPO NOLs, (ii) the utilization of the Pre-IPO NOLs for such Taxable Year or future Taxable Years, as applicable, will be determined based on the Tax laws in effect on the Early Termination Date, and (iii) the federal income Tax rates and state, local and foreign income Tax rates that will be in effect for each such Taxable Year will be those specified for each such Taxable Year by the Code and other laws as in effect on the Early Termination Date.

ARTICLE II

DETERMINATION OF REALIZED TAX BENEFIT

Section 2.01 Pre-IPO NOLs. The Corporation, on the one hand, and the Existing Stockholders, on the other hand, acknowledge that the Corporation may utilize the Pre-IPO NOLs to reduce the amount of Taxes that the Corporation would otherwise be required to pay in the future.

Section 2.02 Tax Benefit Schedule. Within ninety (90) calendar days after the filing of the U.S. federal income Tax Return of the Corporation for any Taxable Year in which there is a Realized Tax Benefit (or as soon as practicable thereafter), the Corporation shall provide to the Existing Stockholders Representative a schedule showing, in reasonable detail, (i) the calculation of the Realized Tax Benefit for such Taxable Year, and (ii) the calculation of any payment to be made to the Existing Stockholders pursuant to Article III with respect to such Taxable Year (collectively, a "**Tax Benefit Schedule**"). Concurrently, the Corporation shall also deliver to the Existing Stockholders Representative all supporting information (including work papers and valuation reports) reasonably necessary to support the calculation of such payment. The Schedule will become final as provided in Section 2.03(a) and may be amended as provided in Section 2.03(b) (subject to the procedures set forth in Section 2.03(a)).

Section 2.03 Procedures; Amendments.

(a) Procedure. Each time the Corporation delivers to the Existing Stockholders Representative an applicable Schedule under this Agreement, including any Amended Schedule delivered pursuant to Section 2.03(b), and including any Early Termination Schedule or amended Early Termination Schedule, the Corporation shall also (x) deliver to the Existing Stockholders Representative the schedules, valuation reports, if any, and work papers necessary to provide reasonable detail regarding the preparation of the Schedule and an Advisory Firm Letter related to such Schedule and (y) allow the Existing Stockholders Representative reasonable access at no cost to the appropriate representatives at each of the Corporation and the Advisory Firm in connection with a review of such Schedule. The applicable Schedule shall become final and binding on all parties unless the Existing Stockholders Representative, within thirty (30) calendar days after receiving any Schedule or amendment thereto, provides the Corporation with notice of a material objection to such Schedule (a "**Material Objection Notice**") made in good faith. If the parties, for any reason, are unable to successfully resolve the issues raised in any Material Objection Notice within thirty (30) calendar days of receipt by the Corporation of such Material Objection Notice, the Corporation and the Existing Stockholders Representative shall employ the Reconciliation Procedures.

(b) Amended Schedule. The applicable Schedule for any Taxable Year may be amended from time to time by the Corporation (i) in connection with a Determination affecting such

Schedule, (ii) to correct material inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the Schedule was provided to the Existing Stockholders Representative, (iii) to comply with the Expert's determination under the Reconciliation Procedures, (iv) to reflect a material change (relative to the amounts in the original Schedule) in the Realized Tax Benefit for such Taxable Year attributable to a carryback or carryforward of a loss or other Tax item to such Taxable Year, or (v) to reflect a material change (relative to the amounts in the original Schedule) in the Realized Tax Benefit for such Taxable Year attributable to an amended Tax Return filed for such Taxable Year (such Schedule, an "**Amended Schedule**"); provided, however, that an amendment under clause (i) attributable to an audit of a Tax Return by an applicable Taxing Authority shall not be made on an Amended Schedule unless and until there has been a Determination with respect to such change. The Corporation shall provide any Amended Schedule to the Existing Stockholders Representative within thirty (30) calendar days of the occurrence of an event referred to in clauses (i) through (v) of the preceding sentence, and any such Amended Schedule shall be subject to approval procedures similar to those described in Section 2.03(a).

ARTICLE III

TAX BENEFIT PAYMENTS

Section 3.01 Payments.

(a) Timing of Payments. Within five (5) Business Days of a Tax Benefit Schedule delivered to the Existing Stockholders Representative becoming final in accordance with Section 2.03(a), the Corporation shall pay to each Existing Stockholder for such Taxable Year its share (based on such Existing Stockholder's Applicable Percentage) of the Tax Benefit Payment determined pursuant to Section 3.01(b). Each such Tax Benefit Payment shall be made by wire transfer of immediately available funds to a bank account of the applicable Existing Stockholder previously designated by the Existing Stockholder to the Corporation, or as otherwise agreed by the Corporation and the Existing Stockholder. For the avoidance of doubt, no Tax Benefit Payment shall be made in respect of estimated Tax payments, including, without limitation, estimated federal income Tax payments.

(b) A "**Tax Benefit Payment**" means an amount, not less than zero, equal to eighty-five percent (85%) of the sum of the Net Tax Benefit (as defined below) and the Interest Amount (as defined below). The "**Net Tax Benefit**" shall equal: (i) the Corporation's Realized Tax Benefit, if any, for a Taxable Year *plus* (ii) the amount of the excess (if any) of the Realized Tax Benefit reflected on an Amended Schedule for a previous Taxable Year over the Realized Tax Benefit reflected on the Tax Benefit Schedule for such previous Taxable Year, *minus* (iii) the excess (if any) of the Realized Tax Benefit reflected on a Tax Benefit Schedule for a previous Taxable Year over the Realized Tax Benefit reflected on the Amended Schedule for such previous Taxable Year; provided, however, that, to the extent of the amounts described in clauses (ii) and (iii) of this definition were taken into account in determining any Tax Benefit Payment in a preceding Taxable Year, such amounts shall not be taken into account in determining a Tax Benefit Payment attributable to any other Taxable Year; provided, further, for the avoidance of doubt, that the Existing Stockholders shall not be required to return any portion of any previously made Tax Benefit Payment. The "**Interest Amount**" shall equal the interest on any Net Tax Benefit calculated at the Agreed Rate from the due date (without extensions) for filing the Corporation Return with respect to Taxes for the Taxable Year for which the Net Tax Benefit is being measured until the Payment Date.

Section 3.02 No Duplicative Payments. It is intended that the provisions of this Agreement will not result in duplicative payment of any amount (including interest) required under this Agreement, and this Agreement shall be construed and interpreted in accordance with such intention.

ARTICLE IV

TERMINATION

Section 4.01 Termination, Early Termination and Breach of Agreement.

(a) This Agreement shall terminate at the time that all Tax Benefit Payments have been made to the Existing Stockholders under this Agreement.

(b) Notwithstanding Section 4.01(a), the Corporation may terminate this Agreement by paying to the Existing Stockholders the Early Termination Payment. Upon payment of the Early Termination Payment by the Corporation, neither the Corporation nor any Existing Stockholder shall have any further payment obligations under this Agreement, other than any (i) Tax Benefit Payment agreed to by the Corporation and the Existing Stockholders as due and payable but unpaid as of the Early Termination Notice and (ii) Tax Benefit Payment due for a Taxable Year ending prior to, with or including the date of the Early Termination Notice (except to the extent that such amount is included in the Early Termination Payment).

(c) In the event that the Corporation breaches any of its material obligations under this Agreement, whether as a result of failure to make any payment when due, failure to honor any other material obligation required hereunder or by operation of law as a result of the rejection of this Agreement in a case commenced under the Bankruptcy Code or otherwise, then all obligations hereunder shall be accelerated, and such obligations shall be calculated pursuant to this Article IV as if an Early Termination Notice had been delivered on the date of such breach and shall include, but not be limited to, (1) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of such breach, (2) any Tax Benefit Payment agreed to by the Corporation and the Existing Stockholders as due and payable but unpaid as of the Early Termination Notice and (3) any Tax Benefit Payment due for the Taxable Year ending prior to, with or including the date of a breach. Notwithstanding the foregoing, in the event that the Corporation breaches this Agreement, the Existing Stockholders shall be entitled to elect to receive the amounts set forth in (1), (2) and (3) above or to seek specific performance of the terms hereof. The parties agree that the failure to make any payment due pursuant to this Agreement within six months of the date such payment is due shall be deemed to be a breach of a material obligation under this Agreement for all purposes of this Agreement, and that it will not be considered to be a breach of a material obligation under this Agreement to make a payment due pursuant to this Agreement within six months of the date such payment is due; provided, that, in the event that payment is not made within six months of the date such payment is due, the Existing Stockholders (through the Existing Stockholders Representative) shall be required to give written notice to the Corporation that the Corporation has breached its material obligations, and so long as such payment is made within five (5) Business Days of the delivery of such notice to the Corporation, the Corporation shall no longer be deemed to be in breach of its material obligations under this Agreement.

(d) Change of Control. In the event of a Change of Control, all obligations hereunder shall be accelerated, and such obligations shall be calculated pursuant to this ARTICLE IV as if an Early Termination Notice had been delivered on the date of the Change of Control and shall include, but not be limited to, (1) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the effective date of the Change of Control, (2) any Tax Benefit Payment agreed to by the Corporation and the Existing Stockholders as due and payable but unpaid as of the Early Termination Notice and (3) any Tax Benefit Payment due for any Taxable Year ending prior to, with or including the effective date of a Change of Control. No later than ninety (90) calendar days after such Change of Control, the Corporation shall deliver to the Existing Stockholder Representative an Early Termination Schedule (which, for the avoidance of doubt, shall be deemed to have been delivered on the date of the Change of Control) and the Existing Stockholders Representative shall have thirty (30) calendar days after actually receiving the Early Termination Schedule to provide the Corporation with a Material Objection Notice in accordance with the procedures set forth in Section 4.02 below. In the event of a Change of Control, the Early Termination Payment shall be calculated utilizing the Valuation Assumptions, substituting in each case the phrase "closing date of a Change of Control" for the phrase "Early Termination Date."

Section 4.02 Early Termination Notice. If the Corporation chooses to exercise its right of early termination under Section 4.01 above, the Corporation shall deliver to the Existing Stockholders Representative notice of such intention to exercise such right (an "**Early Termination Notice**") and a schedule (the "**Early Termination Schedule**") specifying the Corporation's intention to exercise such right and showing in reasonable detail the information required pursuant to Section 2.02 and the calculation of the Early Termination Payment. The Early Termination Schedule shall become final and binding on all parties unless the Existing Stockholders Representative, within thirty (30) calendar days after receiving the Early Termination Schedule, provides the Corporation with a Material Objection Notice. If the parties, for any reason, are unable to successfully resolve the issues raised in such Material Objection Notice within thirty (30) calendar days after receipt by the Corporation of the Material Objection Notice, the Corporation and the Existing Stockholders Representative shall employ the Reconciliation Procedures as described in Section 7.09 of this Agreement.

Section 4.03 Payment upon Early Termination. (a) Within three (3) Business Days after agreement is reached between the Existing Stockholders Representative and the Corporation concerning the Early Termination Schedule, the Corporation shall pay to each Existing Stockholder its share (based on such Existing Stockholder's Applicable Percentage) of an amount equal to the Early Termination Payment. Such payment shall be made by wire transfer of immediately available funds to a bank account designated by the applicable Existing Stockholders, or as otherwise agreed by the Corporation and the Existing Stockholder.

(b) The "**Early Termination Payment**" means, as of the date of the delivery of an Early Termination Schedule, the present value, discounted at the Early Termination Rate as of such date, of all Tax Benefit Payments that would be required to be paid by the Corporation to the Existing Stockholders beginning from the Early Termination Date (other than a payment which is not required to

be paid solely by reason of the application of Section 5.02), assuming the Valuation Assumptions are applied. For purposes of calculating, pursuant to this Section 4.03(b), the present value of all Tax Benefit Payments that would be required to be paid, it shall be assumed that, absent the Early Termination Notice, all Tax Benefit Payments would be paid on the due date (without extensions) for filing the Corporation Return with respect to Taxes for each Taxable Year.

Section 4.04 No Other Right of Early Termination. For the avoidance of doubt, the Existing Stockholders shall not be entitled to cause an early termination of this Agreement.

ARTICLE V

LATE PAYMENTS AND COMPLIANCE WITH INDEBTEDNESS

Section 5.01 Late Payments by the Corporation. The amount of all or any portion of any ITR Payment not made to the Existing Stockholders when due under the terms of this Agreement shall be payable together with any interest thereon, computed at the Default Rate and commencing from the date on which such ITR Payment was due and payable.

Section 5.02 Compliance with Indebtedness. Notwithstanding anything to the contrary provided herein, if at the time any amounts become due and payable hereunder the Corporation is not permitted, pursuant to the terms of the Corporation's or its direct or indirect Subsidiaries' debt documentation, to pay such amounts, or the Corporation's direct or indirect Subsidiaries are not permitted, pursuant to the terms of the Corporation's or its direct or indirect Subsidiaries' debt documentation, to make payments to the Corporation to allow the Corporation to pay such amounts, then the Corporation shall by notice to the Existing Stockholders Representative be permitted to defer the payment of such amounts until each condition rendering the payment of such amounts impermissible as described in this Section 5.02 is no longer applicable. At the time such condition is no longer applicable and no other such condition exist, such amounts (together with accrued and unpaid interest thereon as described in the immediately following sentence) shall become due and payable immediately. If the Corporation defers the payment of any such amounts pursuant to the first sentence in this Section 5.02, such amounts shall accrue interest at the Agreed Rate per annum from the date that such amounts originally became due and owing pursuant to the terms hereof to the date that such amounts were paid. For the avoidance of doubt, any payment not made due to the preceding sentence shall not be deemed a breach under Section 4.01(c) of this Agreement unless and until such payment remains unpaid thirty (30) calendar days after the date on which such condition described in this Section 5.02 is no longer applicable.

ARTICLE VI

NO DISPUTES; CONSISTENCY; COOPERATION

Section 6.01 The Existing Stockholders Representative's Participation in the Corporation's Tax Matters. Except as otherwise provided herein, the Corporation shall have full responsibility for, and sole discretion over, all Tax matters concerning the Corporation, including, without limitation, the preparation, filing or amendment of any Tax Return and the defense, contest, or settlement of any issue pertaining to Taxes, subject to a requirement that the Corporation act in good faith in connection with its

control of any matter which is reasonably expected to affect any Existing Stockholder's rights and obligations under this Agreement. Notwithstanding the foregoing, the Corporation shall notify the Existing Stockholders Representative of, and keep the Existing Stockholders Representative reasonably informed with respect to, the portion of any audit of the Corporation by a Taxing Authority the outcome of which is reasonably expected to affect any Existing Stockholder's rights and obligations under this Agreement, and shall give the Existing Stockholders Representative reasonable opportunity to provide information and participate in the applicable portion of such audit.

Section 6.02 Consistency. Except upon the written advice of the Advisory Firm, the Corporation and the Existing Stockholders Representative agree to report and cause to be reported for all purposes, including federal, state, local, and foreign Tax purposes and financial reporting purposes, all Tax-related items (including, without limitation, ITR Payments) in a manner consistent with that specified by the Corporation in any Schedule or statement required or permitted to be provided by or on behalf of the Corporation under this Agreement or under applicable Tax law. Any dispute concerning such advice shall be subject to the Reconciliation Procedures; provided, however, that, only the Existing Stockholders Representative shall have the right to object to such advice pursuant this Section 6.02.

Section 6.03 Cooperation. Each of the Corporation and the Existing Stockholders (through the Existing Stockholders Representative) shall (a) furnish to the other party in a timely manner such information, documents and other materials as the other party may reasonably request for purposes of making or approving any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any audit, examination or controversy with any Taxing Authority, (b) make itself available to the other party and its representatives to provide explanations of documents and materials and such other information as the requesting party or its representatives may reasonably request in connection with any of the matters described in clause (a) above, and (c) reasonably cooperate in connection with any such matter, and the requesting party shall reimburse the other party for any reasonable third-party costs and expenses incurred pursuant to this Section 6.03.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed duly given and received (a) on the date of delivery, if delivered personally, or by facsimile (upon confirmation of transmission by the sender's fax machine if sent on a Business Day (or otherwise on the next Business Day)) or (b) on the first Business Day following the date of dispatch, if delivered by a recognized next-day courier service. All notices hereunder shall be delivered as set forth below or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

If to the Corporation, to:

El Pollo Loco Holdings, Inc.
3535 Harbor Blvd. Suite 100
Costa Mesa, CA 92626
Fax: (714) 599-5593
Attention: Chief Financial Officer

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, New York 10036
Fax: (212) 735-2000
Attention: Richard B. Aftanas and Steven J. Matays

If to the Existing Stockholders Representative, to:

Trimaran Pollo Partners, L.L.C.
1325 Avenue of the Americas, 25th Floor
New York, NY 10019
Fax: (212) 616-3709
Attention: Wesley Barton

Any party may change its address or fax number by giving the other party written notice of its new address or fax number in the manner set forth above.

Section 7.02 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 7.03 Entire Agreement; Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns. The parties to this Agreement agree that the Existing Stockholders are expressly made third party beneficiaries to this Agreement. Other than as provided in the preceding sentence, nothing in this Agreement, express or implied, is intended to, or shall, confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.04 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 7.05 Severability. If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced as a result of any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner, in order that the transactions contemplated hereby may be consummated as originally contemplated to the greatest extent possible.

Section 7.06 Successors; Assignment; Amendments; Waivers. (a) The Existing Stockholders Representative, solely in its capacity as the Existing Stockholders Representative and not in its capacity as an Existing Stockholder, may not assign this Agreement to any person without the prior written consent of the Corporation; provided, however that the Existing Stockholders Representative may assign this Agreement solely in its capacity as the Existing Stockholders Representative to any of its Affiliates, as long as such Affiliate has executed and delivered, or, in connection with such transfer, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporation, agreeing to be bound by all provisions of this Agreement.

(b) Subject to this Section 7.06(b), each Existing Stockholder may freely assign or transfer its rights under this Agreement without the prior written consent of the Corporation to (i) any Existing Stockholder or any Existing Stockholder's Affiliates or (ii) to any Person who holds an equity interest in such Existing Stockholder, in each case, as long as such transferee has executed and delivered, or, in connection with such transfer, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporation, agreeing to be bound by all provisions of this Agreement. If an Existing Stockholder (including any transferee of any Existing Stockholder) proposes to transfer any of its rights (a "**Proposed Transferor**") other than as set forth in the immediately preceding sentence to any Person or Persons, then the Proposed Transferor shall first give written notice (a "**Proposed Transfer Notice**") to the Corporation at least sixty (60) calendar days prior to the proposed transfer setting forth (i) the name of the proposed transferee, (ii) the price (the "**Proposed Price**"), (iii) the other material terms and conditions of such transfer and (iv) any other information about such transfer that is reasonably requested by the Corporation. The Proposed Transfer Notice shall contain an irrevocable offer to transfer such rights to the Corporation (in the manner set forth below) at the Proposed Price and on the terms and conditions described in the Proposed Transfer Notice. The Proposed Transferor shall also attach to such Proposed Transfer Notice a joinder, in form and substance reasonably satisfactory to the Corporation, executed by the proposed transferee pursuant to which such proposed transferee (x) agrees to be bound by all provisions of this Agreement and (y) acknowledges specifically the last sentence of Section 7.06(c), in each case, subject to the completion of the proposed transfer. The Corporation shall thereafter have the right exercisable by written notice (the "**Acceptance Notice**") to the Proposed Transferor within thirty (30) calendar days after receipt of the Proposed Transfer Notice to acquire all (but not less than all) such rights at the Proposed Price and on the same terms and conditions as provided in the Proposed Transfer Notice. If at the end of such thirty (30)-calendar day period, the Corporation has not delivered an Acceptance Notice, the Proposed Transferor may, during the succeeding sixty (60)-calendar day period (subject to extension to the extent necessary to obtain required governmental or other approvals), transfer its rights covered by the Proposed Transfer Notice to a

transferee at the Proposed Price and on the same terms and conditions as provided in the Proposed Transfer Notice. After such transfer, the Proposed Transferor shall notify the Corporation of the consummation thereof and shall furnish such evidence of the completion of such transfer and of the terms thereof as may reasonably be requested by the Corporation. If, at the end of sixty (60) calendar days following the expiration of the thirty (30)-calendar day period during which the Corporation is entitled hereunder to deliver an Acceptance Notice, the Proposed Transferor has not completed the transfer of such rights as aforesaid, any such transfer by the Proposed Transferor shall again be subject to the provisions of this Section 7.06(b) with respect to a proposed subsequent transfer. Any assignment or transfer of an Existing Stockholder's rights meeting the requirements of this paragraph shall be referred to herein as a "**Permitted Assignment**," and Schedule A hereto shall be amended to reflect such Permitted Assignment and the change in the Applicable Percentage of the assignor and assignee.

(c) No provision of this Agreement may be amended unless such amendment is approved in writing by the Corporation and the Existing Stockholders (through the Existing Stockholders Representative). No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective.

(d) All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives, including any Permitted Assignee pursuant to a Permitted Assignment. The Corporation shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place.

Section 7.07 Headings, Titles, and Subtitles. The headings, titles, and subtitles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

Section 7.08 Resolution of Disputes.

(a) Other than with respect to any disputes under Section 2.02, Section 4.02, or Section 6.02 (which are to be resolved pursuant to Section 7.09), any and all disputes which cannot be settled amicably, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) shall be finally settled by arbitration conducted by a single arbitrator in accordance with the then existing Rules of Arbitration of the International Chamber of Commerce. The place of arbitration shall be New York, New York. The parties shall jointly select a single arbitrator who shall have the authority to hold hearings and to render a decision in accordance with the then existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the dispute fail to agree on the selection of an arbitrator within thirty (30) calendar days of the receipt of the request for arbitration, the arbitrator shall be selected by the International Chamber of Commerce. The arbitrator shall be a lawyer. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. Section 1, et seq., and judgment on the award may be entered by any court having jurisdiction thereof. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of Section 7.08(a), either party may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this Section 7.08(b), each Existing Stockholder (through the Existing Stockholders Representative) (i) expressly consents to the application of Section 7.08(c) to any such action or proceeding, and (ii) irrevocably appoints the Corporation as its agent for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise the Existing Stockholders Representative of any such service of process, shall be deemed in every respect effective service of process upon such Existing Stockholder in any such action or proceeding.

(c) (i) THE CORPORATION AND EACH EXISTING STOCKHOLDER (THROUGH THE EXISTING STOCKHOLDERS REPRESENTATIVE) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK AND AGREES THAT ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF Section 7.08(b) SHALL BE BROUGHT AND DETERMINED EXCLUSIVELY IN THE SUPREME COURT OF THE STATE OF NEW YORK AND ANY STATE APPELLATE COURT THEREFROM WITHIN THE STATE OF NEW YORK (OR, IF THE SUPREME COURT OF THE STATE OF NEW YORK REFUSES TO ACCEPT JURISDICTION OVER A PARTICULAR MATTER, ANY STATE OR FEDERAL COURT WITHIN THE STATE OF NEW YORK). The parties acknowledge that the forum designated by this Section 7.08(c) has a reasonable relation to this Agreement and to the parties' relationship with one another.

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in Section 7.08(c) (i) and such parties agree not to plead or claim the same.

(iii) AS A SPECIFICALLY BARGAINED INDUCEMENT FOR EACH OF THE PARTIES TO ENTER INTO THIS AGREEMENT (WITH EACH PARTY HAVING HAD OPPORTUNITY TO CONSULT COUNSEL), EACH OF THE PARTIES EXPRESSLY AND IRREVOCABLY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING UNDER THIS AGREEMENT OR ANY ACTION OR PROCEEDING ARISING OUT OF THE TRANSACTIONS CONTEMPLATED HEREBY, REGARDLESS OF WHICH PARTY INITIATES SUCH ACTION OR PROCEEDING, AND ANY ACTION OR PROCEEDING UNDER THIS AGREEMENT OR ANY ACTION OR PROCEEDING ARISING OUT OF THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

Section 7.09 Reconciliation Procedures. In the event that the Corporation and the Existing Stockholders Representative are unable to resolve a disagreement with respect to the matters governed by this Agreement (a "**Reconciliation Dispute**"), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert in the particular area of disagreement (the "**Expert**") mutually acceptable to both parties. The Expert shall be a partner in a nationally recognized accounting firm or a law firm (other than the Advisory Firm), and the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporation or any of the Existing Stockholders or any other actual or potential conflict of interest. If the Reconciliation Dispute is not resolved before any payment that is the subject of the Reconciliation Dispute is due or any Tax Return reflecting the subject of the Reconciliation Dispute is due, such payment shall be made on the date prescribed by this Agreement and such Tax Return may be filed as prepared by the Corporation, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert or the amendment of any Tax Return shall be borne by the Corporation, except as provided in the next sentence. Each of the Corporation and the Existing Stockholders shall bear their own costs and expenses of such proceeding. Any dispute as to whether a dispute is a Reconciliation Dispute, within the meaning of this Section 7.09 shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.09 shall be binding on the Corporation and the Existing Stockholders and may be entered and enforced in any court having jurisdiction.

Section 7.10 Withholding. The Corporation shall be entitled to deduct and withhold from any payment payable pursuant to this Agreement such amounts as the Corporation is required to deduct and withhold with respect to the making of such payment under the Code, or any applicable provision of state, local or foreign Tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by the Corporation, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Existing Stockholders. The Corporation shall provide evidence of such payments to the Existing Stockholders (through the Existing Stockholders Representative) to the extent that such evidence is available.

Section 7.11 Affiliated Corporations; Admission of the Corporation into a Consolidated Group; Transfers of Corporate Assets.

(a) If the Corporation is or becomes a member of an affiliated or consolidated group of corporations that files a consolidated income Tax Return pursuant to Sections 1501 et seq. of the Code, or any corresponding provisions of state, local or foreign law, then: (i) the provisions of this Agreement shall be applied with respect to the group as a whole; and (ii) Tax Benefit Payments shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If any Person the income of which is included in the income of the Corporation's affiliated or consolidated group transfers one or more assets to a corporation with which such Person does not file a consolidated Tax Return pursuant to Section 1501 of the Code, for purposes of calculating the amount of any Tax Benefit Payment (e.g., calculating the gross income of the Corporation's affiliated or consolidated group and determining the Realized Tax Benefit) due hereunder, such Person shall be treated as having disposed of such asset in a fully taxable transaction on the date of such transfer. The consideration deemed to be received by such entity shall be equal to the fair market value of the

transferred asset, plus (i) the amount of debt to which such asset is subject, in the case of a transfer of an encumbered asset, or (ii) the amount of debt allocated to such asset, in the case of a transfer of a partnership interest.

Section 7.12 Confidentiality. (a) Each Existing Stockholder (through the Existing Stockholders Representative) and each of its assignees acknowledges and agrees that the information of the Corporation is confidential and, except in the course of performing any duties as necessary for the Corporation and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, shall keep and retain in the strictest confidence and not to disclose to any Person all confidential matters, acquired pursuant to this Agreement, of the Corporation or the Existing Stockholders. This Section 7.12 shall not apply to (i) any information that has been made publicly available by the Corporation or any of its Affiliates, becomes public knowledge (except as a result of an act of an Existing Stockholder in violation of this Agreement) or is generally known to the business community or (ii) the disclosure of information to the extent necessary for any Existing Stockholder to prepare and file its Tax Returns, to respond to any inquiries regarding the same from any Taxing Authority or to prosecute or defend any action, proceeding or audit by any Taxing Authority with respect to such returns. Notwithstanding anything to the contrary herein, each Existing Stockholder (and each employee, representative or other agent of such Existing Stockholder) may disclose to any and all Persons, without limitation of any kind, the Tax treatment and Tax structure of (x) the Corporation and (y) any of its transactions, and all materials of any kind (including opinions or other Tax analyses) that are provided to such Existing Stockholder relating to such Tax treatment and Tax structure.

(b) If the Existing Stockholders Representative or any of its assignees commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.12, the Corporation shall have the right and remedy to have the provisions of this Section 7.12 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporation or any of its Subsidiaries and the accounts and funds managed by the Corporation, and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

Section 7.13 Appointment of Existing Stockholders Representative. The Existing Stockholders Representative is hereby appointed to act as the sole representative, agent and attorney-in-fact for the Existing Stockholders and their successors and assigns for all the purposes specified under this Agreement, and the Existing Stockholders Representative, by its signature below, agrees to serve in such capacity.

[Signatures pages follow]

IN WITNESS WHEREOF, the Corporation and the Existing Stockholders Representative have duly executed this Agreement as of the date first written above.

EL POLLO LOCO HOLDINGS, INC.

By: /s/ Laurance Roberts
Name: Laurance Roberts
Title: Chief Financial Officer

TRIMARAN POLLO PARTNERS, L.L.C.
as Existing Stockholders Representative

By: TRIMARAN CAPITAL, L.L.C.,
its Managing Member

By: TRIMARAN FUNDS MANAGEMENT, L.L.C.,
its Investment Manager

By: /s/ Dean C. Kehler
Name: Dean C. Kehler
Title: Managing Partner

Exhibit 31.1

CERTIFICATIONS

I, Stephen J. Sather, certify that:

1. I have reviewed this quarterly report on Form 10-Q of El Pollo Loco Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and [reserved] for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Reserved];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2014

/s/ Stephen J. Sather

Stephen J. Sather
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Laurance Roberts, certify that:

1. I have reviewed this quarterly report on Form 10-Q of El Pollo Loco Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and [reserved] for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Reserved];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2014

/s/ Laurance Roberts
Laurance Roberts
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

Under 18 U.S.C. section 1350, adopted by section 906 of the Sarbanes–Oxley Act of 2002, in connection with the attached periodic report, the undersigned each certify that (i) the periodic report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: November 7, 2014

/s/ Stephen J. Sather
Stephen J. Sather
President and Chief Executive Officer

/s/ Laurance Roberts
Laurance Roberts
Chief Financial Officer